



**STAR MEDIA GROUP BERHAD**  
Company No. 10894-D  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
ENDED 30 JUNE 2021**

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

	Note	3 months ended		Financial period ended	
		30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Revenue		46,741	31,509	89,353	97,265
Operating expenses	A8	(87,618)	(62,215)	(147,553)	(135,267)
Other operating income	A9	3,386	3,764	6,973	8,137
<b>Loss from operations</b>		<b>(37,491)</b>	<b>(26,942)</b>	<b>(51,227)</b>	<b>(29,865)</b>
Finance cost		(272)	(306)	(556)	(620)
<b>Loss before taxation</b>		<b>(37,763)</b>	<b>(27,248)</b>	<b>(51,783)</b>	<b>(30,485)</b>
Taxation	B5	(102)	275	(237)	(431)
<b>Loss for the financial period</b>		<b>(37,865)</b>	<b>(26,973)</b>	<b>(52,020)</b>	<b>(30,916)</b>
Attributable to:					
Owners of the parent		(37,847)	(26,948)	(51,947)	(30,928)
Non-controlling interests		(18)	(25)	(73)	12
		<b>(37,865)</b>	<b>(26,973)</b>	<b>(52,020)</b>	<b>(30,916)</b>
<b>Basic/Diluted loss per ordinary share (sen):</b>		<b>(5.22)</b>	<b>(3.70)</b>	<b>(7.17)</b>	<b>(4.24)</b>

**(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 2020)**

Included in the Operating Expenses are depreciation and amortisation expenses:	(6,497)	(9,885)	(13,152)	(19,973)
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**Unaudited Condensed Statement of Profit or Loss and Other Comprehensive Income  
For the period ended 30 June 2021**

	3 months ended		Financial period ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<b>Loss for the financial period</b>	<b>(37,865)</b>	<b>(26,973)</b>	<b>(52,020)</b>	<b>(30,916)</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
- exchange differences on translating foreign operations	(27)	(114)	(13)	(199)
<b>Total comprehensive income for the financial period</b>	<b>(37,892)</b>	<b>(27,087)</b>	<b>(52,033)</b>	<b>(31,115)</b>
<b>Attributable to:</b>				
Owners of the parent	(37,874)	(27,062)	(51,960)	(31,127)
Non-controlling interests	(18)	(25)	(73)	12
	<b>(37,892)</b>	<b>(27,087)</b>	<b>(52,033)</b>	<b>(31,115)</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 2020)

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

	30 June 2021 RM'000	31 December 2020 RM'000
<b>Non-current assets</b>		
Property, plant and equipment	213,649	255,429
Investment properties	147,812	148,052
Intangible assets	24,753	25,138
Right-of-use assets	16,785	18,316
Other investments		
-Financial assets at fair value through profit or loss	150	118
Deferred tax assets	3,881	3,881
	<b>407,030</b>	<b>450,934</b>
<b>Current assets</b>		
Inventories	11,369	15,729
Trade and other receivables	88,834	100,096
Current tax assets	12,291	8,003
Short term deposits	329,247	296,457
Cash and bank balances	17,003	56,779
	<b>458,744</b>	<b>477,064</b>
<b>TOTAL ASSETS</b>	<b>865,774</b>	<b>927,998</b>

**Unaudited Condensed Consolidated Statement of Financial Position  
As at 30 June 2021 (cont'd)**

	30 June 2021 RM'000	31 December 2020 RM'000
<b>EQUITY AND LIABILITIES</b>		
Share capital	738,564	738,564
Treasury shares	(6,124)	(6,124)
Reserves	(4,648)	47,312
Equity attributable to owners of the parent	<b>727,792</b>	<b>779,752</b>
Non-controlling interests	(1,949)	(1,876)
<b>Total equity</b>	<b>725,843</b>	<b>777,876</b>
<b>Non-current liabilities</b>		
Lease liabilities	15,312	15,713
Deferred tax liabilities	25,052	25,052
	<b>40,364</b>	<b>40,765</b>
<b>Current liabilities</b>		
Trade and other payables	96,822	105,842
Lease liabilities	2,552	3,495
Taxation	193	20
	<b>99,567</b>	<b>109,357</b>
<b>Total Liabilities</b>	<b>139,931</b>	<b>150,122</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>865,774</b>	<b>927,998</b>
<b>Net assets per share attributable to owners of the parent company (RM)</b>	<b>0.99</b>	<b>1.06</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 2020)

