

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

Interim Financial Report
30 June 2020

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For The 6-Month Period Ended 30 June 2020**

		2nd Quarter Ended 30.6.2020	2nd Quarter Ended 30.6.2019	6-Month Period Ended 30.6.2020	6-Month Period Ended 30.6.2019
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue		181,255	159,050	341,942	380,892
Cost of sales		(73,629)	(121,515)	(151,456)	(287,990)
Gross profit		107,626	37,535	190,486	92,902
Other income/(expenses)		1,512	(124)	(181)	(1,814)
Operating expenses		(6,794)	(5,857)	(13,979)	(12,698)
Profit from operations		102,344	31,554	176,326	78,390
Finance costs		(5,009)	(1,515)	(12,498)	(3,408)
Profit before tax		97,335	30,039	163,828	74,982
Income tax expense		(2,002)	(5,558)	(3,247)	(12,685)
Profit after tax from continuing operations		95,333	24,481	160,581	62,297
Discontinued operations					
Loss after tax from discontinued operations	A7	(416)	(518)	(765)	(915)
Profit after tax for the period		94,917	23,963	159,816	61,382
Other comprehensive (expenses)/income		(1,277)	3,704	44,329	(8,600)
Total comprehensive income for the period		93,640	27,667	204,145	52,782
Profit after tax attributable to:					
Owners of the Company		81,331	22,213	138,734	55,869
Non-controlling interests		13,586	1,750	21,082	5,513
		94,917	23,963	159,816	61,382
Total comprehensive income attributable to:					
Owners of the Company		80,917	24,948	178,187	47,289
Non-controlling interests		12,723	2,719	25,958	5,493
		93,640	27,667	204,145	52,782
EPS - Basic (sen)					
- Continuing operations	B11	18.82	5.49	31.43	13.82
- Discontinued operations		0.11	0.10	0.23	0.21
		18.93	5.59	31.66	14.03
EPS - Diluted (sen)					
- Continuing operations	B11	18.39	5.12	30.69	12.89
- Discontinued operations		0.11	0.09	0.22	0.19
		18.50	5.21	30.91	13.08

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

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

	Unaudited As At 30.6.2020 RM'000	Audited As At 31.12.2019 RM'000
ASSETS		
Non-Current Assets		
Intangible asset	2,101,352	2,048,137
Property, plant and equipment	227,773	222,770
Right of Use Assets	102,868	95,989
Investment properties	177,212	177,212
Inventories	43,443	43,443
Investment in quoted shares	39,802	49,385
Associate and joint venture	4,000	4,000
Investment in unquoted shares	335	335
Goodwill on consolidation	8,357	8,357
	2,705,142	2,649,628
Current Assets		
Inventories	64,003	66,974
Receivables	215,938	97,347
Contract assets	97	104
Assets classified as held for sale	6	2
Bank balances and deposits	92,875	91,031
	372,919	255,458
TOTAL ASSETS	3,078,061	2,905,086
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	690,302	593,586
Treasury shares	(30,046)	(30,046)
Reserves	1,139,373	971,706
	1,799,629	1,535,246
Non-Controlling Interests	200,520	176,642
Total Equity	2,000,149	1,711,888
Non-Current Liabilities		
Payables	468	444
Lease liabilities	9,059	9,711
Long-term borrowings	24,558	27,929
Deferred tax liabilities	100,863	95,935
	134,948	134,019
Current Liabilities		
Payables	245,752	314,899
Short-term borrowings	665,124	718,211
Derivative liability	9,431	4,391
Lease liabilities	3,915	4,117
Liabilities of assets classified as held for sale	16,650	16,650
Taxation	2,092	911
	942,964	1,059,179
Total Liabilities	1,077,912	1,193,198
TOTAL EQUITY AND LIABILITIES	3,078,061	2,905,086
Net Assets Per Ordinary Share (RM)	3.95	3.67

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Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6-month period ended 30 June 2020

	Non-Distributable					Distributable					Total Equity RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Employees' Share Option Reserve RM'000	Share 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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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 6-month period ended 30 June 2020

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

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Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2020

	6-Month Ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax		
- Continuing operations	163,828	74,982
- Discontinued operations	321	284
Adjustments for non-cash flow - Non-cash items	51,853	(60,407)
- Non-operating items	11,457	1,960
Operating profit before working capital changes	227,459	16,819
Changes in working capital - Net change in assets	(116,165)	9,491
- Net change in liabilities	13,358	(14,054)
Cash from operations	124,652	12,255
Income tax paid	(1,612)	(4,271)
Net cash from operating activities	123,040	7,984
Cash flows for investing activities		
Cash outflow for Don Sahong Hydropower Project	(90,843)	(188,611)
Dividends received	386	484
Interest received	655	956
Payments for purchase of:		
- property, plant and equipment	(10,905)	(15,420)
- right of use assets	(9,085)	(231)
Proceeds from disposal of:		
- property, plant and equipment	-	40
- quoted shares	2,169	-
Net cash for investing activities	(107,623)	(202,782)

