

**Mega First Corporation Berhad  
(Company No. 6682-V)  
(Incorporated in Malaysia)**

**Interim Financial Report  
30 June 2019**

**Mega First Corporation Berhad**  
(Co. No. 6682-V)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income**  
For the 2nd quarter and 6-month period ended 30 June 2019

		2nd Quarter Ended 30.6.2019	2nd Quarter Ended 30.6.2018	6-Month Period Ended 30.6.2019	6-Month Period Ended 30.6.2018
	Note	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>					
Revenue		159,050	218,941	380,892	434,129
Cost of sales		(121,515)	(164,449)	(287,990)	(325,454)
Gross profit		37,535	54,492	92,902	108,675
Other (expense)/income (net)		(124)	3,477	(1,814)	1,750
Operating expenses		(5,857)	(4,352)	(12,698)	(9,915)
Profit from operations		31,554	53,617	78,390	100,510
Finance costs		(1,515)	(1,957)	(3,408)	(5,572)
Share of results in joint venture, net of tax		-	(299)	-	104
Profit before tax		30,039	51,361	74,982	95,042
Income tax expense		(5,558)	(8,174)	(12,685)	(14,912)
Profit after tax from continuing operations		24,481	43,187	62,297	80,130
<b>Discontinued operations</b>					
Loss after tax from discontinued operations	A7	(518)	(11,059)	(915)	(12,065)
Profit after tax for the period		23,963	32,128	61,382	68,065
Other comprehensive income/(expenses)		3,704	45,291	(8,600)	5,461
Total comprehensive income for the period		27,667	77,419	52,782	73,526
Profit after tax attributable to:					
Owners of the Company		22,213	28,437	55,869	59,941
Non-controlling interests		1,750	3,691	5,513	8,124
		23,963	32,128	61,382	68,065
Total comprehensive income attributable to:					
Owners of the Company		24,948	72,004	47,289	65,512
Non-controlling interests		2,719	5,415	5,493	8,014
		27,667	77,419	52,782	73,526
EPS - Basic (sen)					
	B11				
- Continuing operations		5.49	9.85	13.82	17.96
- Discontinued operations		0.10	(2.57)	0.21	(2.61)
		5.59	7.28	14.03	15.35
EPS - Diluted (sen)					
	B11				
- Continuing operations		5.12	9.10	12.89	16.63
- Discontinued operations		0.09	(2.37)	0.19	(2.42)
		5.21	6.73	13.08	14.21

The notes set out on pages 7 to 30 form an integral part and should be read in conjunction with this interim financial report.

**Mega First Corporation Berhad**  
(Co. No. 6682-V)

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2019**

	<b>Unaudited</b> <b>As At</b> <b>30.6.2019</b> <b>RM'000</b>	<b>Audited</b> <b>As At</b> <b>31.12.2018</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	293,067	287,392
Intangible asset	1,905,000	1,635,027
Investment properties	177,212	177,212
Inventories	43,443	43,443
Land use rights	19,785	21,223
Associate and joint venture	4,000	4,000
Investment in quoted shares	41,014	43,247
Investment in unquoted shares	335	335
Goodwill on consolidation	8,357	8,357
	2,492,213	2,220,236
<b>Current Assets</b>		
Inventories	64,189	64,230
Receivables	76,477	93,101
Contract assets	80	1,838
Derivative asset	-	647
Bank balances and deposits	79,903	130,508
	220,649	290,324
<b>TOTAL ASSETS</b>	<b>2,712,862</b>	<b>2,510,560</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners Of The Company</b>		
Share capital	548,536	540,667
Treasury shares	(30,046)	(30,046)
Reserves	880,360	842,159
	1,398,850	1,352,780
Non-Controlling Interests	175,498	172,756
<b>Total Equity</b>	<b>1,574,348</b>	<b>1,525,536</b>
<b>Non-Current Liabilities</b>		
Payables	8,498	8,855
Long-term borrowings	29,279	486,308
Deferred tax liabilities	99,640	88,342
	137,417	583,505
<b>Current Liabilities</b>		
Payables	281,825	286,995
Short-term borrowings	713,480	112,387
Derivative liability	4,878	-
Taxation	914	2,137
	1,001,097	401,519
<b>Total Liabilities</b>	<b>1,138,514</b>	<b>985,024</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,712,862</b>	<b>2,510,560</b>
<b>Net Assets Per Ordinary Share (RM)</b>	<b>3.50</b>	<b>3.41</b>

The notes set out on pages 7 to 30 form an integral part and should be read in conjunction with this interim financial report.

**Mega First Corporation Berhad**  
(Co. No. 6682-V)

**Unaudited Condensed Consolidated Statement of Changes in Equity**  
For the 6-month period ended 30 June 2019

	← Non-Distributable →						Distributable						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	
Balance at 1.1.2018	524,005	(30,046)	-	17,746	(27,490)	(2,011)	-	16,221	(2,351)	730,618	1,226,692	133,757	1,360,449
Total comprehensive income for the period	-	-	-	-	7,496	(7,007)	-	-	5,082	59,941	65,512	8,014	73,526
Contributions by and distributions to owners of the Company:-													
Dividends paid to:													
- shareholders of the Company	-	-	-	-	-	-	-	-	-	(7,808)	(7,808)	-	(7,808)
ESOS options granted	-	-	-	388	-	-	-	-	-	-	388	-	388
ESOS options lapsed	-	-	-	(73)	-	-	-	-	-	73	-	-	-
Issuance of ordinary shares arising from:													
- conversion of Warrants	8	-	-	-	-	-	-	#	-	-	8	-	8
- exercise of ESOS options	311	-	-	(76)	-	-	-	-	-	-	235	-	235
Total transactions with owners of the Company	319	-	-	239	-	-	-	-	-	(7,735)	(7,177)	-	(7,177)
Balance at 30.6.2018	524,324	(30,046)	-	17,985	(19,994)	(9,018)	-	16,221	2,731	782,824	1,285,027	141,771	1,426,798

