



## STAR MEDIA GROUP BERHAD

Company No. 10894-D  
(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

#### Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial year ended	
		31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Revenue		76,061	93,041	315,934	392,680
Operating expenses	A8	(78,238)	(109,585)	(322,448)	(405,125)
Other operating income	A9	7,567	3,161	22,363	23,357
<b>Profit/(Loss) from operations</b>		<b>5,390</b>	<b>(13,383)</b>	<b>15,849</b>	<b>10,912</b>
Finance cost		(406)	26	(1,206)	(1,976)
<b>Profit/(Loss) before taxation</b>		<b>4,984</b>	<b>(13,357)</b>	<b>14,643</b>	<b>8,936</b>
Taxation	B5	(4,831)	4,403	(8,922)	(3,477)
<b>Profit/(Loss) for the financial period</b>		<b>153</b>	<b>(8,954)</b>	<b>5,721</b>	<b>5,459</b>
Attributable to:					
Owners of the parent		230	(9,099)	5,677	5,226
Non-controlling interests		(77)	145	44	233
		<b>153</b>	<b>(8,954)</b>	<b>5,721</b>	<b>5,459</b>
Basic/Diluted earnings per ordinary share (sen):		0.03	(1.23)	0.77	0.71

(The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2018)

Included in the Operating Expenses are depreciation and amortisation expenses:

(7,263)	(6,670)	(28,847)	(27,124)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 December 2019**

	3 months ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
<b>Profit/(Loss) for the financial period</b>	<b>153</b>	<b>(8,954)</b>	<b>5,721</b>	<b>5,459</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
- exchange differences on translating foreign operations	2,943	(3)	2,906	(129)
<b>Total comprehensive income for the financial period</b>	<b>3,096</b>	<b>(8,957)</b>	<b>8,627</b>	<b>5,330</b>
<b>Attributable to:</b>				
Owners of the parent	3,173	(9,102)	8,583	5,097
Non-controlling interests	(77)	145	44	233
	<b>3,096</b>	<b>(8,957)</b>	<b>8,627</b>	<b>5,330</b>

(The unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2018)

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 31 December 2019**

	31 December 2019 RM'000	31 December 2018 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	278,523	311,254
Investment properties	148,495	141,271
Intangible assets	41,487	44,499
Right-of-use assets	20,793	-
Other investments		
-Financial assets at fair value through profit or loss	71	10,250
Deferred tax assets	3,393	4,158
	<b>492,762</b>	<b>511,432</b>
<b>Current assets</b>		
Inventories	22,762	36,263
Trade and other receivables	65,895	70,807
Current tax assets	6,241	28,167
Short term deposits	323,971	202,765
Cash and bank balances	61,957	97,265
	<b>480,826</b>	<b>435,267</b>
<b>TOTAL ASSETS</b>	<b>973,588</b>	<b>946,699</b>

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 31 December 2019 (cont'd)**

	31 December 2019 RM'000	31 December 2018 RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Treasury shares	(1,769)	(1,769)
Reserves	81,670	95,487
Equity attributable to owners of the parent	<b>818,465</b>	<b>832,282</b>
Non-controlling interests	(1,807)	(1,851)
<b>Total equity</b>	<b>816,658</b>	<b>830,431</b>
<b>Non-current liabilities</b>		
Lease liabilities	18,255	2,599
Deferred tax liabilities	26,803	27,669
	<b>45,058</b>	<b>30,268</b>
<b>Current liabilities</b>		
Trade and other payables	108,644	84,949
Derivative liabilities	28	-
Lease liabilities	3,057	716
Taxation	143	335
	<b>111,872</b>	<b>86,000</b>
<b>Total Liabilities</b>	<b>156,930</b>	<b>116,268</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>973,588</b>	<b>946,699</b>
<b>Net assets per share attributable to owners of the parent company (RM)</b>	<b>1.11</b>	<b>1.13</b>

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2018)

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the year ended 31 December 2019**