**Unaudited Condensed Consolidated Statements of Changes in Equity  
For the period ended 30 June 2021**

[----- Attributable to equity holders of the Company -----]

	Share capital RM'000	Foreign exchange translation reserves RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2021	738,564	2,830	(6,124)	44,482	779,752	(1,876)	777,876
Total comprehensive income for the period	-	(13)	-	(51,947)	(51,960)	(73)	(52,033)
<b>Balance as at 30 June 2021</b>	<b>738,564</b>	<b>2,817</b>	<b>(6,124)</b>	<b>(7,465)</b>	<b>727,792</b>	<b>(1,949)</b>	<b>725,843</b>

## Unaudited Condensed Consolidated Statements of Changes in Equity For the period ended 30 June 2020

[----- Attributable to equity holders of the Company -----]

	Share capital RM'000	Foreign exchange translation reserves 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 1 January 2020</b>	<b>738,564</b>	<b>2,711</b>	<b>(1,769)</b>	<b>78,959</b>	<b>818,465</b>	<b>(1,807)</b>	<b>816,658</b>
Total comprehensive income for the period	-	(199)	-	(30,928)	(31,127)	12	(31,115)
<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)
<b>Balance as at 30 June 2020</b>	<b>738,564</b>	<b>2,512</b>	<b>(6,124)</b>	<b>33,273</b>	<b>768,225</b>	<b>(1,795)</b>	<b>766,430</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 2020)

## Unaudited Condensed Consolidated Statement of Cash Flows

### For the period ended 30 June 2021

	30 June 2021 RM'000	30 June 2020 RM'000
<b>Loss before taxation</b>	(51,783)	(30,485)
<b>Adjustments for non-cash flow items:-</b>		
Non-cash items	46,515	20,717
Non-operating items	(2,626)	(4,877)
<b>Operating loss before working capital changes</b>	<b>(7,894)</b>	<b>(14,645)</b>
<b>Changes in working capital</b>		
Net change in current assets	15,018	28,395
Net change in current liabilities	(9,038)	(4,796)
	5,980	23,599
<b>Cash generated from operations</b>	<b>(1,914)</b>	<b>8,954</b>
Net tax paid	(4,351)	(2,153)
<b>Net cash (used in)/from operating activities</b>	<b>(6,265)</b>	<b>6,801</b>
<b>Investing Activities</b>		
Proceeds from disposal of property, plant and equipment	239	145
Proceeds from disposal of other investments	-	-
Purchases of property, plant and equipment	(1,854)	(1,475)
Purchases of intangible assets	(150)	(741)
Purchases of video programme rights	(95)	(3,881)
Interest and investment income received	3,182	5,499
Deposits placed with licensed banks with original maturity more than 3 months	(15)	-
<b>Net cash from/(used in) investing activities</b>	<b>1,307</b>	<b>(453)</b>
<b>Financing Activities</b>		
Interest paid	(556)	(620)
Repayment of finance lease	(89)	(82)
Repayment of lease liabilities	(1,403)	(1,361)
Repurchase of shares	-	(4,355)
Dividend paid	-	(14,758)
<b>Net cash used in financing activities</b>	<b>(2,048)</b>	<b>(21,176)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7,006)</b>	<b>(14,828)</b>
Effect of exchange rates fluctuations on cash held	4	60
Cash and cash equivalents at beginning of the period	352,604	385,322
<b>Cash and cash equivalents at end of the period</b>	<b>345,602</b>	<b>370,554</b>

*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 June 2021 RM'000	30 June 2020 RM'000
Deposits placed with licensed banks	329,247	312,786
Cash and bank balances	17,003	58,374
Deposits placed with licensed banks with original maturity more than 3 months	(648)	(606)
	345,602	370,554

**(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 2020).**

## 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 2020.

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 2020 except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial year:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to MFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</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 2022

Annual Improvements to MFRS Standards 2018 - 2020	
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 101 MFRS 17	<i>Classification of Liabilities as Current or Non-current Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 101	<i>Disclosure of Accounting Policies</i>
Amendments to MFRS 108	<i>Definition of Accounting Estimates</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.