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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 6-month period ended 30 June 2020

	6-Month Ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to:		
- shareholders of the Company	-	(2,751)
Interest paid	(12,498)	(3,408)
Net (repayment)/drawdown of:		
- Revolving credits and bankers' acceptances	(76,220)	605,063
- Lease liabilities	(854)	(721)
- Term loans	(8,469)	(457,715)
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	10,977	1,260
- Conversion of Warrants	73,139	5,520
Placement of short-term deposits pledged with banks	(48)	(64)
Net cash (for)/from financing activities	(13,973)	147,184
Effect of foreign exchange translation	546	(33)
Net increase/(decrease) in cash and cash equivalents	1,990	(47,647)
Cash and cash equivalents at beginning of the period	87,954	122,118
Cash and cash equivalents at end of the period	89,944	74,471

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

Continuing operations

Bank balances and deposits	75,050	79,366
Bank overdrafts	(1,228)	(3,763)

Discontinued operations

Bank balances and deposits	17,825	537
	91,647	76,140

Less:

- Deposits pledged to licensed banks	(1,703)	(1,669)
	89,944	74,471

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Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

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

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

- (a) During the current quarter and 6-month period ended 30 June 2020, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
Amendment to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ending 31 December 2020:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
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

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 2019.

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A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

A3. Seasonal or cyclical factors

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

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 1.1.2020	438,342	(20,497)	593,586	(30,046)
New ordinary shares issued arising from:				
- Exercise of ESOS options	4,707	-	14,487	-
- Conversion of Warrants	32,945	-	82,229	-
At 30.6.2020	<u>475,994</u>	<u>(20,497)</u>	<u>690,302</u>	<u>(30,046)</u>

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A6. Debt and equity securities (Cont'd)

During the 6-month period ended 30 June 2020, the Company issued new ordinary shares in the following manner:

	<u>Issue Price</u>	<u>No. of Shares</u>
Exercise of ESOS options	1.34	135,862
Exercise of ESOS options	2.00	1,943,140
Exercise of ESOS options	2.41	1,908,000
Exercise of ESOS options	2.89	300,000
Exercise of ESOS options	3.40	120,000
Exercise of ESOS options	3.45	300,000
Conversion of Warrants	2.22	32,945,377

The Company's Warrants 2016/2020 expired on 8 April 2020. There are no Warrants which remained outstanding as at 30 June 2020 (31.12.2019: 33,533,849).

The total number of share options granted to the Group's employees and directors which remained unexercised as at 30 June 2020 was 18,181,409 (31.12.2019: 22,888,411).

Of the total 475,994,642 (31.12.2019: 438,342,263) issued ordinary shares as at 30 June 2020, 20,497,300 (31.12.2019: 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 2020 was therefore 455,497,342 (31.12.2019: 417,844,963).

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 related to 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 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 2020 is presented as follows:

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A7. Discontinued operations (Cont'd)

	2nd Quarter Ended 30.6.2020 RM'000	2nd Quarter Ended 30.6.2019 RM'000	6-Month Period Ended 30.6.2020 RM'000	6-Month Period Ended 30.6.2019 RM'000
Revenue	-	-	-	-
Cost of sales	(7)	(32)	(22)	(90)
Gross loss	(7)	(32)	(22)	(90)
Other income	383	494	827	1,002
Operating expenses	(254)	(368)	(484)	(628)
Profit from operations	122	94	321	284
Finance costs	-	-	-	-
Profit before tax	122	94	321	284
Income tax expense	(538)	(612)	(1,086)	(1,199)
Loss after tax for the period	(416)	(518)	(765)	(915)
Other comprehensive expenses	-	-	-	-
Total comprehensive expenses for the period	(416)	(518)	(765)	(915)
Loss after tax attributable to:				
Owners of the Company	479	389	988	827
Non-controlling interests	(895)	(907)	(1,753)	(1,742)
	(416)	(518)	(765)	(915)
Total comprehensive expenses attributable to:				
Owners of the Company	479	389	988	827
Non-controlling interests	(895)	(907)	(1,753)	(1,742)
	(416)	(518)	(765)	(915)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
After crediting:				
Gain on disposal of property, plant and equipment	-	-	-	8
Interest income:				
- External parties	3	11	19	74
- Intra-group of companies	385	474	808	909
After charging:				
Writedown in value of inventories	-	8	-	10