	[----- Attributable to equity holders of the Company -----]							Total Equity RM'000
	[----- Non-distributable -----] Reserves			[----- Distributable -----] Reserves				
	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	
<b>Balance as at 31 December 2018</b>	<b>738,564</b>	<b>(195)</b>	<b>-</b>	<b>(1,769)</b>	<b>95,682</b>	<b>832,282</b>	<b>(1,851)</b>	<b>830,431</b>
Impacts arising from adoption of: - MFRS 16 (Note A1)	-	-	-	-	(264)	(264)	-	(264)
At 1 January 2019	738,564	(195)	-	(1,769)	95,418	832,018	(1,851)	830,167
Total comprehensive income for the year	-	2,906	-	-	5,677	8,583	44	8,627
<u>Transactions with owners</u>								
Dividend								
<i>Interim Dividend for the financial year ended 31 December 2018, paid on 18 April 2019</i>	-	-	-	-	(22,136)	(22,136)	-	(22,136)
<b>Balance as at 31 December 2019</b>	<b>738,564</b>	<b>2,711</b>	<b>-</b>	<b>(1,769)</b>	<b>78,959</b>	<b>818,465</b>	<b>(1,807)</b>	<b>816,658</b>

## Unaudited Condensed Consolidated Statements of Changes in Equity For the year ended 31 December 2018

	[----- Attributable to equity holders of the Company -----]							
	[-----Non-distributable-----] Reserves				[-----Distributable-----] Reserves			
	Share capital RM'000	Foreign exchange translation reserves RM'000	Share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
<b>Balance as at 31 December 2017</b>	<b>738,564</b>	<b>(66)</b>	<b>-</b>	<b>(1,769)</b>	<b>136,884</b>	<b>873,613</b>	<b>1,660</b>	<b>875,273</b>
Impacts arising from adoption of: - MFRS 9	-	-	-	-	(2,155)	(2,155)	(212)	(2,367)
At 1 January 2018	738,564	(66)	-	(1,769)	134,729	871,458	1,448	872,906
Total comprehensive income for the year	-	(129)	-	-	5,226	5,097	233	5,330
<u>Transactions with owners</u>								
Disposal of shares in a subsidiary	-	-	-	-	-	-	(2,062)	(2,062)
Dividend								
<i>Second Interim Dividend for the financial year ended 31 December 2017, paid on 18 April 2018</i>	-	-	-	-	(44,273)	(44,273)	-	(44,273)
<i>Dividends paid to non-controlling interest of a subsidiary</i>	-	-	-	-	-	-	(1,470)	(1,470)
<b>Balance as at 31 December 2018</b>	<b>738,564</b>	<b>(195)</b>	<b>-</b>	<b>(1,769)</b>	<b>95,682</b>	<b>832,282</b>	<b>(1,851)</b>	<b>830,431</b>

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31<sup>st</sup> December 2018)

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2019**

	31 December 2019 RM'000	31 December 2018 RM'000
<b>Profit before taxation</b>	14,643	8,936
<b>Adjustments for non-cash flow items:-</b>		
Non-cash items	40,482	38,700
Non-operating items	(12,432)	(9,562)
<b>Operating profit before working capital changes</b>	<b>42,693</b>	<b>38,074</b>
<b>Changes in working capital</b>		
Net change in current assets	18,167	9,580
Net change in current liabilities	26,621	(59,268)
	44,788	(49,688)
<b>Cash generated from/(used in) operations</b>	<b>87,481</b>	<b>(11,614)</b>
Net tax refunded/(paid)	12,744	(13,564)
<b>Net cash from/(used in) operating activities</b>	<b>100,225</b>	<b>(25,178)</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	448	496
Proceeds from disposal of intangible assets	-	45
Proceeds from disposal of other investments	10,000	-
Proceeds from disposal of subsidiary company	-	3,017
Purchases of property, plant and equipment	(2,524)	(6,677)
Purchases of intangible assets	(10,250)	(15,403)
Interest and investment income received	14,467	11,674
Withdrawals from/(Deposits placed with) licensed banks with original maturity more than 3 months	17,094	(520)
<b>Net cash from/(used in) investing activities</b>	<b>29,235</b>	<b>(7,368)</b>
<b>Financing Activities</b>		
Interest paid	(1,206)	(1,976)
Repayment of MTN	-	(100,000)
Repayment of lease liabilities	(3,107)	(1,042)
Dividend paid	(22,136)	(44,273)
Dividend paid to non-controlling interest of subsidiary	-	(1,470)
<b>Net cash used in financing activities</b>	<b>(26,449)</b>	<b>(148,761)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>103,011</b>	<b>(181,307)</b>
Effect of exchange rates fluctuations on cash held	(19)	10
Cash and cash equivalents at beginning of the year	282,313	463,610
<b>Cash and cash equivalents at end of the year</b>	<b>385,305</b>	<b>282,313</b>