**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 June 2021.

**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 period ended 30 June 2021.

**A6. Dividend paid**

	2021 RM'000	2020 RM'000
<b><u>In respect of the financial year ended 31 December 2019</u></b>		
Interim dividend of 2.0 sen per ordinary share, single tier, paid on 17 April 2020	-	14,758
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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
<b><u>Financial period ended</u></b>						
<b><u>30 June 2021</u></b>						
Sales to external customers	74,968	13,207	1,178	-	-	89,353
Inter-segment sales	830	19	-	14,408	(15,257)	-
Total revenue	75,798	13,226	1,178	14,408	(15,257)	89,353
(Loss)/Profit before tax	(52,345)	633	(795)	739	(15)	(51,783)
Assets	766,662	85,564	5,244	8,304	-	865,774
<b><u>Financial period ended</u></b>						
<b><u>30 June 2020</u></b>						
Sales to external customers	85,755	8,470	3,040	-	-	97,265
Inter-segment sales	142	18	-	16,532	(16,692)	-
Total revenue	85,897	8,488	3,040	16,532	(16,692)	97,265
(Loss)/Profit before tax	(29,879)	(3,154)	765	806	977	(30,485)
Assets	804,029	92,071	8,489	12,924	-	917,513

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

	3 months ended		Financial period ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Allowance of credit losses	149	461	731	1,086
Foreign exchange loss	103	(56)	134	49
Impairment on property, plant and equipment and intangible assets	32,660	-	32,743	-

**A9. Other operating income**

	3 months ended		Financial period ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Interest income	125	410	290	826
Investment income	1,489	2,118	2,892	4,671
Reversal of allowance of credit losses	41	77	224	299
Foreign exchange gain	2	20	4	26
Other income	1,729	1,139	3,563	2,315
Total	<u>3,386</u>	<u>3,764</u>	<u>6,973</u>	<u>8,137</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	1,263
- not contracted	11,422
	<u>12,685</u>

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

	Current Year Quarter 30.06.2021 (2Q 2021) RM'000	Preceding Year Corresponding Quarter 30.06.2020 (2Q 2020) RM'000
Revenue	46,741	31,509
Consolidated Loss before taxation	(37,763)	(27,248)
Consolidated Loss after taxation	(37,865)	(26,973)

The Group achieved an encouraging result in 2Q 2021, as total revenue increased by 48% compared with 2Q 2020. This improvement was mainly driven by our Digital and Radio segments, and there was also an improvement in the bottom-line performance, where the Group's loss before tax improved from RM27.25 million to RM5.10 million in 2Q 2021, if the one-off item on the impairment on plant, property and equipment amounting to RM32.66 million is excluded. In the current quarter under review, our Radio segment has also turned profitable.

*Performance of the respective business segments for 2Q 2021 compared to the corresponding quarter of 2020 are as follows:-*

*Print and Digital* – 2Q 2021's revenue has increased against 2Q 2020 and we also saw a growth in Digital revenue of 17% against the last corresponding quarter, which was attributable to the increase in digital advertorial, growth marketing and paywall subscription revenue. This segment recorded a better performance with a lower loss before tax of RM6.49 million in 2Q 2021 as compared with RM25.41 million in 2Q 2020, which was attributable to the savings in operating expenses arising from the cost rationalisation exercise carried out by the Group in 2H 2020.

*Radio Broadcasting* – Radio generated a higher revenue amounting to RM6.89 million in 2Q 2021 as compared with RM2.02 million in 2Q 2020. This segment recorded a profit before tax of RM1.36 million compared with a loss of RM2.98 million in 2Q 2020 mainly due to higher commercial airtime and sponsorship revenue in the current quarter.

*Event and exhibition* – This segment recorded a loss amounting to RM0.32million in 2Q 2021 compared with RM0.27 million in the corresponding quarter. The pandemic has caused a lot of our offline events to be cancelled but we have taken this opportunity to explore online alternatives i.e. webinars and Virtual Fairs to limit the fallout from these cancelled events.

## Additional information required by Bursa Malaysia Securities Listing Requirements

### B1. Review of performance (cont'd)

	6 months ended 30.06.2021 (1H 2021) RM'000	6 months ended 30.06.2020 (1H 2020) RM'000
Revenue	89,353	97,265
Consolidated Loss before taxation	(51,783)	(30,485)
Consolidated Loss after taxation	(52,020)	(30,916)

*Performance of the company and subsidiaries for 6 months ended 30 June 2021 vs 30 June 2020:-*

Total revenue of the Group in 1H 2021 amounted to RM89.35 million, which represents a decrease of 8% compared with 1H 2020. The decrease was mainly due to the high base in 1Q 2020 as the Covid-19 pandemic and MCO only started to kick in from March 2020. Our Digital and Radio segments remain resilient during this challenging time, which recorded a double-digit increase in revenue during the period under review. The Group also recorded an improvement in its bottom-line performance, with a lower loss before tax of RM19.12 million in 1H 2021 compared with RM30.49 million in 1H 2020, if the impairment on plant, property and equipment of RM32.66 million is excluded. This improvement is also partly attributable to savings in operating expenses resulting from the cost rationalisation exercise carried out by the Group in 2H 2020.