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A8. Segment information

6-Month Period Ended 30 June 2020	Power RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	233,688	61,093	40,857	6,304	-	341,942
- Discontinued operations	-	-	-	-	-	-
	<u>233,688</u>	<u>61,093</u>	<u>40,857</u>	<u>6,304</u>	<u>-</u>	<u>341,942</u>
Inter-segment revenue	-	-	-	1,303	(1,303)	-
Consolidated revenue	<u>233,688</u>	<u>61,093</u>	<u>40,857</u>	<u>7,607</u>	<u>(1,303)</u>	<u>341,942</u>
Results						
Profit from operations						
- Continuing operations	168,239	6,995	3,346	(199)	(2,055)	176,326
- Discontinued operations	321	-	-	-	-	321
	<u>168,560</u>	<u>6,995</u>	<u>3,346</u>	<u>(199)</u>	<u>(2,055)</u>	<u>176,647</u>
Finance costs						(12,498)
Profit before tax						<u>164,149</u>
Income tax expense						<u>(4,333)</u>
Profit after tax						<u><u>159,816</u></u>
Total assets						
At 30 June 2020						
- Continuing operations	2,339,877	315,781	84,134	1,851,015	(1,512,746)	3,078,061
- Discontinued operations	-	-	-	-	-	-
At 30 June 2020	<u>2,339,877</u>	<u>315,781</u>	<u>84,134</u>	<u>1,851,015</u>	<u>(1,512,746)</u>	<u>3,078,061</u>

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A8. Segment information (Cont'd)

6-Month Period Ended 30 June 2019	Power RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	270,050	71,102	31,381	8,359	-	380,892
- Discontinued operations	-	-	-	-	-	-
	270,050	71,102	31,381	8,359	-	380,892
Inter-segment revenue	-	-	-	46,400	(46,400)	-
Consolidated revenue	270,050	71,102	31,381	54,759	(46,400)	380,892
Results						
Profit from operations						
- Continuing operations	71,291	9,971	351	44,409	(47,632)	78,390
- Discontinued operations	284	-	-	-	-	284
	71,575	9,971	351	44,409	(47,632)	78,674
Finance costs						(3,408)
Profit before tax						75,266
Income tax expense						(13,884)
Profit after tax						61,382
Total assets						
At 31 December 2019	2,163,742	315,123	78,468	1,743,510	(1,395,757)	2,905,086

A9. Dividend paid

No dividend was paid during the current quarter and 6-month period ended 30 June 2020.

A10. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the period reported up to 12 August 2020, 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 reporting period.

The Coronavirus Disease 2019 ("COVID-19") outbreak and the various governmental measures to contain the spread of the virus in Malaysia and elsewhere in the world did not have an adverse material impact to the earnings of the Group in the current quarter and 6-month period ended 30 June 2020, as detailed in B1, B2 and B3 to these financial statements.

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

On 16 July 2020, MFP Solar Sdn Bhd (“MFP Solar”), an indirect 55%-owned subsidiary of MFCB has acquired the entire issued and paid-up share capital of MF Solar Sdn Bhd (“MFS”) to undertake solar photovoltaic investment business activities in Malaysia, as part of the Group’s plans and strategy to grow the renewable energy within its Power Division.

Other than the above, there was no significant event subsequent to the end of the period reported up to 12 August 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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

A13. Changes in composition of the Group

On 2 March 2020, MFP Solar International Limited, a wholly-owned subsidiary of MFCB incorporated a new subsidiary, MFP Solar (Cambodia) Co. Ltd to undertake Solar Photovoltaic Investment Business Activities in Cambodia, as part of the Group’s plans and strategy to grow the renewable energy within its Power Division.

Other than as disclosed above, there was no change in the composition of the Group for current quarter and 6-month period ended 30 June 2020.

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.

A14. Changes in contingent liabilities and assets (Cont'd)

(a) Contingent liability (Cont'd)

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 is ongoing.

Other than as disclosed above, there was no material contingent liability as at 12 August 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 12 August 2020, 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 2020, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
- Contracted	16,415
- Non-contracted	29,638
	<hr/>
	46,053
	<hr/>

A16. Significant related party transactions

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2020.

A17. Derivative financial instruments

	30.6.2020	31.12.2019
	RM'000	RM'000
<u>Derivative liability</u>		
Interest rate swap	9,431	4,391

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 which was obtained for the purpose of refinancing the construction of the Don Sahong Hydropower Project (“Don Sahong”). 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 (31.12.2019: USD70 million). The IRS has the same maturity terms as the underlying principal instrument and is settled every month 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.

During the 6-month period ended 30 June 2020, a loss of RM5.04 million is recognised in other comprehensive income.

