



STAR MEDIA GROUP BERHAD

Company No. 10894-D
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

Unaudited Condensed Consolidated Statement of Profit or Loss

	Note	3 months ended		Financial period ended	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Revenue		48,206	79,582	145,471	239,873
Operating expenses	A8	(68,407)	(82,055)	(203,674)	(244,210)
Other operating income	A9	53,622	3,681	61,759	14,796
Profit from operations		33,421	1,208	3,556	10,459
Finance cost		(292)	(303)	(912)	(800)
Profit before taxation		33,129	905	2,644	9,659
Taxation	B5	(6,254)	(547)	(6,685)	(4,091)
Profit/(Loss) for the financial period		26,875	358	(4,041)	5,568
Attributable to:					
Owners of the parent		26,923	250	(4,005)	5,447
Non-controlling interests		(48)	108	(36)	121
		26,875	358	(4,041)	5,568
Basic/Diluted earnings per ordinary share (sen):		3.69	0.04	(0.55)	0.74

(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 31st December 2019)

Included in the Operating Expenses are depreciation and amortisation expenses:	(9,557)	(10,347)	(29,530)	(30,344)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income
For the period ended 30 September 2020**

	3 months ended		Financial period ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit/(Loss) for the financial period	26,875	358	(4,041)	5,568
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
- exchange differences on translating foreign operations	145	(39)	(54)	(37)
Total comprehensive income for the financial period	27,020	319	(4,095)	5,531
Attributable to:				
Owners of the parent	27,068	211	(4,059)	5,410
Non-controlling interests	(48)	108	(36)	121
	27,020	319	(4,095)	5,531

(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 31st December 2019)

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2020**

	30 September 2020 RM'000	31 December 2019 RM'000
Non-current assets		
Property, plant and equipment	262,237	277,917
Investment properties	148,172	148,532
Intangible assets	38,009	42,056
Right-of-use assets	18,339	20,793
Other investments		
-Financial assets at fair value through profit or loss	112	71
Deferred tax assets	3,393	3,397
	470,262	492,766
Current assets		
Inventories	19,541	22,762
Trade and other receivables	92,813	65,894
Current tax assets	1,982	6,240
Short term deposits	304,003	323,971
Cash and bank balances	54,828	61,957
	473,167	480,824
TOTAL ASSETS	943,429	973,590

**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2020 (cont'd)**

	30 September 2020 RM'000	31 December 2019 RM'000
EQUITY AND LIABILITIES		
Share capital	738,564	738,564
Treasury shares	(6,124)	(1,769)
Reserves	62,853	81,670
Equity attributable to owners of the parent	795,293	818,465
Non-controlling interests	(1,843)	(1,807)
Total equity	793,450	816,658
Non-current liabilities		
Lease liabilities	16,352	18,255
Deferred tax liabilities	26,803	26,803
	43,155	45,058
Current liabilities		
Trade and other payables	103,537	108,674
Lease liabilities	2,914	3,057
Taxation	373	143
	106,824	111,874
Total Liabilities	149,979	156,932
TOTAL EQUITY AND LIABILITIES	943,429	973,590
Net assets per share attributable to owners of the parent company (RM)	1.09	1.11

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2019)

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 2020**

	[----- 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	
Balance as at 1 January 2020	738,564	2,711	-	(1,769)	78,959	818,465	(1,807)	816,658
Total comprehensive income for the period	-	(54)	-	-	(4,005)	(4,059)	(36)	(4,095)
<u>Transactions with owners</u>								
Repurchase of shares	-	-	-	(4,355)	-	(4,355)	-	(4,355)
Dividend								
<i>Interim Dividend for the financial year ended 31 December 2019, paid on 17 April 2020</i>	-	-	-	-	(14,758)	(14,758)	-	(14,758)
Balance as at 30 September 2020	738,564	2,657	-	(6,124)	60,196	795,293	(1,843)	793,450

**Unaudited Condensed Consolidated Statements of Changes in Equity
For the period ended 30 September 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	
Balance as at 1 January 2019	738,564	(195)	-	(1,769)	95,387	831,987	(1,851)	830,136
Total comprehensive income for the period	-	(37)	-	-	5,447	5,410	121	5,531
<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)
Balance as at 30 September 2019	738,564	(232)	-	(1,769)	78,698	815,261	(1,730)	813,531

(The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2019)

Unaudited Condensed Consolidated Statement of Cash Flows
For the period ended 30 September 2020