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**Mega First Corporation Berhad  
(Co. No. 6682-V)**

**Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)  
For the 6-month period ended 30 June 2019**

	← Non-Distributable →						Distributable →						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	
Balance at 1.1.2019	540,667	(30,046)	-	17,597	(6,811)	(15,673)	-	14,583	647	831,816	1,352,780	172,756	1,525,536
Total comprehensive income for the period	-	-	-	-	(820)	(2,235)	-	-	(5,525)	55,869	47,289	5,493	52,782
Contributions by and distributions to owners of the Company:-													
Dividends paid to:													
- shareholders of the Company	-	-	-	-	-	-	-	-	-	(7,999)	(7,999)	-	(7,999)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,751)	(2,751)
Issuance of ordinary shares arising from:													
- conversion of Warrants	6,205	-	-	-	-	-	-	(685)	-	-	5,520	-	5,520
- exercise of ESOS options	1,664	-	-	(404)	-	-	-	-	-	-	1,260	-	1,260
Total transactions with owners of the Company	7,869	-	-	(404)	-	-	-	(685)	-	(7,999)	(1,219)	(2,751)	(3,970)
Balance at 30.6.2019	548,536	(30,046)	-	17,193	(7,631)	(17,908)	-	13,898	(4,878)	879,686	1,398,850	175,498	1,574,348

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**Mega First Corporation Berhad**  
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**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the 6-month period ended 30 June 2019**

	<b>6-Month Period Ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax		
- Continuing operations	74,982	95,042
- Discontinued operations	284	(10,652)
Adjustments for non-cash flow - Non-cash items	(60,407)	(68,629)
- Non-operating items	1,960	2,222
Operating profit before working capital changes	16,819	17,983
Changes in working capital - Net change in assets	9,491	(8,825)
- Net change in liabilities	(14,054)	(7,104)
Cash from operations	12,255	2,054
Income tax paid	(4,271)	(3,008)
<b>Net cash from/(for) operating activities</b>	<b>7,984</b>	<b>(954)</b>
<b>Cash flows for investing activities</b>		
Cash outflow for Don Sahong Hydropower Project	(188,611)	(170,378)
Dividend received	484	504
Interest received	956	1,387
Payments for purchase of:		
- property, plant and equipment	(15,420)	(22,690)
- land use rights	(231)	(98)
Proceeds from disposal of:		
- property, plant and equipment	40	2,598
<b>Net cash for investing activities</b>	<b>(202,782)</b>	<b>(188,677)</b>

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**Mega First Corporation Berhad**  
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**Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)**  
**For the 6-month period ended 30 June 2019**

	<b>6-Month Period Ended</b>	
	<b>30.6.2019</b>	<b>30.6.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid to:		
- subsidiary's non-controlling interests	(2,751)	-
Interest paid	(3,408)	(5,573)
Net drawdown/(repayment) of:		
- Revolving credits and bankers' acceptances	605,063	5,459
- Hire purchase payables	(721)	697
- Term loans	(457,715)	167,877
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	1,260	235
- Conversion of Warrants	5,520	8
(Placement)/Withdrawal of short-term deposits pledged with banks	(64)	2,004
<b>Net cash from financing activities</b>	<b>147,184</b>	<b>170,707</b>
<b>Effect of foreign exchange translation</b>	<b>(33)</b>	<b>(855)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(47,647)</b>	<b>(19,779)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>122,118</b>	<b>129,348</b>
<b>Cash and cash equivalents at end of the period</b>	<b>74,471</b>	<b>109,569</b>

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

Continuing operations

Bank balances and deposits	79,366	99,459
Bank overdrafts	(3,763)	(14,162)

Discontinued operations

Bank balances and deposits	537	27,427
	<b>76,140</b>	<b>112,724</b>

Less:

- Deposits pledged to licensed banks	(1,669)	(3,155)
	<b>74,471</b>	<b>109,569</b>

The notes set out on pages 7 to 30 form an integral part and should be read in conjunction with this interim financial report.

**Notes to the interim financial report**

**A EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of preparation**

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

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

- (a) During the 6-month period ended 30 June 2019, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

<b>MFRSs and/or IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119 (Plan Amendment, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

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



**A1. Basis of preparation (Cont'd)**

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the 6-month period ended 30 June 2019:

<b>MFRSs and/or IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2021
Amendment to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Defer until further notice
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2018.

**A2. Qualification of financial statements**

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The Group's principal business operations are not significantly affected by seasonal or cyclical factors.

**A4. Unusual item**

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

**A5. Nature and amount of changes in estimates**

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

**A6. Debt and equity securities**

	Number of Ordinary Shares		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 1.1.2019	417,364	(20,497)	540,667	(30,046)
New ordinary shares issued arising from:				
- Exercise of ESOS options	575	-	1,664	-
- Conversion of Warrants	2,487	-	6,205	-
At 30.6.2019	<u>420,426</u>	<u>(20,497)</u>	<u>548,536</u>	<u>(30,046)</u>

During the 6-month period ended 30 June 2019, the Company has:

(a) Issued new ordinary shares in the following manner:

	<u>Issue Price</u>	<u>No. of Shares</u>
Exercise of ESOS options	2.00	312,686
Exercise of ESOS options	2.41	263,000
Conversion of Warrants	2.22	2,486,600

As at 30 June 2019, the total number of warrants which remained unexercised was 50,365,242 (31.12.2018: 52,851,842).