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

B1. Performance review - Current quarter ended 30 June 2020 ("2Q2020") versus ("vs") the corresponding quarter ended 30 June 2019 ("2Q2019")

Continuing Operations

	2Q2020 RM'000	2Q2019 RM'000	Changes	
			RM'000	%
Revenue	181,255	159,050	22,205	14.0%
Other income/(expenses), net	1,512	(124)	1,636	-1319%
Earning before interest, depreciation, amortisation and tax ("EBITDA")	128,037	35,718	92,319	258.5%
Profit before tax	97,335	30,039	67,296	224.0%
Profit after tax	95,333	24,481	70,852	289.4%
Profit after tax attributable to owners of the Company	80,852	21,824	59,028	270.5%
Revenue				
Power	130,425	100,159	30,266	30.2%
Resources	26,624	38,263	(11,639)	-30.4%
Packaging & Labels	21,615	16,496	5,119	31.0%
Sub-total	178,664	154,918	23,746	15.3%
Investment holding & others	2,591	4,132	(1,541)	-37.3%
Total revenue	181,255	159,050	22,205	14.0%
Profit before tax				
Power	93,678	26,237	67,441	257.0%
Resources	1,969	4,437	(2,468)	-55.6%
Packaging & Labels	1,659	(317)	1,976	623.3%
Sub-total	97,306	30,357	66,949	220.5%
Investment holding & others	29	(318)	347	109.1%
Total profit before tax	97,335	30,039	67,296	224.0%
Significant and other income items:				
Construction revenue	-	100,159	(100,159)	-100.0%
Construction profit	-	26,914	(26,914)	-100.0%
Gain from quoted investments	373	475	(102)	-21.5%
Gain on foreign exchange	820	120	700	583.3%

B1. Performance review - 2Q2020 vs 2Q2019 (Cont'd)

Continuing Operations

Group revenue in current quarter rose 14.0% to RM181.3 million (2Q2019: RM159.1 million) mainly due to RM130.4 million energy sales revenue (2Q2019: Nil) and higher contribution from Packaging & Labels Division (up 31.0% to RM21.6 million), partially offset by the absence of construction revenue (2Q2019: RM100.2 million) and lower sales reported by the Resources Division on Covid-19 impact (down 30.4% to RM26.6 million).

Pre-tax profit jumped 224% to RM97.4 million (2Q2019: RM30.0 million), underpinned by a RM93.7 million pre-tax profit from energy sales (2Q2019: RM0.6 million loss) and RM1.7 million contribution from the Packaging & Labels Division (2Q2019: RM0.3 million loss), which more than offset the absence of construction profit in the current quarter (2Q2019: RM26.9 million) and lower profit contribution from the Resources Division.

Profit after tax surged 289% to RM95.3 million (2Q2019: RM24.0 million) on 224% increase in pre-tax profit and lower effective income tax rate. Income from energy sale in Laos is exempted from income tax in its first five years of commercial operations, whereas in 2Q2019, a 20% deferred tax was provided for construction profit during the construction period of the Don Sahong.

Power Division

The Power Division derived its RM130.4 million revenue in the current quarter from energy sales to Électricité du Laos or "EDL" (2Q2019: nil). On the other hand, divisional revenue for the same quarter last year was derived from progressive recognition of construction revenue from Don Sahong (2Q2020: nil, as construction of Don Sahong was completed in 4Q2019).

During the current quarter, Don Sahong recorded an average energy availability factor of 86.7%, an improvement from 70.7% in the preceding quarter as Laos emerged from its dry season.

The division recorded an EBITDA of RM118.8 million and a pre-tax profit of RM93.7 million from energy sales to EDL in the quarter under review, representing an EBITDA and pre-tax profit margin of 91.1% and 71.8%, respectively.

B1. Performance review - 2Q2020 vs 2Q2019 (Cont'd)

Resources Division

The Movement Control Order (“MCO”) in Malaysia and lockdown measures undertaken by regional customer nations to curb the spread of Covid-19 virus had adversely affected demand for lime and other products in the current quarter. Overall sales revenue fell 30.4% year-on-year from RM38.3 million to RM26.6 million, led by a 29.1% decline in lime products to RM24.6 million, while revenue of the other products, including calcium carbonate powder, quarry by-products and cement bricks, came in 41% lower at RM2.1 million.

The average selling price of lime products was 8.4% lower when compared to the same quarter last year due mainly to a change in the sale mix.

Pre-tax profit fell 55.6% from RM4.4 million to RM2.0 million on weaker customer demand, softer prices and lower plant capacity utilisation resulting in higher unit production cost.

Packaging & Labels Division

Sales grew 31.0% from RM16.5 million to RM21.6 million in the current quarter, underpinned by flexible and paper packaging orders from new customers, which more than offset slower demand from existing customers impacted by Covid-19 pandemic.

Consequently, the Division posted a pre-tax profit of RM1.6 million, compared to a loss of RM0.3 million in the same period last year, on higher turnover, improved plant efficiency and lower wastage.