*For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:*

	31 December 2019 RM'000	31 December 2018 RM'000
Deposits placed with licensed banks	323,971	202,765
Cash and bank balances	61,957	97,265
Deposits placed with licensed banks with original maturity more than 3 months	(623)	(17,717)
	<b>385,305</b>	<b>282,313</b>

**(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31<sup>st</sup> December 2018).**

## Notes to the interim financial report

### A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2018 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2020

<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	
Amendments to MFRS 3	<i>Definition of a Business</i>
Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i>
MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

#### **MFRS 16 Leases**

MFRS 16 ‘Leases’ supersedes MFRS 117 ‘Leases’ and its related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 introduces a single accounting model for a lessee and eliminates the classification of leases by the lessee as either finance leases (on-balance sheet) or operating leases (off-balance sheet).



## Notes to the interim financial report

A1. Basis of Preparation (cont'd)i) Lessee

At the commencement date of a lease, a lessee will recognise a lease liability to make lease payments and an asset representing the "right to use" of the underlying asset during the lease term. Subsequently, the "right-of-use" asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the profit or loss.

ii) Lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessor will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The changes in accounting policies have been applied retrospectively from 1 January 2019. In accordance with the transition requirements, comparatives are not restated.

The following table provides the impact of changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 as at 1 January 2019:

**Statement of financial position****1 January 2019**

	As previously reported RM'000	Impact of change in accounting policies Retrospective adjustments RM'000	After adjustments RM'000
<b>Non-current assets</b>			
Property, plant and equipment	311,254	(4,633)	306,621
Right-of-use assets	-	14,297	14,297
Deferred tax assets	4,158	35	4,193
<b>Total non-current assets</b>	315,412	9,699	325,111
<b>Non-current liabilities</b>			
Lease liabilities	2,599	8,300	10,899
<b>Current liabilities</b>			
Lease liabilities	716	1,663	2,379
<b>Total lease liabilities</b>	3,315	9,963	13,278
<b>Equity</b>			
Retained earnings	95,682	(264)	95,418

**Notes to the interim financial report****A2. Seasonal or cyclical factors**

The operations of our major business segment are generally affected by the major festive seasons.

**A3. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial year ended 31 December 2019.

**A4. Changes in estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the current quarter.

**A5. Debt and equity securities**

There were no issuances and repayment of debts and equity securities, share cancellations and resale of treasury shares during the financial year ended 31 December 2019.

**A6. Dividend paid**

	2019 RM'000	2018 RM'000
<b><u>In respect of the financial year ended 31 December 2018</u></b>		
Interim dividend of 3.0 sen per ordinary share, single tier, paid on 18 April 2019	22,136	-
<b><u>In respect of the financial year ended 31 December 2017</u></b>		
Second interim dividend of 6.0 sen per ordinary share, single tier, paid on 18 April 2018	-	44,273
	<hr/>	<hr/>

## Notes to the interim financial report

A7. Segment Reporting

	<b>Print and digital</b>	<b>Radio</b>	<b>Event and exhibition</b>	<b>Television channel</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Financial year ended</u></b>							
<b><u>31 December 2019</u></b>							
Sales to external customers	277,321	24,822	13,804	-	(13)	-	315,934
Inter-segment sales	338	75	-	-	36,173	(36,586)	-
Total revenue	277,659	24,897	13,804	-	36,160	(36,586)	315,934
Profit/(Loss) before tax	13,199	811	1,762	-	(1,166)	37	14,643
Assets	855,166	94,794	11,110	1,330	11,188	-	973,588
<b><u>Financial year ended</u></b>							
<b><u>31 December 2018</u></b>							
Sales to external customers	338,740	29,514	17,219	-	7,207	-	392,680
Inter-segment sales	1,499	247	-	-	34,837	(36,583)	-
Total revenue	340,239	29,761	17,219	-	42,044	(36,583)	392,680
Profit/(Loss) before tax	7,587	2,902	2,652	-	865	(5,070)	8,936
Assets	834,971	77,805	8,876	1,482	23,565	-	946,699