Of the total 420,425,811 (31.12.2018 : 417,363,525) issued ordinary shares as at 30 June 2019, 20,497,300 (31.12.2018: 20,497,300) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue as at 30 June 2019 was therefore 399,928,951 (31.12.2018: 396,866,225).

Other than as disclosed above, there was no issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares in these financial statements.

**A7. Discontinued operations**

The discontinued operations comprised the following: -

- a) Power plant in China operated by 60%-owned Shaoxing Mega Heat & Power Co., Ltd (“SMHP”). The sino-foreign co-operative joint venture agreement with Qixian Heat & Power Co., Ltd of the People’s Republic of China (“QHP”) expired on 22 October 2017 and was not extended by the Group; and
- b) Power plant in Tawau, Sabah operated by 51%-owned Serudong Power Sdn Bhd (“SPSB”). The Power Purchase Agreement (“PPA”) expired on 2 December 2017.

Accordingly, the Group has presented and disclosed in these financial statements (including comparative information) the results of SMHP and SPSB under discontinued operations in accordance to MFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), separately from continuing operations where the results of discontinued operations for current quarter and 6-month period ended 30 June 2019 is presented as follows:

	2nd Quarter Ended 30.6.2019 RM'000	2nd Quarter Ended 30.6.2018 RM'000	6-Month Period Ended 30.6.2019 RM'000	6-Month Period Ended 30.6.2018 RM'000
Revenue	-	-	-	-
Cost of sales	(32)	(926)	(90)	(1,718)
Gross loss	(32)	(926)	(90)	(1,718)
Other income/(expenses), net	494	(8,476)	1,002	(8,156)
Operating expenses	(368)	(493)	(628)	(777)
Profit/(Loss) from operations	94	(9,895)	284	(10,651)
Finance costs	-	(1)	-	(1)
Profit/(Loss) before tax	94	(9,896)	284	(10,652)
Income tax expense	(612)	(1,163)	(1,199)	(1,413)
Loss after tax for the period	(518)	(11,059)	(915)	(12,065)
Other comprehensive expenses	-	-	-	-
Total comprehensive expenses for the period	(518)	(11,059)	(915)	(12,065)
Loss after tax attributable to:				
Owners of the Company	389	(10,030)	827	(10,193)
Non-controlling interests	(907)	(1,029)	(1,742)	(1,872)
	(518)	(11,059)	(915)	(12,065)
Total comprehensive expenses attributable to:				
Owners of the Company	389	(10,030)	827	(10,193)
Non-controlling interests	(907)	(1,029)	(1,742)	(1,872)
	(518)	(11,059)	(915)	(12,065)

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**A7. Discontinued operations (Cont'd)**

The following amounts have been included in arriving at profit/(loss) before tax of the discontinued operations:

	2nd Quarter Ended 30 June		6-Month Period Ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>After crediting:</b>				
Gain on disposal of property, plant and equipment	-	-	8	-
Interest income:				
- External parties	11	126	74	254
- Intra-group of companies	474	216	909	417
<b>After charging:</b>				
Depreciation of property, plant and equipment	-	(16)	-	(35)
Provision for retrenchment benefits	-	(14,076)	-	(14,376)
Writeback/(Writedown) in value of inventories	8	(3,458)	10	(3,458)

**A8. Segment information**

6-Month Period Ended 30 June 2019	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External revenue						
- Continuing operations	270,050	71,102	4,069	35,671	-	380,892
- Discontinued operations	-	-	-	-	-	-
	270,050	71,102	4,069	35,671	-	380,892
Inter-segment revenue	-	-	-	46,400	(46,400)	-
Consolidated revenue	270,050	71,102	4,069	82,071	(46,400)	380,892
<b>Results</b>						
Profit from operations						
- Continuing operations	71,291	7,971	3,228	43,532	(47,632)	78,390
- Discontinued operations	284	-	-	-	-	284
	71,575	7,971	3,228	43,532	(47,632)	78,674
Finance costs						(3,408)
Profit before tax						75,266
Income tax expense						(13,884)
Profit after tax						61,382
<b>Total assets</b>						
At 30 June 2019	1,986,352	327,636	303,935	1,438,115	(1,343,176)	2,712,862

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**A8. Segment information (Cont'd)**

6-Month Period Ended 30 June 2018	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External revenue						
- Continuing operations	325,079	74,296	4,752	30,002	-	434,129
- Discontinued operations	-	-	-	-	-	-
	325,079	74,296	4,752	30,002	-	434,129
Inter-segment revenue	-	-	-	22,586	(22,586)	-
Consolidated revenue	325,079	74,296	4,752	52,588	(22,586)	434,129
<b>Results</b>						
Profit from operations						
- Continuing operations	86,272	11,354	3,756	21,960	(22,832)	100,510
- Discontinued operations	(10,651)	-	-	-	-	(10,651)
	75,621	11,354	3,756	21,960	(22,832)	89,859
Finance costs						(5,573)
Share of profit in joint venture						104
Profit before tax						84,390
Income tax expense						(16,325)
Profit after tax						68,065
<b>Total assets</b>						
At 31 December 2018	1,769,417	332,040	303,674	1,227,930	(1,122,501)	2,510,560

**A9. Dividend paid**

The details of dividend paid are disclosed in Note B9.

**A10. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment during the period reported up to 15 August 2019, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**A11. Significant event during the reporting period**

There was no significant event during the 6-month period ended 30 June 2019.

