



Carlsberg Brewery Malaysia Berhad

Company No. 196901000792 (9210-K)
(Incorporated in Malaysia)

Interim Financial Report
30 June 2021

The Board of Directors of Carlsberg Brewery Malaysia Berhad is pleased to announce the following unaudited interim results of the Group for financial quarter and period ended 30 June 2021.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Second Quarter Ended		Financial Period Ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Revenue	349,206	287,273	881,202	877,145
Operating expenses	(303,360)	(274,815)	(752,689)	(773,539)
Other operating income	341	1,036	681	1,868
Profit from operations	46,187	13,494	129,194	105,474
Finance income	1,053	281	1,640	710
Finance costs	(1,828)	(1,306)	(2,977)	(3,576)
Share of profit of equity accounted associate, net of tax	2,671	462	6,645	5,569
Profit before taxation	48,083	12,931	134,502	108,177
Taxation	(10,712)	(2,532)	(29,311)	(23,599)
Profit for the financial period	37,371	10,399	105,191	84,578
Profit/(loss) attributable to:				
Owners of the Company	37,136	10,646	103,593	83,602
Non-controlling interests	235	(247)	1,598	976
Profit for the financial period	37,371	10,399	105,191	84,578
Other comprehensive income/(expenses)				
Cash flow hedge	1,048	1,509	1,958	(1,066)
Foreign currency translation differences for foreign operations	3,013	1,275	(3,212)	1,292
Total comprehensive income for the period	41,432	13,183	103,937	84,804
Total comprehensive income/(loss) attributable to:				
Owners of the Company	41,196	13,430	102,339	83,828
Non-controlling interests	236	(247)	1,598	976
Total comprehensive income for the period	41,432	13,183	103,937	84,804
EPS - Basic (sen)	12.15	3.48	33.88	27.34
- Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	197,027	208,211
Right-of-use assets	11,128	12,140
Other intangible assets	6,298	7,235
Investment in an associate	95,228	92,486
Deferred tax assets	5,665	2,725
	315,346	322,797
<u>Current assets</u>		
Inventories	61,647	85,822
Receivables, deposits and prepayments	62,571	130,830
Tax recoverable	3,305	3,107
Cash and cash equivalents	95,716	93,991
	223,239	313,750
TOTAL ASSETS	538,585	636,547
EQUITY		
Total equity attributable to owners of the Company		
Share capital	149,363	149,363
Reserves	(2,416)	18,498
	146,947	167,861
Non-controlling interests	4,299	6,773
TOTAL EQUITY	151,246	174,634
LIABILITIES		
<u>Non-current liabilities</u>		
Deferred tax liabilities	19,273	18,559
Loans and borrowings	7,720	-
Provision	329	329
Lease liabilities	3,109	3,769
	30,431	22,657
<u>Current liabilities</u>		
Payables and accruals	246,602	281,090
Current tax liabilities	38,522	33,556
Lease liabilities	1,784	2,070
Loans and borrowings	70,000	122,540
	356,908	439,256
TOTAL LIABILITIES	387,339	461,913
TOTAL EQUITY AND LIABILITIES	538,585	636,547
Net assets per share (RM)	0.49	0.57

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company						Total RM'000	Non- controlling Interests RM'000	Total RM'000
	Share Capital RM'000	Exchange Reserve RM'000	Cash flow Hedge Reserve RM'000	Capital Reserve RM'000	Equity contribution Reserve RM'000	Retained Earnings RM'000			
At 1 January 2020	149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708
Total comprehensive income for the period	-	1,292	(1,066)	-	-	83,602	83,828	976	84,804
Dividends to owners of the Company	-	-	-	-	-	(51,977)	(51,977)	-	(51,977)
Effects of share-based payments	-	-	-	-	746	-	746	-	746
At 30 June 2020	149,363	980	(1,977)	3,931	3,370	25,414	181,081	9,200	190,281
At 1 January 2021	149,363	(4,146)	1,959	3,931	(405)	17,159	167,861	6,773	174,634
Total comprehensive income for the period	-	(3,212)	1,958	-	-	103,593	102,339	1,598	103,937
Dividends to owners of the Company	-	-	-	-	-	(122,299)	(122,299)	-	(122,299)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,072)	(4,072)
Effects of share-based payments	-	-	-	-	2,013	(2,967)	(954)	-	(954)
At 30 June 2021	149,363	(7,358)	3,917	3,931	1,608	(4,514)	146,947	4,299	151,246