	30 September 2020 RM'000	30 September 2019 RM'000
Profit before taxation	2,644	9,659
Adjustments for non-cash flow items:-		
Non-cash items	31,548	30,239
Non-operating items	(6,500)	(8,173)
Operating profit before working capital changes	27,692	31,725
Changes in working capital		
Net change in current assets	(25,764)	31,538
Net change in current liabilities	(5,177)	32,074
	(30,941)	63,612
Cash (used in)/generated from operations	(3,249)	95,337
Net tax (paid)/refunded	(2,197)	13,305
Net cash (used in)/from operating activities	(5,446)	108,642
Investing Activities		
Proceeds from disposal of property, plant and equipment	147	470
Proceeds from disposal of other investments	-	10,000
Purchases of property, plant and equipment	(1,615)	(2,144)
Purchases of intangible assets	(761)	(1,224)
Purchases of video programme rights	(4,631)	(6,470)
Interest and investment income received	7,414	8,875
(Deposits placed with)/Withdrawals from licensed banks with original maturity more than 3 months	(35)	17,217
Net cash from investing activities	519	26,724
Financing Activities		
Interest paid	(912)	(800)
Repayment of finance lease	(130)	(607)
Repayment of lease liabilities	(2,065)	(1,724)
Repurchase of shares	(4,355)	-
Dividend paid	(14,758)	(22,136)
Net cash used in financing activities	(22,220)	(25,267)
Net (decrease)/increase in cash and cash equivalents	(27,147)	110,099
Effect of exchange rates fluctuations on cash held	14	11
Cash and cash equivalents at beginning of the period	385,322	282,313
Cash and cash equivalents at end of the period	358,189	392,423

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

	30 September 2020 RM'000	30 September 2019 RM'000
Deposits placed with licensed banks	304,003	320,306
Cash and bank balances	54,828	72,617
Deposits placed with licensed banks with original maturity more than 3 months	(642)	(500)
	<u>358,189</u>	<u>392,423</u>

(The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31st December 2019).

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 2019.

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 2019 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	<i>Definition of a Business</i>
Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i>
Amendments to MFRS 9, MFRS 139 and MFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to MFRS 16	<i>Leases (Covid-19 – Rent Concessions)</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 2021

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to MFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Annual Improvements to MFRS Standards 2018 - 2020	

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.

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 period ended 30 September 2020.

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

As at the date of this report, the Company has repurchased 13,111,500 of its issued and paid-up ordinary share capital from the open market. The average price paid for the shares repurchased was RM0.33 per share. The repurchase transactions were financed by internally generated funds and the shares repurchased are held as Treasury Shares by the Company in accordance with the requirement of the Section 127 of Companies Act 2016.

Other than the above, there were no issuances and repayment of debts and equity securities, share cancellations and resale of treasury shares during the financial period ended 30 September 2020.

A6. Dividend paid

	2020 RM'000	2019 RM'000
<u>In respect of the financial year ended 31 December 2019</u>		
Interim dividend of 2.0 sen per ordinary share, single tier, paid on 17 April 2020	14,758	-
<u>In respect of the financial year ended 31 December 2018</u>		
Interim dividend of 3.0 sen per ordinary share, single tier, paid on 18 April 2019	-	22,136
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Notes to the interim financial report

A7. Segment Reporting

	Print and digital RM'000	Radio RM'000	Event and exhibition RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<u>Financial period ended</u>						
<u>30 September 2020</u>						
Sales to external customers	128,426	14,005	3,040	-	-	145,471
Inter-segment sales	165	23	-	25,323	(25,511)	-
Total revenue	128,591	14,028	3,040	25,323	(25,511)	145,471
Profit/(Loss) before tax	3,791	(3,534)	(18)	1,430	975	2,644
Assets	833,273	90,561	7,129	12,466	-	943,429
<u>Financial period ended</u>						
<u>30 September 2019</u>						
Sales to external customers	209,303	17,700	12,870	-	-	239,873
Inter-segment sales	693	40	-	27,540	(28,273)	-
Total revenue	209,996	17,740	12,870	27,540	(28,273)	239,873
Profit/(Loss) before tax	6,473	(634)	2,303	1,486	31	9,659
Assets	856,844	92,694	9,229	19,573	-	978,340

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

	3 months ended		Financial period ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Allowance of credit losses	1,281	349	2,367	549
Foreign exchange loss	(10)	136	39	221
Impairment on property, plant and equipment	986	-	986	-

A9. Other operating income

	3 months ended		Financial period ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Interest income	226	425	1,052	1,948
Investment income	1,689	2,548	6,360	7,025
Reversal of allowance of credit losses	3	(766)	302	1,080
Foreign exchange gain	76	-	102	-
Other income	51,628	1,474	53,943	4,743
Total	<u>53,622</u>	<u>3,681</u>	<u>61,759</u>	<u>14,796</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

There are no changes in the composition of the Group during the quarter under review.