**A12. Significant event subsequent to the end of the reporting period**

On 13 August 2019, Teratai ANR Sdn Bhd (“TASB”), 70% indirect subsidiary of the Company and Teratai Kembara Sdn Bhd (“TKSB”), a 77.8% indirect subsidiary of the Company had entered into a Deed of Revocation to revoke and rescind the following agreements:

- 1) Second Supplementary Agreement dated 8 May 2018 to change the purpose of TASB from mining activities to mixed development; and
- 2) Option Agreement dated 8 May 2018 to develop and/or purchase all or any part of 4 parcels of 99-year leasehold land measuring a total of approximately 772 acres located in Mukim Belanja, Daerah Kinta in the state of Perak Darul Ridzuan.

On even date, Bayangan Sutera Sdn Bhd (“BSSB”), an 80% indirect subsidiary of the Company has entered into an Option Agreement with Menteri Besar Incorporated (Perak) (“MBI”) to lease or buy a parcel of 99-year leasehold land measuring a total of approximately 688.89 acres located in Mukim Belanja, Daerah Kinta in the state of Perak Darul Ridzuan for the purpose of developing a large scale solar (“LSS”) photovoltaic plant.

Saved for the above, there was no significant event subsequent to the end of the period reported up to 15 August 2019, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**A13. Changes in composition of the Group**

There was no change in the composition of the Group for the 6-month period ended 30 June 2019.

**A14. Changes in contingent liabilities and assets**

(a) Contingent liability

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

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

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

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

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

Based on advice from both its tax consultants and solicitors, IHSB is of the view that the assessment raised by IRBM are statute barred and erroneous in law. IHSB has filed its appeals against the assessments to the Special Commissioners of Income Tax on 28 October 2016 and will defend its position vigorously. The hearing of the appeals has been postponed to 11 and 12 March 2020.

Other than as disclosed above, there was no material contingent liability as at 15 August 2019, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 15 August 2019, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**A15. Capital commitments**

As at 30 June 2019, the Group has the following commitments:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not provided for:	
Contracted	10,251
<b>Don Sahong Hydropower Project</b>	
Authorised but not provided for:	
Contracted	48,594
Not contracted	70,922
	<u>119,516</u>
<b>Total</b>	<u><u>129,767</u></u>

**A16. Significant related party transactions**

	<b>2nd Quarter Ended 30.6.2019 RM'000</b>	<b>6-month Period Ended 30.6.2019 RM'000</b>
Sales of lime products to a joint venture company	2,020	4,402
	<u>2,020</u>	<u>4,402</u>

Other than as disclosed above, there was no other significant related party transaction during the current quarter and 6-month period ended 30 June 2019.



**A17. Derivative financial instruments**

	<b>30.6.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Derivative (liability)/asset</u></b>		
Interest rate swap	(4,878)	647

The Interest Rate Swap (“IRS”) is executed with credit-worthy financial institution in order to partially hedge against potential increases in the LIBOR arising from the revolving credit facility (31.12.2018: club deal facilities), which are obtained for the purpose of refinancing/financing the construction of the Don Sahong Hydropower Project (“Don Sahong Project”). With the IRS, it effectively swaps out the LIBOR with a fixed interest rate of 2.5% per annum.

As at the end of the reporting period, the Group has utilised IRS of USD70 million (31.12.2018: USD57.81 million). The IRS has the same maturity terms as the underlying principal instrument and is settled every 3 months which is consistent to latter’s interest repayment schedule.

The Group applies hedge accounting for the hedging instrument of IRS as the hedge is considered to be highly effective based on the following considerations:

- a) The critical terms of the IRS and the hedged item such as notional contract amount, settlement dates, underlying and currency of cash flows are exactly matched; and
- b) The fair value of the hedging instrument at inception is nil.

The Group will continue to assess the hedge relationship to ensure that it has actually been highly effective retrospectively.

The IRS is measured at fair value based on bank quote. The fair value changes on the effective portion of the IRS which qualify as cash flow hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

During the 6-month period ended 30 June 2019, a loss of RM5.5 million is recognised in other comprehensive income and no ineffective hedge is recognised in profit or loss in respect of the hedge.

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

**B1. Performance review - Current quarter ended 30 June 2019 (“2Q2019”) versus (“vs”) the corresponding quarter ended 30 June 2018 (“2Q2018”)**

**Continuing Operations**

	2Q 2019 RM'000	2Q 2018 RM'000	Changes	
			RM'000	%
Revenue	159,050	218,941	(59,891)	-27.4%
Other (expenses)/income, net	(124)	3,477	(3,601)	-103.6%
Profit before interest and tax	31,554	53,318	(21,764)	-40.8%
Profit before tax	30,039	51,361	(21,322)	-41.5%
Profit after tax	24,481	43,187	(18,706)	-43.3%
Profit after tax attributable to owners of the Company	21,824	38,467	(16,643)	-43.3%
<hr/>				
<b>Revenue</b>				
Power	100,159	164,042	(63,883)	-38.9%
Resources	38,263	37,115	1,148	3.1%
Property	1,994	2,653	(659)	-24.8%
<hr/>				
Sub-total	140,416	203,810	(63,394)	-31.1%
Investment holding & others	18,634	15,131	3,503	23.2%
Total revenue	159,050	218,941	(59,891)	-27.4%
<hr/>				
<b>Profit before tax</b>				
Power	26,237	43,662	(17,425)	-39.9%
Resources	4,437	4,983	(546)	-11.0%
Property	1,211	1,751	(540)	-30.8%
<hr/>				
Sub-total	31,885	50,396	(18,511)	-36.7%
Investment holding & others	(1,846)	965	(2,811)	-291.3%
Total profit before tax	30,039	51,361	(21,322)	-41.5%
<hr/>				
<b>Significant income items:</b>				
Construction revenue	100,159	164,042	(63,883)	-38.9%
Construction profit	26,914	43,730	(16,816)	-38.5%
Gain from quoted investments	475	495	(20)	-4.0%
Gain on foreign exchange	120	937	(817)	-87.2%

**B1. Performance review - 2Q2019 vs 2Q2018 (Cont'd)**

**Continuing Operations**

The Group recorded revenue from continuing operations of RM159.0 million, 27.4% lower than RM218.9 million achieved a year ago primarily due to a 38.9% decrease in construction revenue recognition.