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD
 (Company No.: 196901000792)
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended	
	30 June 2021	30 June 2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	134,502	108,177
Adjustments for:		
Non-cash items	25,952	21,925
Share of profit of equity accounted associate, net of tax	(6,645)	(5,569)
Finance costs	2,977	3,576
Finance income	(1,640)	(710)
Operating profit before working capital changes	155,146	127,399
Changes in working capital:		
Inventories	19,377	3,658
Receivables, deposits and prepayments	69,956	23,008
Payables and accruals	(35,362)	(65,384)
Cash generated from operations	209,117	88,681
Tax paid	(27,668)	(21,445)
Net cash generated from operating activities	181,449	67,236
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,537)	(15,956)
Acquisition of intangible assets	(336)	(543)
Interest received	1,640	710
Proceeds from disposal of property, plant and equipment	275	358
Net cash used in investing activities	(6,958)	(15,431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of short-term borrowings	(44,820)	59,542
Repayment of lease liability	(1,053)	(1,005)
Dividends paid to owners of the Company	(122,299)	(103,954)
Dividends paid to non-controlling interests of a subsidiary	(4,072)	-
Interest paid	(2,870)	(3,432)
Net cash used in financing activities	(175,114)	(48,849)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(623)	2,956
Effect of exchange rate fluctuations on cash held	2,348	371
CASH AND CASH EQUIVALENTS AT 1 JANUARY	93,991	78,617
CASH AND CASH EQUIVALENTS AT 30 JUNE	95,716	81,944

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Cash and cash equivalents comprise the following amounts:

	As at	
	30 June 2021	30 June 2020
	RM'000	RM'000
Cash at bank	95,571	81,809
Cash held on hand	145	135
	95,716	81,944

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

Notes:

1. Basis of Preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board, and International Accounting Standard (IAS) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the Group's audited financial statements for the financial year ended 31 December 2020.

The Group has also adopted the following amendments to MFRS and IC Interpretations that came into effect on 1 January 2021 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendments to MFRS 16 'COVID-19-Related Rent Concessions'
 Over-time transfer of constructed goods (MFRS 123 Borrowing costs)
 Amendments to MFRS 9, 139, 7, 4, & 16 – Interest Rate Benchmark Reform – Phase 2

MFRS, Amendments to MFRSs and IC Interpretations Issued But Not Yet Effective

At the date of authorisation of these Interim Financial Report, the following MFRSs, Amendments to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations		Effective
Amendments to MFRS 116	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to MFRS 9	Fees in the '10 percent' test for Derecognition of Financial Liabilities	1 January 2022

1. Basis of Preparation (continued)

MFRSs, Amendments to MFRSs and IC Interpretations		Effective
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101	Classification of liabilities as current or non-current	1 January 2023
Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108	Disclosure of accounting policies and definition of accounting estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2020 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group's level of operations are generally affected by the festive seasons.

4. Unusual Items Affecting the Assets, Liabilities, Equity, Net Income or Cash Flows

Other than as disclosed in Note 11 on Material Events, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows during the current financial period under review.

5. Changes in Estimates

There were no significant changes in estimates that have had a material effect in the current financial period under review.

6. Debt and Equity Securities

There were no issuances, repurchases, resale and repayments of debt and equity securities during the current financial period under review, except for those as disclosed under Note 22.