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**B2. Performance review - Year-to-date 30 June 2020 ("YTD 30.6.2020") versus ("vs")
corresponding Year-to-date 30 June 2019 ("YTD 30.6.2019")**

Continuing Operations

	YTD30.6.2020 RM'000	YTD30.6.2019 RM'000	Changes RM'000	%
Revenue	341,942	380,892	(38,950)	-10.2%
Other expenses, net	(181)	(1,814)	1,633	-90.0%
Earning before interest, depreciation, amortisation and tax ("EBIDTA")	226,776	86,580	140,196	161.9%
Profit before tax	163,828	74,982	88,846	118.5%
Profit after tax	160,581	62,297	98,284	157.8%
Profit after tax attributable to owners of the Company	137,746	55,042	82,704	150.3%
Revenue				
Power	233,688	270,050	(36,362)	-13.5%
Resources	61,093	71,102	(10,009)	-14.1%
Packaging & Labels	40,857	31,381	9,476	30.2%
Sub-total	335,638	372,533	(36,895)	-9.9%
Investment holding & others	6,304	8,359	(2,055)	-24.6%
Total revenue	341,942	380,892	(38,950)	-10.2%
Profit before tax				
Power	158,356	71,290	87,066	122.1%
Resources	6,261	7,852	(1,591)	-20.3%
Packaging & Labels	2,138	(825)	2,963	-359.2%
Sub-total	166,755	78,317	88,438	112.9%
Investment holding & others	(2,927)	(3,335)	408	-12.2%
Total profit before tax	163,828	74,982	88,846	118.5%
Significant and other income items:				
Construction revenue	-	270,050	(270,050)	-100.0%
Construction profit	-	72,532	(72,532)	-100.0%
Gain from quoted investments	386	484	(98)	-20.2%
Gain on foreign exchange	1,014	2,231	(1,217)	-54.5%

B2. Performance review - YTD 30.6.2020 vs YTD 30.6.2019 (Cont'd)

The Group registered a total revenue of RM341.9 million in the first 6 months of the year, 10.2% lower than RM380.9 million achieved in the same period last year. The decrease in turnover was mainly attributable to the absence of construction revenue in the current period (6M2019: RM270.0 million), which was substantially offset by maiden energy sales revenue of RM233.7 million (6M2019: nil).

In the same period, the Resources Division recorded a 14.1% decline in revenue to RM61.1 million (6M2019: RM71.1 million), while revenue from the Packaging & Labels Division rose 30.2% to RM40.9 million (6M2019: RM31.4 million).

Group pre-tax profit from continuing operations however expanded 118.5% from RM75.0 million to RM163.8 million in the 6-month period ended 30 June 2020, underpinned by profit from energy sales amounting to RM158.4 million and higher pre-tax profit contribution from the Packaging & Labels Division (up RMRM3.0 million), which collectively more than offset the absence of construction profit in the same period last year of RM72.5 million and lower contribution from the Resources Division.

Power Division (Don Sahong Project)

Don Sahong achieved full commercial operation on 7 January 2020 following successful testing of and synchronization with EDL's new 500 KV by-pass transmission line to Cambodia.

Reported power revenue of RM233.7 million for the 6-month period this year represented energy billing to EDL during the period on a take-or-pay basis. Despite the seasonal dry season in January-May, the period recorded an average energy availability factor of 78.7%, slightly ahead of management expectations. With the onset of wetter weather in June, the average energy availability factor is forecast to exceed 90% in the second half of the year.

The Power Division posted an EBITDA of RM209.7 million and a pre-tax profit of RM158.4 million from energy sale to EDL, representing an EBITDA and pre-tax margin of 89.7% and 67.8% respectively.

Power revenue for the corresponding period last year comprised construction revenue of RM270.1 million (1H2020: nil), generating a RM71.1 million pre-tax profit or a pre-tax profit margin of 26.3%.

B2. Performance review - YTD 30.6.2020 vs YTD 30.6.2019 (Cont'd)

Resources Division

The Resources Division posted a 14.1% decrease in revenue to RM61.1 million on weaker demand for lime products (in both export and domestic markets) and delivery halts caused by the Malaysia MCO and lockdown measures implemented by the governments of other countries to curb the spread of COVID-19.

Sales of lime products declined 12.7% to RM56.2 million (6M2019: RM64.3 million). Revenue contribution from other products, primarily calcium carbonate powder, limestone and cement bricks came in 27.4% lower at RM4.9 million.

For the 6-month period ended 30 June 2020, sales volume of lime products contracted by 15.0% on Covid-19 impact, while the average selling price of lime products was 4.4% lower over the same period last year on a change in the sales mix and competition.

Pre-tax profit fell 20.3% to RM6.3 million (6M2019: RM7.9 million) primarily owing to weaker sales volume of lime products, lower average selling price and higher unit cost of production as a result of lower plant utilisation rate.

Packaging & Labels Division

Revenue from the Packaging & Labels Division rose 30.2% to RM40.9 million (6M2019: RM31.4 million) on new customer orders for flexible packaging products and paper bags, which more than offset slower demand from existing customers.

The division posted a pre-tax profit of RM2.1 million for the 6-month period ended 30 June 2020, compared to a pre-tax loss of RM0.8 million in the same period last year, on higher turnover, lower wastage and improved capacity utilisation.