Group pre-tax profit in the current quarter came in 41.5% lower year-on-year at RM30.0 million, compared to RM51.4 million reported in the same period last year largely due to lower construction profit which declined by 38.5% or RM16.8 million to RM26.9 million. PBT in the current quarter was also weighed by the absence of RM1.4 million gain from disposal of property, plant and equipment in 2Q 2018 and lower foreign exchange gain.

**Power Division (Don Sahong Project)**

Physical completion of Don Sahong Project reached 92.1% at the end of June 2019. Current quarter physical completion was 4.8%, compared to 8.3% recorded in the corresponding quarter last year. This was in line with management's expectation as the project neared completion. Consequently, construction revenue fell 38.9% to RM100.2 million while construction profit declined 38.5% to RM26.9 million.

**Resources Division**

The Resources Division recorded a 3.1% improvement in revenue to RM38.3 million from RM37.1 million a year ago mainly due to a 2.5% increase in sales of lime products to RM34.6 million. Revenue contribution from other products was relatively flat year-on-year.

Higher revenue from lime products was driven by a 4.3% increase in average selling price resulting mainly from a 4.6% rise in the US Dollar exchange rate against the Malaysia Ringgit, partially offset by a 1.7% decline in sales volume. Demand during the quarter was negatively impacted by slower industrial output of existing customers and economic uncertainties in the region.

Pre-tax profit fell 11.0% to RM4.4 million against RM5.0 million achieved a year ago on higher unit production cost resulting from lower plant utilisation following the completion of Kiln 8 in December 2018 and higher financing costs.

**Property Division**

Revenue declined RM0.7 million to RM2.0 million due mainly to the absence of development income in the current quarter (2Q 2018 development income: RM0.6 million). Rental income was marginally lower due to lower occupancy rate following the departure of one tenant.

Pre-tax profit declined 30.8% to RM1.21 million (2Q2018: RM1.75 million) owing to the absence of development income, building refurbishment cost and marginally lower rental income.

**B2. Performance review - Year-to-date 30 June 2019 (“YTD 30.6.2019) versus (“vs”) corresponding Year-to-date 30 June 2018 (“YTD 30.6.2018”)**

**Continuing Operations**

	YTD 30.6.2019 RM'000	YTD 30.6.2018 RM'000	Changes	
			RM'000	%
Revenue	380,892	434,129	(53,237)	-12%
Other (expenses)/income, net	(1,814)	1,750	(3,564)	-204%
Profit before interest and tax	78,390	100,614	(22,224)	-22%
Profit before tax	74,982	95,042	(20,060)	-21%
Profit after tax	62,297	80,130	(17,833)	-22%
Profit after tax attributable to owners of the Company	55,042	70,134	(15,092)	-22%
<b>Revenue</b>				
Power	270,050	325,079	(55,029)	-17%
Resources	71,102	74,296	(3,194)	-4%
Property	4,069	4,752	(683)	-14%
Sub-total	345,221	404,127	(58,906)	-15%
Investment holding & others	35,671	30,002	5,669	19%
Total revenue	380,892	434,129	(53,237)	-12%
<b>Profit before tax</b>				
Power	71,290	86,272	(14,982)	-17%
Resources	7,852	11,761	(3,909)	-33%
Property	2,374	2,780	(406)	-15%
Sub-total	81,516	100,813	(19,297)	-19%
Investment holding & others	(6,534)	(5,771)	(763)	13%
Total profit before tax	74,982	95,042	(20,060)	-21%
<b>Significant income/(expense) items:</b>				
Construction revenue	270,050	325,079	(55,029)	-17%
Construction profit	72,532	86,661	(14,129)	-16%
Gain from quoted investments	484	504	(20)	-4%
Gain/(Loss) on foreign exchange	2,231	(1,037)	3,268	-315%

**B2. Performance review - YTD 30.6.2019 vs YTD 30.6.2018” (Cont’d)**

Excluding discontinued operations, Group registered total revenue of RM380.9 million, 12.3% lower than RM434.1 million achieved in the same period last year. The decrease was mainly attributable to a 16.9% decrease in construction revenue contribution from Don Sahong Project.

Group pre-tax profit from continuing operations contracted 21.1% from RM95.0 million to RM75.0 million in the 6-month period ended 30 June 2019. This was mainly due to lower construction profit (down 16.3% or RM14.1 million), a 33.2% decline in PBT of Resources Division to RM7.9 million and the absence of RM1.4 million gain from disposal of property, plant and equipment recorded in 1H 2018.

**Power Division (Don Sahong Project)**

Don Sahong Project recognised 13.1% of physical completion in the 6-month period ended 30 June 2019, lower than 16.5% registered in the same period last year. Consequently, construction revenue fell 16.9% or RM55.0 million to RM270.0 million, while pre-tax construction profit decreased RM14.1 million or 16.3% from RM86.7 million to RM72.5 million. The decline in physical completion was in line with management expectation as the Don Sahong Project entered into its final year of construction.