**Notes to the interim financial report****A8. Operating expenses**

	3 months ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Allowance of credit losses	524	3,166	1,073	3,388
Foreign exchange loss	100	99	321	363
Loss on liquidation of a subsidiary	2,807	-	2,807	-

**A9. Other operating income**

	3 months ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Interest income	1,353	786	3,301	3,436
Investment income	3,312	1,128	10,337	8,102
Gain on disposal of a subsidiary	-	164	-	3,496
Reversal of allowance of credit losses	1,147	-	2,227	-
Foreign exchange gain	15	(1)	15	-
Other income	1,740	1,084	6,483	8,323
Total	<u>7,567</u>	<u>3,161</u>	<u>22,363</u>	<u>23,357</u>

**A10. Events subsequent to the end of the reporting period**

There are no material events subsequent to the end of the reporting period under review that have not been reflected in the quarterly financial statements.

**A11. Changes in composition of the Group**

On 23 December 2019, the Company announced that Laviani Pte Ltd, a wholly-owned subsidiary of the Company and Li TV Asia Pte Ltd, an indirect wholly-owned subsidiary of the Company, have been dissolved.

**A12. Capital commitments**

	<b>RM'000</b>
Authorised capital expenditure not provided for in the financial statements	
- contracted	1,341
- not contracted	14,253
	<u>15,594</u>

**Notes to the interim financial report****A13. Significant related party transactions**

Significant related party transactions which were entered into on agreed terms and prices for the current financial year ended 31 December 2019 are as set out below:

**Financial  
year ended  
31.12.2019  
RM'000**

Transactions with related party in relation to approved shareholders' mandate for recurrent related party transactions:  
- Sales of advertisements

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**A14. Derivative financial instruments**

As at 31 December 2019, the Group has the following outstanding forward foreign exchange contracts:

	<b>Contract value RM'000</b>	<b>Fair value liabilities RM'000</b>
With maturity less than 1 year:		
United States Dollar	1,454	28

These forward contracts were entered into with the objective of managing and hedging the exposure of the Company to adverse price movements in foreign currencies.

The above derivatives are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B1. Review of performance**

	Current Year Quarter 31.12.2019 (Q4 2019) RM'000	Preceding Year Corresponding Quarter 31.12.2018 (Q4 2018) RM'000
Revenue	76,061	93,041
Consolidated Profit/(Loss) before taxation	4,984	(13,357)
Consolidated Profit/(Loss) after taxation	153	(8,954)

The Group recorded a better performance with a profit before tax of RM4.98 million in Q4 2019 as compared to a loss of RM13.36 million in Q4 2018. If Mutual Separation Scheme ("MSS") expenses' amounting to RM15.80 million is excluded in Q4 2018, profit before tax would have been RM2.44 million.

*Performance of the respective business segments for Q4 2019 compared to the corresponding quarter of 2018 are as follows:-*

*Print and Digital* – Print revenue has declined in Q4 2019 vs Q4 2018 as most advertisers are moving on to Digital platforms. As a result, Digital showed a 32% growth in Q4 2019 against Q4 2018. This segment recorded a profit of RM6.73 million in Q4 2019 as compared to a loss before tax of RM13.48 million due to MSS expenses in Q4 2018.

*Radio Broadcasting* – Radio generated revenue amounting to RM7.12 million in Q4 2019 as compared to RM7.68 million in Q4 2018.

*Event and exhibition* – This segment recorded a lower revenue of RM0.93 million in Q4 2019 as compared to RM5.08 million in Q4 2018 as there were lesser events held in Q4 2019.

## Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	Financial year 31.12.2019 (FY2019) RM'000	Preceding year 31.12.2018 (FY2018) RM'000
Revenue	315,934	392,680
Consolidated Profit before taxation	14,643	8,936
Consolidated Profit after taxation	5,721	5,459

*Performance of the company and subsidiaries for financial year ended 31 December 2019 vs 31 December 2018:-*

Group profit before tax in FY 2019 increased to RM14.64 million mainly due to lower operating expenses from Print and Radio segment.

*Performance of the respective business segments are as follows:-*

*Print and Digital* – Print advertising revenue declined as a result of slow-down in ad spending. Our digital segment strategy is gaining traction based on year-on-year comparison as evidenced by the increase in digital revenue of 18%.