Share Buyback

During the period, there was no purchase of shares by the Company.

7. Dividends Paid

The amount of dividends paid during the financial period ended 30 June 2021:-

Date of payment	Dividends paid	Amount (Sen per ordinary share)	Amount (RM'000)
12 April 2021	SINGLE tier interim dividend 2020	10.0	30,575
18 May 2021	FINAL tier interim dividend 2020	30.0	91,724
	Total		122,299

8. Operating Segment

The Group concluded that the operating segments determined in accordance with MFRS 8 are the same as the geographical segments as previously adopted.

Segment assets and liabilities are not included in the internal management reports nor provided regularly to the Group's Managing Director who is considered as the Group's chief operating decision maker. Hence no such disclosures are provided below.

Quarter Ended 30 June 2021	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	243,628	105,578	-	349,206
Inter segment revenue	10,346	-	(10,346)	-
Total revenue	253,974	105,578	(10,346)	349,206
Profit from operations	38,038	8,143	6	46,187

Quarter Ended 30 June 2020	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	208,072	79,201	-	287,273
Inter segment revenue	6,522	-	(6,522)	-
Total revenue	214,594	79,201	(6,522)	287,273
Profit from operations	12,100	1,527	(133)	13,494

8. Operating Segment (continued)

Financial Period Ended 30 June 2021	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	600,164	281,038	-	881,202
Inter segment revenue	28,963	-	(28,963)	-
Total revenue	629,127	281,038	(28,963)	881,202
Profit from operations	99,134	29,068	992	129,194

Financial Period Ended 30 June 2020	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	653,443	223,702	-	877,145
Inter segment revenue	22,707	-	(22,707)	-
Total revenue	676,150	223,702	(22,707)	877,145
Profit from operations	84,751	19,260	1,463	105,474

9. Material Contracts

No new material contracts were concluded during the current financial period under review.

10. Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

11. Material Events

Temporary Suspension of Brewery Operations

On 28 May 2021, the Malaysian Government imposed Full Movement Control Order (“FMCO”) effective from 1 June 2021 to curb the spread of the coronavirus (“Covid”) infection in the country. In accordance with the FMCO rulings, and in line with the National Security Council’s standard operating procedures (“SOPs”) announced on 1 June 2021, the Company’s brewery in Shah Alam was temporarily closed from 2 June 2021 and necessary arrangements to work-from-home (“WFH”) for our employees were put in place.

11. Material Events (continued)

On 27 June 2021, the Malaysian Government announced that the FMCO, which was modified into National Recovery Plan (“NRP”) Phase 1 starting from 29 June 2021 would be extended and will only move to NRP Phase 2 depending on the target achieved for the three factors which are the number of active cases of Covid (<4,000 cases), the capacity of Malaysia’s public health system (Moderate) and the percentage of Malaysians vaccinated (10% of population). The National Security Council’s SOPs would continue to apply.

For the financial period ended 30 June 2021, the temporary closure of the Company’s brewery, together with the re-imposition of lock down measures and other restrictions in Malaysia, Singapore and Sri Lanka caused by the resurgence of the COVID-19 pandemic in the second quarter, consequently has had an adverse impact on the Group’s overall business and financial performance. This is further elaborated in Note 18 Prospects.

12. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 30 June 2021 are as follows:

	<u>RM’000</u>
Approved and contracted for	15,450
Approved but not contracted for	34,419
	<u>49,869</u>

13. Financial Instruments

Derivatives

The outstanding derivative as at 30 June 2021 are as follows:

Aluminium Hedging Contract	Contract Value (RM’000)	Fair Value (RM’000)	Gain (RM’000)
Less than one year	20,747	25,897	5,150
One to five years	2,781	2,785	4
	23,528	28,682	5,154

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in value of the particular item, are recognised in other comprehensive income.

14. Holding Company

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S as the immediate and ultimate holding companies respectively during the financial period. Both companies are incorporated in Denmark.