**Resources Division**

The Resources Division posted a 4.3% decrease in revenue to RM71.1 million (1H2018: RM74.3 million) due mainly to a 5.4% decline in sales of lime products to RM64.3 million (1H2018: RM68.0 million). Revenue contribution from other products, primarily calcium carbonate powder, limestone and cement bricks, came in at RM6.8 million which was slightly ahead when compared to RM6.3 million achieved in the previous corresponding period last year.

Sales volume of lime products regressed 8.4% on slower economic activities and regional economic uncertainties which resulted in lower demand from both existing domestic and export customers.

The average selling price of lime products was 3.3% higher, driven mainly by a 2.1% appreciation of US Dollar against the Malaysia Ringgit.

Pre-tax profit fell at a sharper rate of 30.0% to RM7.6 million (1H2018: RM10.9 million) primarily owing to lower sales volume of lime products, higher unit cost of production as a result of lower plant utilisation rate and higher financing costs.

**Property Division**

Revenue from the Property Division revenue was RM0.7 million lower at RM4.1 million (1H2018: RM4.8 million). The decline in divisional revenue contribution was mainly attributable to the absence of development income.

Pre-tax profit fell 14.6% to RM2.4 million (1H2018: RM2.8 million) as a result of the absence of development income and higher cost of building refurbishment.

**B2. Performance review - YTD 30.6.2019 vs YTD 30.6.2018” (Cont’d)**

(a) Assets and Liabilities

Significant changes in key assets and liabilities during the 6-month period ended 30 June 2019 are explained below:

<b>Asset/Liability Items</b>	<b>As At 30.6.2019 RM'000</b>	<b>As At 31.12.2018 RM'000</b>	<b>Changes RM'000</b>	<b>Explanation</b>
Property, plant and equipment (“PPE”)	293,067	287,392	5,675	Increase primarily due to RM15.4 million capital expenditures mainly as follows: <ul style="list-style-type: none"> <li>- RM8.0 million on plantation development in Cambodia;</li> <li>- RM4.3 million on expanding packaging production capacity;</li> <li>- RM2.6 million on kiln expansion by the Resources Division.</li> </ul> Largely offset by depreciation charge of RM9.1 million.
Intangible asset	1,905,000	1,635,027	269,973	Intangible asset represents the cumulative construction revenue recognised for the Don Sahong Project.
Investment properties	177,212	177,212	-	No movement in the current period.
Inventories (non-current)	43,443	43,443	-	Represents land held for property development. No movement in the current period.
Investment in quoted shares	41,014	43,247	(2,233)	Decrease was due to a decrease in the market value of quoted securities.

**B2. Performance review - YTD 30.6.2019 vs YTD 30.6.2018” (Cont’d)**

(a) Assets and Liabilities (Cont’d)

Significant changes in key assets and liabilities during the 6-month period ended 30 June 2019 are explained below:

<b>Asset/Liability Items</b>	<b>As At 30.6.2019 RM'000</b>	<b>As At 31.12.2018 RM'000</b>	<b>Changes RM'000</b>	<b>Explanation</b>
Inventories (current)	64,189	64,230	(41)	There was no significant change in inventory, in line with revenue levels of Resources and packaging divisions.
Receivables	76,477	93,101	(16,624)	Decrease was mainly attributable to realisation of advance payment (initially recorded as prepayment) to EPC contractor, Sinohydro, in the form of deduction from progressive billing issued by Sinohydro in the current period.
Deferred tax liabilities	99,640	88,342	11,298	Increase was mainly due to deferred tax provided on construction profit recognised for Don Sahong Project in the current quarter.
Payables (current)	281,825	286,995	(5,170)	Decrease was mainly due to RM7.0 million payment of loan interest accrued as at 31 December 2018.

## B2. Performance review - YTD 30.6.2019 vs YTD 30.6.2018” (Cont’d)

### (b) Group borrowings and debt securities

As at 30 June 2019, total borrowings (exclude hire purchase) amounted to RM742.8 million (31 December 2018: RM598.7 million). The Table below sets out the salient information on the Group’s bank borrowings:

	Long-term		Short-term		Total Borrowings RM'000
	USD	RM	USD	RM	
	RM'000	RM'000	RM'000	RM'000	
<b>Secured</b>					
Bankers' acceptance	-	-	-	11,547	11,547
Term loans	-	29,279	-	11,645	40,924
Bank overdrafts	-	-	-	3,763	3,763
Revolving credits	-	-	620,025	42,500	662,525
	-	29,279	620,025	69,455	718,759
<b>Unsecured</b>					
Revolving credits	-	-	-	24,000	24,000
<b>Total bank borrowings</b>	<b>-</b>	<b>29,279</b>	<b>620,025</b>	<b>93,455</b>	<b>742,759</b>

The increase in total borrowings since 31 December 2018 was primarily attributable to loan drawdown of RM160.3 million to part finance the construction of the Don Sahong Project.

Interest rate on the Group’s bank borrowings are wholly floating in nature.

The interest rate on foreign currency revolving credit has been partially hedged by an interest rate swap as disclosed in Note A17.

The Group has no debt securities as at 30 June 2019.

### (c) Cash flow analysis for the 6-month period ended 30 June 2019

The Group generated RM8.0 million cash from its operating activities during the 6-month period ended 30 June 2019.

In the same period, the Group spent RM202.8 million on investing activities comprising mainly RM188.6 million on Don Sahong Project and RM15.4 million on capex as described above. These investments were funded primarily by borrowings and internal funds. Consequently, the Group’s bank borrowings (excluding bank overdrafts) increased RM147.1 million to RM739.0 million (31.12.2018: RM591.9 million) while cash and cash equivalents decreased RM47.6 million to RM74.5 million (31.12.2018: RM122.1 million).