*Radio* – Revenue declined to RM24.82 million in FY 2019 from RM29.51 million in FY 2018 as a result of cautious spending by advertisers.

*Event and exhibition* – Revenue decreased to RM13.80 million from RM17.22 million mainly due to lesser events held by Perfect Livin' in FY 2019 vs FY 2018.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B2. Variation of results against preceding quarter**

	Current Quarter 31.12.2019 (Q4 2019) RM'000	Preceding Quarter 30.09.2019 (Q3 2019) RM'000
Revenue	76,061	79,582
Consolidated Profit before taxation	4,984	905
Consolidated Profit after taxation	153	358

Group revenue for Q4 2019 decreased to RM76.06 million from RM79.58 million in Q3 2019 mainly due to lower revenue from Radio and Events segment.

**B3. Prospects**

Global economies are currently facing strong headwinds with uncertain economic and political conditions abroad and locally. This was also further compounded by the recent Covid-19 virus outbreak that is now showing strong signs of negative economic repercussions in many countries. Bearing these in mind, we anticipate a subdued economic environment which may affect the Group's performance.

Star Media Group still expects a revenue growth from its digital segment going forward despite soft and challenging market conditions. The Group will focus on using new technologies and analytics to improve, deepen and predict how our customers consume content with the end goal of increasing engagement and monetisation to drive new revenue streams beyond Print.

dimsum entertainment continues to serve the Best Asian Content with simulcast and exclusive premiers from Asian content partners. It is currently available in Malaysia, Singapore and Brunei. The Company will explore ways to diversify and enhance dimsum entertainment's revenue stream.

Our Radio segment is expected to perform satisfactorily despite the slowing economy. We will focus on Chinese and Malay audiences and develop in-depth knowledge of our audiences, to enhance our product's performance.

In the events and exhibition business segment, the Group will continue its efforts to strengthen its market position.



**Additional information required by Bursa Malaysia Securities Listing Requirements****B4. Profit forecast**

The Group has not provided any profit forecast in a public document.

**B5. Taxation**

Taxation comprises the following: -

	3 months ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	4,908	(5,871)	8,999	2,080
2. Foreign taxation	-	-	-	-
3. Deferred taxation	(77)	1,468	(77)	1,397
	4,831	(4,403)	8,922	3,477

The effective tax rate on the Group's profit for the financial period under review is higher than the statutory tax rate due to the tax impact of non-deductible expenses.

**B6. Status of corporate proposal announced**

On 12 May 2017, the Company announced that Laviani Pte Ltd, a wholly-owned subsidiary company, entered into a conditional share purchase agreement with Lucrum 1 Investment for the proposed disposal of its entire equity interest in Cityneon for a disposal consideration of SGD115,612,731 (equivalent to RM360,179,902) to be satisfied entirely via cash.

Subsequently, the Company obtained approval from its shareholders at the Extraordinary General Meeting held on 7 July 2017 for the abovementioned disposal.

On 12 July 2017, the Company announced the completion on the disposal of Cityneon Holdings Limited by Laviani Pte Ltd, a wholly-owned subsidiary company. Accordingly, Cityneon Holdings Limited and its subsidiaries will cease to be the indirect subsidiary companies of the Company.

On 1 August 2019, the Company announced that it has only utilised RM207.68 million out of the Disposal Proceeds and proposed variation to the utilisation of proceeds. The balance yet to be utilised stood at RM152.5 million ("Remaining Balance") which had been initially earmarked for future investments and to be fully utilised within 24 months from July 2017. Revised amount on the utilisation of proceeds are tabulated below.

As at 31 December 2019, the details of utilisation of proceeds are as follows:-

Purposes	Revised Amount (as at 30 June 2019) RM'000	Actual utilisation RM'000	Remaining Balance RM'000	Revised Expected Timeframe for Utilisation
Future investments	66,500	-	66,500	Within 24 months
General working capital	86,000	(74,934)	11,066	Within 24 months
<b>Total</b>	<b>152,500</b>	<b>(74,934)</b>	<b>77,566</b>	

**Additional information required by Bursa Malaysia Securities Listing Requirements****B7. Borrowings and debt securities**

The Group's borrowings and debt securities as at the end of the fourth quarter are as follows:

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000
<b>Short Term Borrowings</b>		
Unsecured		
- Finance lease	276	716
- Lease liabilities	2,781	-
	3,057	716
<b>Long Term Borrowings</b>		
Unsecured		
- Finance lease	797	2,599
- Lease liabilities	17,458	-
	18,255	2,599

All borrowings in 2019 and 2018 are denominated in Ringgit Malaysia.