A12. Capital commitments

	RM'000
Authorised capital expenditure not provided for in the financial statements	
- contracted	1,271
- not contracted	8,233
	<u>9,504</u>

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

	Current Year Quarter 30.09.2020 (3Q 2020) RM'000	Preceding Year Corresponding Quarter 30.09.2019 (3Q 2019) RM'000
Revenue	48,206	79,582
Consolidated Profit before taxation	33,129	905
Consolidated Profit after taxation	26,875	358

In 3Q 2020, the Group recorded a higher profit before tax of RM33.13 million as compared to RM0.91 million in 3Q 2019. This is mainly due to the recognition of compensation income for the late delivery of vacant possession of the investment property under construction ("IPUC") from Jaks Island Circle Sdn Bhd ("JIC") amounting to RM50.54 million.

Performance of the respective business segments for 3Q 2020 compared to the corresponding quarter of 2019 are as follows:-

Print and Digital – This segment recorded a profit before tax of RM33.67 million in 3Q 2020 as compared to a loss before tax of RM0.28 million in 3Q 2019. The increase in profit was due to the recognition of compensation income for the late delivery of vacant possession of the IPUC from JIC. Revenue declined to RM42.67 million in 3Q 2020 from RM67.58 million in 3Q 2019. Overall revenue for this segment was still down due to softness in Malaysian economy coupled by the effects of Covid-19. Many businesses are still holding back their advertising spending for other business priorities.

Radio Broadcasting – Radio generated revenue amounting to RM5.54 million in 3Q 2020 as compared to RM6.64 million in 3Q 2019. This segment recorded a loss of RM0.38 million in 3Q 2020 as compared to RM0.09 million in 3Q 2019. The decline in revenue is mainly attributed to cautious spending by advertisers and subdued advertising market due to the Covid-19 pandemic.

Event and exhibition – This segment recorded a loss before tax of RM0.78 million in 3Q 2020 as compared to profit before tax of RM0.73 million in 3Q 2019. The pandemic and prolonged Movement Control Orders have caused a lot of our offline events to be cancelled.

Additional information required by Bursa Malaysia Securities Listing Requirements

B1. Review of performance (cont'd)

	9 months ended 30.09.2020 (9M 2020) RM'000	9 months ended 30.09.2019 (9M 2019) RM'000
Revenue	145,471	239,873
Consolidated Profit before taxation	2,644	9,659
Consolidated (Loss)/Profit after taxation	(4,041)	5,568

Performance of the company and subsidiaries for 9 months ended 30 September 2020 vs 30 September 2019:-

Group recorded a profit before tax of RM2.64 million in 9M 2020 as compared to RM9.66 million in 9M 2019. Revenue from all segments were impacted by Covid-19 and prolonged Movement Control Orders. However, revenue has gradually improved as compared to 2Q 2020.

Performance of the respective business segments are as follows:-

Print and Digital – This segment recorded a profit before tax of RM3.79 million in 9M 2020 as compared to a profit before tax of RM6.47 million in 9M 2019. Compensation income for the late delivery of vacant possession of IPUC from JIC amounting to RM50.54 million has been recognised in 9M 2020. Many advertisers were still very cautious on advertising spending due to the effects of Covid-19 and subsequent Movement Control Orders.

Radio – Revenue declined to RM14.01 million in 9M 2020 from RM17.70 million in 9M 2019 as a result of cautious spending by advertisers due to the pandemic. Revenue has gradually improved since 2Q 2020 as Malaysia implemented Recovery Movement Control Order in 3Q 2020. This segment recorded a loss before tax of RM3.53 million in 9M 2020 as compared to a loss before tax of RM0.63 million in 9M 2019.

Event and exhibition – Revenue decreased to RM3.04 million from RM12.87 million mainly due to cancellation of events in 9M 2020 caused by the pandemic. However, this segment recorded a small loss before tax of RM0.02 million in 9M 2020 as opposed to profit before tax of RM2.30 million in 9M 2019.

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

	Current Quarter 30.09.2020 (3Q 2020) RM'000	Preceding Quarter 30.06.2020 (2Q 2020) RM'000
Revenue	48,206	31,509
Consolidated Profit/(Loss) before taxation	33,129	(27,248)
Consolidated Profit/(Loss) after taxation	26,875	(26,973)

Group revenue for 3Q 2020 increased to RM48.21 million from RM31.51 million in 2Q 2020. As the government has implemented Recovery Movement Control Order in 3Q 2020, revenue has gradually improved as compared to 2Q 2020. Group registered a higher profit before tax in 3Q 2020 mainly due to the recognition of compensation income for the late delivery of vacant possession of its investment property under construction.

B3. Prospects

The Covid-19 pandemic has evolved into a global economic crisis where it has impacted most industries. Business and consumer behaviours remain uncertain but revenue has gradually improved since the last quarter and drastic measures are also being taken to contain the impact.