B2. Performance review - YTD 30.6.2020 vs YTD 30.6.2019 (Cont'd)

(a) Assets and Liabilities

Changes in key assets and liabilities during the 6-month period ended 30 June 2020 are explained below:

Asset/Liability Items	As At 30.6.2020 RM'000	As At 31.12.2019 RM'000	Changes RM'000	Explanation
Intangible asset	2,101,352	2,048,137	53,215	Increase was due to translation effects of RM94.5 million, partially offset by RM41.3 amortisation charge for the period
Property, plant and equipment ("PPE")	227,773	222,770	5,003	Increase was due to RM10.9 million CAPEX, partially offset by RM7.4 million depreciation charge for the 6-month period ended 30 June 2020.
Right-Of-Use Assets ^	102,868	95,989	6,879	Increase due mainly to RM9.1 million CAPEX, partially offset by RM2.4 million depreciation for the period.
Investment properties	177,212	177,212	-	No movement in the current period.
Inventories (non-current)	43,443	43,443	-	No movement in the current period.

B2. Performance review - YTD 30.6.2020 vs YTD 30.6.2019 (Cont'd)

(a) Assets and Liabilities (Cont'd)

Significant changes in key assets and liabilities during the 6-month period ended 30 June 2020 are explained below:

Asset/Liability Items	As At 30.6.2020 RM'000	As At 31.12.2019 RM'000	Changes RM'000	Explanation
Investment in quoted shares	39,802	49,385	(9,583)	Decrease mainly due to lower market value of quoted securities.
Inventories (current)	64,003	66,974	(2,971)	Decrease mainly due to inventory run down by the Resources Division during the MCO period.
Receivables	215,938	97,347	118,591	Increase mainly due to increase in trade receivable from EDL on higher energy sales. The average receivable turnover of EDL is 3-4 months.
Deferred tax liabilities	100,863	95,935	4,928	Increase due to translation effects on US Dollar denominated deferred tax liability.
Payables (current)	245,752	314,899	(69,147)	Decrease mainly due to partial settlement of amount owing to Don Sahong EPC contractor.

B2. Performance review - YTD 30.6.2020 vs YTD 30.6.2019 (Cont'd)

(b) Group borrowings and debt securities

At 30 June 2020, total borrowings (exclude lease liabilities) amounted to RM689.7 million, a drop of RM56.4 million from RM746.1 million recorded at 31 December 2019. 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	
Secured					
Bankers' acceptance	-	-	-	12,980	12,980
Term loans	-	24,558	-	8,541	33,099
Bank overdrafts	-	-	-	1,228	1,228
Revolving credits	-	-	642,375	-	642,375
Total bank borrowings	-	24,558	642,375	22,749	689,682

The decrease in total borrowings since 31 December 2019 was primarily attributable to RM84.7 million loan repayment of Malaysia Ringgit borrowings, partially offset by translation effect US Dollar denominated loan.

Interest rate on the Group's bank borrowings are floating in nature. The interest rate on US Dollar 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 2020.

(c) Cash flow analysis for the 6-month period ended 30 June 2020

The Group generated RM123.0 million cash from its operating activities during the 6-month period ended 30 June 2020, a marked improvement from RM8 million reported in the corresponding period of 2019.

In the same period, the Company raised RM84.1 million capital from the issue of new ordinary shares arising from Warrants 2016/2020 conversion and the exercise of ESOS options.

The new capital together with cash generated from operations were used to repay bank borrowings (RM84.7 million) and service interests (RM12.5 million), partially settle remaining amount owing to Don Sahong EPC contractor (RM90.8 million) and fund CAPEX (RM20.0 million).

Group's cash and cash equivalents improved RM2 million to RM89.9 million.

B3. Variation of Current Quarter ("2Q2020") versus ("vs") Preceding Quarter ("1Q2020")

Continuing Operations

	2Q2020	1Q2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	181,255	160,687	20,568	12.8%
Other income/(expenses), net	1,512	(1,693)	3,205	-189.3%
Earning before interest, depreciation, amortisation and tax ("EBITDA")	128,037	98,739	29,298	29.7%
Profit before tax	97,335	66,493	30,842	46.4%
Profit after tax	95,333	65,248	30,085	46.1%
Profit after tax attributable to owners of the Company	80,852	56,894	23,958	42.1%
Revenue				
Power	130,425	103,263	27,162	26.3%
Resources	26,624	34,469	(7,845)	-22.8%
Packaging & Labels	21,615	19,242	2,373	12.3%
Sub-total	178,664	156,974	21,690	13.8%
Investment holding & others	2,591	3,713	(1,122)	-30.2%
Total revenue	181,255	160,687	20,568	12.8%
Profit before tax				
Power	93,678	64,678	29,000	44.8%
Resources	1,969	4,292	(2,323)	-54.1%
Packaging & Labels	1,659	479	1,180	246.3%
Sub-total	97,306	69,449	27,857	40.1%
Investment holding & others	29	(2,956)	2,985	101.0%
Total profit before tax	97,335	66,493	30,842	46.4%
Significant and other income items:				
Gain from quoted investments	373	13	360	2769.2%
Gain on foreign exchange	820	194	626	322.7%

B3. Variation of 2Q2020 vs 1Q2020 (Cont'd)

Group turnover improved 12.8% from RM160.7 million in the previous quarter to RM181.3 million in the current quarter, spurred mainly by a 26.3% or RM27.2 million increase in energy sales to EDL. Packaging revenue rose 12.3% to RM21.6 million, while the Resources Division registered a 22.8% decline in turnover to RM26.6 million.