**B8. Changes in material litigation**

On the sale and purchase agreement dated 19 August 2011 made between the Company and Jaks Island Circle Sdn Bhd ("JIC") ("SPA") which had expired on 15 February 2018 for the delivery of vacant possession of its investment property under construction ("Tower A"), the Company had on 15 February 2018 called on the two (2) bank guarantees issued by United Overseas Bank (Malaysia) Berhad and AmBank (M) Berhad respectively (collectively, "Banks") amounting to RM50,000,000 pledged as security by JIC under the SPA.

After numerous rounds of court hearings and appeals in financial year 2018, the Company had received the latest update on 7 January 2019 where the Federal Court had unanimously dismissed JIC's Federal Court's Leave Applications with costs awarded to the Company. In relation to this, the Company has received the bank guarantees on 9 January 2019.

The Company had on 19 April 2019 filed a Writ and Statement of Claim against JRB for inter alia:

- (a) specific relief for JRB to complete or cause to be completed JIC's obligations under the SPA namely the completion and delivery of Vendor's Entitlement by 31 October 2019 in full and proper compliance with the terms of the SPA; and
- (b) damages being late payment interest calculated at the rate of 8% per annum on the balance purchase price of RM134,500,000 from 25 October 2015 to 31 October 2019 ("Corporate Guarantee Claim").

On 31 May 2019, the Company announced that it had been served with a Writ of Summons and Statement of Claim both dated 30 May 2019, which amounted to RM595.3 million in addition to exemplary damages, interest, costs and such further relief that may be just. Among the reliefs sought were, refund of RM50,000,000 bank guarantees together with all interests and related costs incurred thereto.

**Additional information required by Bursa Malaysia Securities Listing Requirements**

**B8. Changes in material litigation (cont'd)**

On 1 August 2019, the Company filed an application to strike out the JIC's and JRB's claim against the Company. In addition, the Company had filed an application for summary relief in respect of the Corporate Guarantee Claim.

On 14 October 2019, the High Court had adjourned the hearing on the Company's application for summary relief in respect of the Company's Corporate Guarantee Claim against JRB. The High Court had fixed the hearing date on 14 November 2019, which have been adjourned to 21 April 2020.

Based on the information provided by the external solicitors, the Company is of the view that it has merits to oppose the abovementioned claims. Hence, the management is of the view that no provision is necessary at this juncture and the RM50,000,000 bank guarantees received, which is part and parcel of the abovementioned claims is not recognised as it is not virtually certain that an inflow of economic benefits will arise.

**B9. Dividend**

The Board of Directors is pleased to declare an interim dividend of 2.0 sen per ordinary share, single tier (2018: interim dividend of 3.0 sen per ordinary share, single tier) in respect of the financial year ended 31 December 2019, which will be paid on 17 April 2020 to shareholders whose names appear on the Record of Depositors on 31 March 2020.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Securities transferred into the Depositor's Securities Account before 4.00pm on 31 March 2020 in respect of transfer;

Securities bought on Bursa Malaysia on a cum entitlement basis according to the rules of Bursa Malaysia.

**Additional information required by Bursa Malaysia Securities Listing Requirements****B10. Basic earnings per share**

The basic earnings per share has been calculated based on the Group's profit after taxation attributable to owners of the parent divided by the weighted average number of ordinary shares outstanding during the financial period.

	<b>3 months ended</b>		<b>Financial year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
Group's profit/(loss) after taxation attributable to owners of the parent (RM'000)	230	(9,099)	5,677	5,226
Number of shares at the beginning of the year ('000)	737,876	737,876	737,876	737,876
Effect of Share Buy Back during the period ('000)	-	-	-	-
Weighted average number of ordinary shares outstanding ('000)	737,876	737,876	737,876	737,876
<b>Basic earnings per share (sen)</b>	0.03	(1.23)	0.77	0.71

**Diluted earnings per share**

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

By Order of the Board

Hoh Yik Siew  
Group Company Secretary

27 February 2020  
Petaling Jaya, Selangor Darul Ehsan