Despite the challenging environment, the Group has continued to progress with its digital transformation initiatives to improve its costs and operational efficiencies. In March 2020, the Star Online launched its paywall as part of the Group's monetisation strategies to diversify revenue streams. Due to the SOP restrictions to combat the Covid-19 pandemic, we have executed a number of virtual fairs and events in place of the physical ones. We have also launched a number of new digital products and platforms, which include TheStarMall, BeliLokal and our Suria mobile application to further reach out to our audiences. With the continuous enrichments of our database collections, our products are equipped with premium access, special features and newsletters to cater for the digital advertising demand of our clients.

The Group expects revenue growth from its digital segment 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. Towards this end, SMG Brand Studio provides advertisers a One Stop Shop for solution based, end-to-end marketing planning encompassing strategy, data & analytics to creative and content execution. This new service will certainly complement our existing growth in digital platforms, we hope to increase advertising take-up rates during these uncertain times and achieve a higher growth in the near future.

The Group has embarked on various cost cutting measures and efforts are also being directed at restructuring some of the business units within the Group to re-strategise operations, which include manpower rationalisation and realignments in how we get back into the market, especially post MCO.

The Group has a strong balance sheet, with a cash reserve of more than RM300 million with no borrowings as of 30 September 2020. This will act as a solid base for SMG to capitalise on merger and acquisition opportunities during the market consolidation, and even penetrate into new businesses that have a promising outlook. With its strong financial standing, the Board is confident the Group is well positioned to weather through these unprecedented challenges.

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 period ended	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	6,254	547	6,685	4,091
2. Foreign taxation	-	-	-	-
3. Deferred taxation	-	-	-	-
	6,254	547	6,685	4,091

The effective tax rate on the Group's profit for the financial period under review is higher than the statutory tax rate mainly due to the recognition of compensation income for the late delivery of vacant possession of its investment property under construction in 3Q 2020.

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 30 September 2020, 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	(86,000)	-	Fully utilised
Total	152,500	(86,000)	66,500	

Additional information required by Bursa Malaysia Securities Listing Requirements**B7. Lease liabilities**

The Group's lease liabilities as at the end of the third quarter are as follows:

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Short Term Lease Liabilities		
Unsecured		
- Finance lease	448	704
- Lease liabilities	2,466	2,217
	2,914	2,921
Long Term Lease Liabilities		
Unsecured		
- Finance lease	494	4,513
- Lease liabilities	15,858	11,898
	16,352	16,411

All lease liabilities in 2020 and 2019 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 JAKS Resources Berhad ("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. High Court has fixed 28 September 2020 for clarification and decision on the application.

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. The hearing has been further adjourned to 18 June 2020 in light of the extension of the Movement Control Order by the Government of Malaysia. However, the hearing was further adjourned to 7 August 2020.

On 7 August 2020, the Court has partly allowed the Company's application filed under Order 14A of the Rules of High Court 2012 in respect of the Company's Corporate Guarantee claim against JRB. The High Court has amongst others, ruled that the Company be compensated by JRB at the rate of 8% per annum on the Balance Purchase Price of RM134,500,000 from 25 October 2015 to 6 July 2020 which will continue to run from 6 July 2020 to the date JRB completes or cause to be completed JIC's obligations under the SPA namely the full and complete delivery of the Company's Entitlement in full and proper compliance with the terms of the SPA.

On 25 August 2020, the Company was informed by its solicitors that JRB has appealed against the High Court's decision and has also applied for a Stay of Execution of the High Court's Order dated 7 August 2020 pending the disposal of the appeal. The Stay of Execution hearing was originally fixed on 14 October 2020 but in view of the Conditional Movement Control Order, it was adjourned to 25 November 2020.

On 1 September 2020, the Company appealed to the Court of Appeal against part of the High Court's decision made on 7 August 2020 that it is not necessary and incumbent on JRB and/or JIC, having regard to the provisions of Clause 18(a)(i) of the SPA as well as general construction industry practice, to provide the full set construction drawings, details and specifications requested by the Company vide letter dated 1 July 2020 in order to carry out proper and meaningful joint inspection under Clause 4B.4 of the SPA.

On 28 September 2020, the High Court dismissed the Company's application to strike off JIC's and JRB's claim. The Company had on 2 October 2020 filed an appeal to the Court of Appeal against the decision of the High Court.

Based on the information provided by the external solicitors, the Company is of the view that it has merits to oppose the abovementioned claims.

B9. Dividend

No interim dividend has been recommended for the current quarter under review (Quarter 3, 2019: Nil).

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.

	3 months ended		Financial period ended	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Group's profit/(loss) after taxation attributable to owners of the parent (RM'000)	26,923	250	(4,005)	5,447
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)	(9,012)	-	(9,012)	-
Weighted average number of ordinary shares outstanding ('000)	728,864	737,876	728,864	737,876
Basic earnings per share (sen)	3.69	0.04	(0.55)	0.74

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

12 November 2020
Petaling Jaya, Selangor Darul Ehsan