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

*Print and Digital* – We saw a 13% growth in Star’s digital revenue in 1H 2021 compared with 1H 2020. Many advertisers were still very cautious on advertising spending due to the effects of Covid-19 and subsequent Movement Control Orders. If the impairment on property, plant and equipment is excluded, this segment recorded a lower loss before tax of RM19.69 million in 1H 2021 compared with a loss before tax of RM29.88 million in 1H 2020 due to savings in operating expenses from the cost rationalisation exercise that was carried out in 2H 2020.

*Radio* – Revenue increased to RM13.21 million in 1H 2021 from RM8.47 million in 1H 2020. With higher revenue from commercial airtime, this segment recorded a profit before tax of RM0.63 million in 1H 2021 compared with a loss before tax of RM3.15 million in 1H 2020.

*Event and exhibition* – Revenue decreased to RM1.18 million from RM3.04 million mainly due to restrictions being imposed on physical events under the government’s standard operating procedures as well as cancellation of some events in 1H 2021 that was caused by the Covid-19 pandemic. This segment recorded a loss before tax of RM0.80 million in 1H 2021.

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

	Current Quarter 30.06.2021 (2Q 2021) RM'000	Preceding Quarter 31.03.2021 (1Q 2021) RM'000
Revenue	46,741	42,612
Consolidated Loss before taxation	(37,763)	(14,020)
Consolidated Loss after taxation	(37,865)	(14,155)

Group revenue for 2Q 2021 increased to RM46.74 million from RM42.61 million in 2Q 2020 mainly due to higher revenue from the Print, Digital and Radio segments.

**B3. Prospects**

Despite the challenging environment, the Group has continued to progress with its digital transformation initiatives to improve its cost and operational efficiencies. March 2021 marks a year since MCO 1.0 and the implementation of the paywall for The Star Online. This follows a group wide "Subscribe and Win" campaign that was launched in Q1 to drive more subscriptions and there has been steady growth despite the uncertain economic situation. The group experienced a significant growth in the Malay target segment with mStar taking the lead in its content category, peaking at 8.1million Unique visitors in March. For the education vertical, Kuntum is focusing on launching its digital publication with the start of e-Kuntum in Q2. As a lifestyle product, Kualu, which publishes Malaysia's favourite recipes, had enormous response with people engaged in home cooking and baking. A home baking community was built over the MCO period, discovering home bakers and equipping them with entrepreneurial skills to make a living from home.

In view of rapid changes in media consumption trends, the Group will focus on sustaining its investment in the digital space and attracting digital revenue. This will be done by introducing new products and rejuvenating existing ones to keep up with the changing market needs.

The Star marks its 50<sup>th</sup> anniversary this year. To this end, the Group has embarked on a series of enhancements and additional offerings to its readers with a breadth of commemorative content, campaigns and exciting partnership opportunities with clients to celebrate five (5) decades of shaping the nation together. In addition, the Group is also building up StarPicks to bring its rich collection of print supplements and special pullouts online and into TheStar.com.my to provide more value to clients' branded content.

The Group will remain focused on its digital transformation initiatives and strategies across all media platforms and will continue to improve its operational efficiencies. Amid the challenging media industry landscape, the Group is also on the lookout for merger and acquisition opportunities as well as to penetrate into new businesses that have a promising outlook.

**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	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Current period tax expense based on profit for the financial period				
1. Malaysian taxation	102	(275)	237	431
2. Foreign taxation	-	-	-	-
3. Deferred taxation	-	-	-	-
	102	(275)	237	431

The Group's tax expense for the financial period is mainly due to income tax expense incurred by profitable subsidiaries within the Group.

**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 Holdings Limited 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. 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. Revised amount on the utilisation of proceeds are tabulated below.

As at 30 June 2021, 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
<b>Total</b>	<b>152,500</b>	<b>(86,000)</b>	<b>66,500</b>	

**Additional information required by Bursa Malaysia Securities Listing Requirements****B6. Status of corporate proposal announced (cont'd)**

The proposed revised timeframe for future investment purpose which is due in July 2021 is extended to the next 24 months as the Group continues to identify and evaluate growth opportunities through potential Mergers and Acquisitions.