Group pre-tax profit rose RM31.0 million or 46.5% sequentially to RM97.4 million mainly on a RM29.0 million or 44.8% increase in profit contribution from the Power Division. The Resources Division recorded a 54.1% decline in pre-tax profit to RM2.0 million, whereas the Packaging & Labels Division posted better pre-tax earnings. Of RM1.7 million from RM0.5 million in the preceding quarter.

Power Division

The 26.3% quarter-on-quarter increase in revenue from RM103.3 million in 1Q2020 to RM130.4 million in the current quarter was underpinned by an increase the average energy availability factor of Don Sahong hydropower plant from 70.7% in 1Q2020 to 86.7%.

Pre-tax profit rose at a sharper rate of 44.8% to RM93.7 million (1Q2020: RM64.7 million) on stable O&M cost and lower interest expense. Consequently, pre-tax margin improved sequentially from 62.6% to 71.8% in the current quarter.

Resources Division

Resources Division's revenue contracted by 22.8% to RM26.6 million (1Q2020: RM34.5 million) mainly due to a 22.3% decrease in sales of lime products. Other products declined RM0.9 million due to lower sales of calcium carbonate powder and quarrying by-product.

Sales of lime product declined quarter-to-quarter on a 17.1% fall in sales volume as customer demand was adversely affected by the MCO and lockdown measures implemented by various nations in the region.

Average selling price was also slightly lower at 6.3% when compared to the preceding quarter due to a change in the sale mix.

Pre-tax profit of the division more than halved to RM2.0 million (1Q2020: RM4.3 million) on lower sales volume of lime products, decrease in average selling price and reduced utilisation of plant capacity

B3. Variation of 2Q2020 vs 1Q2020 (Cont'd)

Packaging & Labels Division

Revenue increased 12.3% sequentially to of RM21.6 million due mainly to new customer orders for flexible packaging products and paper bags which more than offset slower demand from existing customers impacted by Covid-19 pandemic.

Packaging & Labels Division's pre-tax profit continues on the uptrend, rising 246.3% from RM0.5 million in the last quarter to RMRM1.7 million in the current quarter, thanks to increase in sales revenue, higher capacity utilisation and lower raw material wastage.

B4. Prospects

Power Division

Hydro - Don Sahong

With the onset of the wet season in June, energy availability factor of Don Sahong power plant is expected to rise in the second half of 2020 to more than 90%, compared to 78.7% in 1H2020. This would translate into higher earnings for the Power Division in the remaining part of this year.

While Management hopes to commence construction of the 5th turbine in the next dry season, it is uncertain at this juncture if this would be possible given the existing Covid-19-related travel restrictions and strict enforcement by the Government of Laos. Construction of the 5th turbine is expected to take 2-3 years to complete.

Solar – Large Scale Solar (LSS)

The Group intends to participate in the upcoming bidding for the development of the 4th cycle of Large Scale Solar projects ("LSS4") in Malaysia. LSS4 offers a total of 1,000 MW solar capacity divided into two packages of 500 MW each. One package is for capacity between 10 MW and 30 MW, and the other package is for larger capacity of between 30 MW and 50 MW.

Results of the bidding exercise is expected to be announced in January 2021. If successful, the project which carries a term of 21 years, is expected to be commissioned in 2023.

Solar - Commercial & Industrial ("C&I") Projects

The Group intends to expand its investments in C&I solar photovoltaic projects. Since teaming up with Pekat Teknologi Sdn Bhd in September 2019, the Group has secured four (4) Solar C&I projects with total installed capacity of 16MW. These investments are expected to contribute positively to Group earnings starting from 2021.

B4. Prospects (Cont'd)

Resources Division

Following the gradual re-opening of the Malaysia and regional economies, demand for lime products has gradually recovered from its trough in April-May. Overall sales volume of lime products by the Resources Division has recovered to pre-pandemic levels in June 2020, in part due to orders from a newly secured customer.

Management expects earnings performance of the Resources Division to improve in the second half of this year.

Packaging & Labels Division

The performance of the Packaging & Labels Division has not been adversely affected by the Covid-19 pandemic. Management expects the growth momentum achieved in the first half of the year to be sustained throughout the remaining part of the year, underpinned by continuing strong overseas demand for our flexible packaging products and paper bags.