**B3. Variation of Current Quarter (“2Q2019”) versus (“vs”) Preceding Quarter (“1Q2019”)**

**Continuing Operations**

	<b>2Q 2019</b>	<b>1Q 2019</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	159,050	221,842	(62,792)	-28.3%
Other expenses, net	(124)	(1,690)	1,566	-92.7%
Profit before interest and tax	31,554	46,836	(15,282)	-32.6%
Profit before tax	30,039	44,943	(14,904)	-33.2%
Profit after tax	24,481	37,816	(13,335)	-35.3%
Profit after tax attributable to owners of the Company	21,824	33,218	(11,394)	-34.3%
<hr/>				
<b>Revenue</b>				
Power	100,159	169,891	(69,732)	-41.0%
Resources	38,263	32,839	5,424	16.5%
Property	1,994	2,075	(81)	-3.9%
<hr/>				
Sub-total	140,416	204,805	(64,389)	-31.4%
Investment holding & others	18,634	17,037	1,597	9.4%
Total revenue	159,050	221,842	(62,792)	-28.3%
<hr/>				
<b>Profit before tax</b>				
Power	26,237	45,053	(18,816)	-41.8%
Resources	4,437	3,415	1,022	29.9%
Property	1,211	1,163	48	4.1%
<hr/>				
Sub-total	31,885	49,631	(17,746)	-35.8%
Investment holding & others	(1,846)	(4,688)	2,842	-60.6%
Total profit before tax	30,039	44,943	(14,904)	-33.2%
<hr/>				
<b>Significant income items:</b>				
Construction revenue	100,159	169,891	(69,732)	-41.0%
Construction profit	26,914	45,618	(18,704)	-41.0%
Gain from quoted investments	475	9	466	5177.8%
Gain on foreign exchange	120	2,111	(1,991)	-94.3%

### **B3. Variation of 2Q2019 vs 1Q2019 (Cont'd)**

Excluding discontinued operations, Group revenue declined 28.3% quarter-on-quarter to RM159.0 million (1Q2019: RM221.8 million). The decline was largely attributable to a 41.0% decrease in construction revenue, partially offset by a 16.5% increase in revenue contribution from the Resources Division.

Group's PBT decreased 33.2% quarter-on-quarter to RM30.0 million (1Q 2019: RM44.9 million) mainly as a result of a 41.0% decline in construction profit and lower foreign exchange gain, partially offset by a 29.9% increase in PBT contribution from the Resources Division and lower losses from Investment Holding and Others.

#### **Power Division (Don Sahong Project)**

Physical completion of 4.8% for the current quarter was 3.5% lower than 8.3% reported in the preceding quarter. As such, both construction revenue and profit decreased correspondingly to RM100.2 million (1Q2019: RM169.9 million) and RM26.9 million (1Q2019: RM45.6 million) respectively.

#### **Resources Division**

Resources Division's revenue recorded a quarter-on-quarter growth of 16.5% or RM5.4 million mainly due to a 16.7% increase in sales of lime products. Other products registered a 15.0% growth due to higher sales of calcium carbonate powder.

Sales volume of lime products rose 15.0% quarter-on-quarter owing to a 48.5% increase in export sales, which more than offset a 22.5% decline in contribution from the domestic market. Average selling price was 1.4% higher on currency effects.

Resources Division's pre-tax profit improved by 29.9% to RM4.4 million (1Q2019: RM3.4 million) on higher revenue and improved capacity utilisation rate.

#### **Property Division**

No property development income was recorded in both quarters. Rental income was stable as compared to previous quarter.

Pre-tax profit flat at RM1.2 million quarter-on-quarter.

## **B4. Prospects**

### **Power Division**

#### **Don Sahong Hydropower Project (“Don Sahong Project”)**

With 7.9% left in physical completion to be recognised, construction revenue and profit contribution from the Don Sahong Project will continue to register sequential quarterly decline in the final two quarters of 2019 as construction approaches completion by this year end.

The decline in construction revenue and profit is however expected to be compensated by sale of test energy, which should be commenced with the commissioning of the first turbine before the end of September 2019. The second, third and fourth turbine are expected to be commissioned progressively thereafter.

Based on the progress of the Project and the construction of the connecting transmission lines by Électricité du Laos and Electricite Du Cambodge, Management remains optimistic Don Sahong Project will achieve Commercial Operation Date by January 2020.

Pending approval from Government of Laos, management is considering to add a fifth turbine to the Project.

#### **Large Scale Solar (“LSS”)**

On 14 August 2019, the Company announced that BSSB has entered into an Option Agreement with MBI giving BSSB an option to either buy or lease a large track of land in the state of Perak for the purpose of developing a LSS photovoltaic plant.

As part of the Group’s strategy to grow the renewable energy in its Power Division, the Group has on 19 August 2019 submitted a bid for Malaysia’s latest Large Scale Solar open tender scheme (“LSS3”) to develop and operate a 100 MWac LSS photovoltaic plant.

Results of the tender are expected to be announced in 1Q 2020.

### **Resources Division**

The Resources Division is expected to continue to face headwinds from slowing industrial activities in the region resulting from global economic uncertainties and heightened geo-political risks. To compensate for slower demand from existing customers, management will continue to work towards securing new customers and/or projects in the region.

Barring any significant fluctuation in the foreign exchange rates, the average selling price of lime products is expected to remain stable. In the absence of demand growth, lower capacity utilisation is expected to add pressure to unit production cost in 2H 2019, when compared to the same period last year.