**B7. Lease liabilities**

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

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
<b>Short Term Lease Liabilities</b>		
Unsecured		
- Finance lease	-	448
- Lease liabilities	2,552	2,625
	2,552	3,073
<b>Long Term Lease Liabilities</b>		
Unsecured		
- Finance lease	812	543
- Lease liabilities	14,500	16,326
	15,312	16,869

All lease liabilities in 2021 and 2020 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**").



## Additional information required by Bursa Malaysia Securities Listing Requirements

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

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 (“**JAKS’ Claim**”) 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.

On 1 August 2019, the Company filed an application to strike out JAKS’ claim. 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 (“**Appeal 1122**”) 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 and Movement Control Order, it was adjourned to 25 November 2020 and subsequently to 11 January 2021 and 24 March 2021.

On 24 March 2021, the High Court has dismissed JRB’s application for the Stay of Execution of the High Court’s Order dated 7 August 2020 with costs of RM3,000.00 awarded to the Company.

JRB had on 16 April 2021 filed a notice of motion with the Court of Appeal against the High Court’s dismissal of JRB’s application for the Stay of Execution (“**Motion for Stay**”). JRB’s Motion for Stay is fixed for case management before the Court of Appeal’s Registrar on 4 May 2021. Following the case management, the hearing for JRB’s Motion for Stay is fixed on 19 July 2021. In view of the Company’s undertaking not to execute the High Court’s Order dated 7 August 2020 before 27 July 2021, the Court of Appeal struck out JRB’s Motion for Stay without costs.

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 (“**Appeal 1188**”).

## Additional information required by Bursa Malaysia Securities Listing Requirements

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

Following the case management for Appeal 1188 on 17 November 2020, the parties agreed that Appeal 1122 and Appeal 1188 will be heard together at the Court of Appeal. The Court then directed that e-Appellate hearing for both Appeal 1122 and Appeal 1188 be fixed on 27 July 2021.

On 28 September 2020, the High Court dismissed the Company's application to strike off JAK's Claim. The Company had on 2 October 2020 filed an appeal to the Court of Appeal against the decision of the High Court ("**Appeal 1435**"). During the case management on 25 January 2021, the Company proposed for this Appeal 1435 to be heard with Appeal 1122 and Appeal 1188 given their commonality in facts and law. JIC and JRB's solicitors informed the Court that they will seek their clients' instructions on this matter.

Appeal 1122, Appeal 1188 and Appeal 1435 shall hereinafter be collectively referred to as the "**3 Appeals**".

During the case management before the Court of Appeal on 4 March 2021, the Deputy Registrar of the Court of Appeal directed for the 3 Appeals be heard together on 27 July 2021. A further case management for the 3 Appeals at the Court of Appeal is fixed for 8 July 2021.

The 3 Appeals were heard together on 27 July 2021 before the Court of Appeal whereby the Court of Appeal has unanimously decided that there are various disputes of fact and/or law which necessitates a trial. In light of this, the Court of Appeal ordered as follows:

- (a) Appeal 1122 was allowed, whereas Appeal 1188 and Appeal 1435 were dismissed;
- (b) Costs of the 3 Appeals to follow the costs of the (eventual) trial of these matters; and
- (c) Trial for JAKS' Claim before Justice Akhtar Tahir to be transferred to Justice Nazlan's court from which the Corporate Guarantee Claim originates.

During the case management on 17 August 2021, the Registrar confirmed that JAKS' Claim had successfully been transferred to Justice Nazlan's court. The next case management is fixed on 6 September 2021.

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 2, 2020: 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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Group's loss after taxation attributable to owners of the parent (RM'000)	(37,847)	(26,948)	(51,947)	(30,928)
Number of shares at the beginning of the year ('000)	724,765	737,876	724,765	737,876
Effect of Share Buy Back during the period ('000)	-	(9,012)	-	(9,012)
Weighted average number of ordinary shares outstanding ('000)	724,765	728,864	724,765	728,864
<b>Basic loss per share (sen)</b>	<b>(5.22)</b>	<b>(3.70)</b>	<b>(7.17)</b>	<b>(4.24)</b>

**Diluted loss 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 loss per share.

By Order of the Board

Hoh Yik Siew  
Group Company Secretary

26 August 2021  
Petaling Jaya, Selangor Darul Ehsan