The Group's packaging products are considered environmentally more friendly and sustainable when compared to many other types of packaging materials. These products offer tremendous growth opportunities as consumers become increasingly more conscious of the importance of sustainability.

To cope with growing domestic and overseas demand, the division has embarked on a major expansion program to increase the production capacity of paper bags by 200% and production capacity of flexible packaging by 100%. The expansion, including the construction costs of two new factories, is expected to cost about RM80 million over the next 2 years.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Continuing operations</u>				
- Malaysian	2,002	1,739	3,247	2,386
- Overseas	-	3,819	-	10,299
	2,002	5,558	3,247	12,685
<u>Discontinued operations</u>				
- Malaysian	538	612	1,086	1,199
	2,540	6,170	4,333	13,884

The Group's effective tax rate for current quarter and 6-month period ended 30 June 2020 was significantly lower than the Malaysia's statutory tax rate of 24% because the profit derived from energy sale income in the Lao People's Democratic Republic ("Lao PDR") is exempted from income tax during the period until the end of the 5th anniversary of Don Sahong Plant's commercial operation date ("COD").

B7. Status of corporate proposal

There was no corporate proposal announced but not completed at 12 August 2020, 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 12 August 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividends

- (a) A final single-tier dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2019 was approved by the shareholders at the Annual General Meeting held on 2 July 2020. This dividend is payable on 25 August 2020 to entitled shareholders as at 17 August 2020 and has not been included as a liability in these financial statements;
- (b) The Board has declared an interim single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ending 31 December 2020. The entitlement and payment dates will be announced later; and
- (c) The total dividend declared to-date for the current financial year is 6.0 sen (30 June 2019: nil) per ordinary share.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Continuing Operations</u>				
After crediting:				
Dividend income	373	469	386	484
Gain on foreign exchange:				
- realised	-	20	201	1,790
- unrealised	869	424	813	-
Interest income	181	437	636	882
After charging:				
Allowance for impairment losses on:				
- receivables, net	-	-	(208)	(996)
Amortisation of intangible asset	(21,003)	-	(41,310)	-
Depreciation of:				
- property, plant and equipment	(3,643)	(4,770)	(7,352)	(9,072)
- right-of-use assets	(1,150)	(81)	(2,265)	(1,669)
Finance costs	(5,009)	(1,515)	(12,498)	(3,408)
Loss on foreign exchange:				
- realised	(49)	(304)	-	-
Write-down in value of inventories	-	(62)	(1,345)	(160)
After other comprehensive income/(expenses)				
Foreign currency translation difference for foreign operations	(9,868)	11,568	56,783	(840)
Fair value changes of equity investments	8,697	(4,490)	(7,414)	(2,235)
Fair value changes of interest rate swap	(106)	(3,374)	(5,040)	(5,525)

B11. Earnings per share

	2nd quarter ended 30 June		6-month period ended 30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(a) Basic earnings per share				
Profit after tax attributable to owners of the Company:				
- Continuing operations	80,852	21,824	137,746	55,042
- Discontinued operations	479	389	988	827
	<u>81,331</u>	<u>22,213</u>	<u>138,734</u>	<u>55,869</u>
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	438,342	417,364	438,342	417,364
Effect of treasury shares held	(20,497)	(20,497)	(20,497)	(20,497)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	1,502	245	1,581	487
- Warrants	10,249	434	18,847	863
	<u>429,596</u>	<u>397,546</u>	<u>438,273</u>	<u>398,217</u>
Basic earnings per share (sen):				
- Continuing operations	18.82	5.49	31.43	13.82
- Discontinued operations	0.11	0.10	0.23	0.21
- Total	<u>18.93</u>	<u>5.59</u>	<u>31.66</u>	<u>14.03</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 2020 excluding treasury shares held by the Company.

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B11. Earnings per share (Cont'd)

	2nd quarter ended		6-month period ended	
	30 June		30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(b) Diluted earnings per share				
Profit/(loss) after tax attributable to owners of the Company:				
- Continuing operations	80,852	21,824	137,746	55,042
- Discontinued operations	479	389	988	827
	<u>81,331</u>	<u>22,213</u>	<u>138,734</u>	<u>55,869</u>
Weighted average number of ordinary shares ('000)	429,596	397,546	438,273	398,217
Number of outstanding options and warrants ('000)	18,181	74,339	18,181	74,339
Weighted average number of shares that would have been issued at average market price ('000)	<u>(8,012)</u>	<u>(45,589)</u>	<u>(7,585)</u>	<u>(45,589)</u>
Adjusted weighted average number of ordinary shares ('000)	<u>439,765</u>	<u>426,296</u>	<u>448,870</u>	<u>426,967</u>
Diluted earnings per share (sen):				
- Continuing operations	18.39	5.12	30.69	12.89
- Discontinued operations	0.11	0.09	0.22	0.19
- Total	<u>18.50</u>	<u>5.21</u>	<u>30.91</u>	<u>13.08</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 19 August 2020.