#### B4. Prospects (Cont'd)

##### Property Division

Rental income from PJ8 and Greentown carparks is expected to remain stable. The Group has no plans to restart its development segment given the weak residential property market in Malaysia. Efforts will continue to market the remaining completed property units with carrying amount of about RM11.3 million as at 30 June 2019.

#### B5. Profit forecast

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

#### B6. Income tax expense

	2nd Quarter Ended 30 June		6-Month Period Ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>Continuing operations</u></b>				
- Malaysian	1,739	1,918	2,386	2,514
- Overseas	3,819	6,256	10,299	12,398
	<hr/>	<hr/>	<hr/>	<hr/>
	5,558	8,174	12,685	14,912
<b><u>Discontinued operations</u></b>				
- Malaysian	612	1,163	1,199	1,413
- Overseas	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	612	1,163	1,199	1,413
	<hr/>	<hr/>	<hr/>	<hr/>
	6,170	9,337	13,884	16,325

The Group's effective tax rate for the current quarter and 6-month period ended 30 June 2019 was lower than the Malaysian statutory tax rate of 24% mainly due to lower effective tax rate reported on construction profit recognised for Don Sahong Project.

#### B7. Status of corporate proposal

There was no corporate proposal announced but not completed at 15 August 2019, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

## B8. Material litigations

### GOM vs IHSB

Details of this tax dispute are disclosed in Note A14(a).

Other than as disclosed above, there was no material litigation as at 15 August 2019, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

## B9. Dividends

- (a) A final tax-exempt dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2018 was approved by the shareholders at the Annual General Meeting held on 29 May 2019. This dividend is payable on 12 July 2019 to entitled shareholders as at 21 June 2019 and has been included as a liability in these financial statements.
- (b) No interim dividend has been proposed or declared for the 6-month period ended 30 June 2019 as the Board has decided to conserve cash for settlement of remaining construction cost of the Don Sahong Project.

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

	2nd Quarter Ended 30 June		6-Month Period Ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b><u>Continuing Operations</u></b>				
<b>After crediting:</b>				
Dividend income	469	495	484	504
Gain on disposal of:				
- property, plant and equipment	-	1,447	-	1,460
Gain on foreign exchange:				
- realised	-	-	1,790	-
- unrealised	424	1,013	441	-
Interest income	437	635	882	1,133
<b>After charging:</b>				
Allowance for impairment losses on:				
- receivables, net	-	-	(996)	-
Amortisation of land use rights	(81)	-	(1,669)	-
Depreciation of property, plant and equipment	(4,770)	(3,735)	(9,072)	(7,646)
Interest expense	(1,515)	(1,957)	(3,408)	(5,572)
Loss on foreign exchange:				
- realised	(304)	(76)	-	(916)
- unrealised	-	-	-	(121)
Write-down in value of inventories	(62)	(1)	(160)	103
Write-off of plant and equipment	556	(75)	-	(78)
<b>After other comprehensive income/(expenses)</b>				
Foreign currency translation difference for foreign operations	11,568	44,258	(840)	7,386
Fair value changes of equity investments	(4,490)	(479)	(2,235)	(7,007)
Fair value changes of interest rate swap	(3,374)	1,512	(5,525)	5,082

## B11. Earnings per share

	2nd quarter ended 30 June		6-month period ended 30 June	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(a) Basic earnings per share</b>				
Profit/(loss) after tax attributable to owners of the Company:				
- Continuing operations	21,824	38,467	55,042	70,134
- Discontinued operations	389	(10,030)	827	(10,193)
	<u>22,213</u>	<u>28,437</u>	<u>55,869</u>	<u>59,941</u>
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	417,364	410,903	417,364	410,786
Effect of treasury shares held	(20,497)	(20,497)	(20,497)	(20,497)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	245	-	487	109
- Warrants	434	1	863	1
	<u>397,546</u>	<u>390,407</u>	<u>398,217</u>	<u>390,399</u>
Basic earnings per share (sen):				
- Continuing operations	5.49	9.85	13.82	17.96
- Discontinued operations	0.10	(2.57)	0.21	(2.61)
- Total	<u>5.59</u>	<u>7.28</u>	<u>14.03</u>	<u>15.35</u>

The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and 6-month period ended 30 June 2019 excluding treasury shares held by the Company.

**B11. Earnings per share (Cont'd)**

	2nd quarter ended		6-month period ended	
	30 June		30 June	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>(b) Diluted earnings per share</b>				
Profit/(loss) after tax attributable to owners of the Company:				
- Continuing operations	21,824	38,467	55,042	70,134
- Discontinued operations	389	(10,030)	827	(10,193)
	<u>22,213</u>	<u>28,437</u>	<u>55,869</u>	<u>59,941</u>
Weighted average number of ordinary shares ('000)	397,546	390,407	398,217	390,399
Plus: Incremental shares from assumed conversion of Warrants and exercise of ESOS options	28,750	32,329	28,750	31,313
	<u>426,296</u>	<u>422,736</u>	<u>426,967</u>	<u>421,712</u>
Adjusted weighted average number of ordinary shares ('000)				
	426,296	422,736	426,967	421,712
Diluted earnings per share (sen):				
- Continuing operations	5.12	9.10	12.89	16.63
- Discontinued operations	0.09	(2.37)	0.19	(2.42)
- Total	<u>5.21</u>	<u>6.73</u>	<u>13.08</u>	<u>14.21</u>

The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue, adjusted on the assumption that all dilutive outstanding warrants and ESOS options are converted and exercised, respectively.

**B12. Authorised for issue**

These interim financial statements were authorised for issue by the Board of Directors on 22 August 2019.