15. Significant Related Party Transactions

	Financial Period Ended 30 June 2021 RM'000
Transactions with holding company:	
Purchases of services	3,171
Royalties payable	14,573
Net settlements paid in respect of gain from hedging contracts	(1,792)
Transactions with related companies:	
Management fees payable	5,745
Purchases of materials and products	12,968
Purchases of services	2,262
Sales of goods	(20,173)
Royalties payable	1

These transactions had been entered into in the ordinary course of business and based on normal commercial terms.

16. Review of Performance

Current Quarter Performance

Key Financials (RM'000)	Second Quarter Ended 30 June 2021	Second Quarter Ended 30 June 2020	% Change
Revenue	349,206	287,273	21.6%
Profit from operations	46,187	13,494	242.3%
Share of profit in an associate	2,671	462	478.1%
Profit attributable to Owners of the Company ("Net profit")	37,136	10,646	248.8%

The Group's revenue increased by 21.6% to RM349.2 million compared to the same quarter last year. Both Malaysia and Singapore operations have shown better overall sales for the quarter as compared to last year.

Malaysia sales revenue increased by 17.1% to RM243.6 million following the gradual easing of lockdown measures in the early second quarter and new product launches. However, this improvement was then hampered by the re-imposition of a nationwide lockdown (MCO3.0) on 12th May which further transgressed into a Full lockdown (FMCO) on 1st June. As explained in Note 11, Material Events, the FMCO measures required the brewery to close from 2nd June. Dining in was not allowed throughout this period while Entertainment and Bars remained closed which thus continued to impact On-Trade performance. Despite this, the Group undertook various initiatives to improve profitability through pricing measures which yielded some positive results.

In Singapore, the sales increase of 33.3% to RM105.6 million was also attributed to the easing of restrictions and the re-opening of dining-in during the second quarter. This easing allowed our Singapore operations to grow both in volume and value, and registered premium brands growth in off trade as well as in the E-commerce channel. The total lockdown duration during this quarter was less than the corresponding quarter last year.

The Group's profit from operations increased by 242.3% to RM46.2 million due mainly to the higher sales in this quarter for both Malaysia and Singapore and further boosted by cost control measures that resulted in a reduction in operating expenses and absence of Bill of Demand of RM6.4m incurred last year.

Malaysia's profit from operations increased by 217.9% to RM38.0 million. The main factors were the higher sales coupled with the reduction in operating expenses and absence of Bill of Demand of RM6.4m incurred last year.

16. Review of Performance (continued)

Current Quarter Performance (continued)

Singapore's profit from operations increased by 433.1% to RM8.1 million compared to the same quarter last year due to the higher sales partially offset by higher operating expenses incurred to drive growth and absence of government grant of RM3.4m received last year during the pandemic.

The Group registered a higher share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") of RM2.7 million compared to a share of profit of RM0.5 million in the previous year's corresponding quarter in line with the differing lockdown environment

The Group's net profit for the quarter increased by 248.8% to RM37.1 million compared to the same quarter last year due to higher profits both in Malaysia and Singapore.

Year-to-date Performance

Key Financials (RM'000)	Financial Period Ended 30 June 2021	Financial Period Ended 30 June 2020	% Change
Revenue	881,202	877,145	0.5%
Profit from operations	129,194	105,474	22.5%
Share of profit in an associate	6,645	5,569	19.3%
Profit attributable to Owners of the Company ("Net profit")	103,593	83,602	23.9%

The Group's revenue for the first half of 2021 increased by 0.5% to RM881.2 million compared to the same period last year mainly due to higher overall sales in Singapore offset by lower overall sales in Malaysia. In general, the recovery was attributed to the easing of restrictions and lockdowns and the re-opening of dining-in. Our Singapore operations in particular grew both in volume and value, and registered premium brands growth in off trade as well as in the E-commerce channel. The lockdown duration was less than the previous year.

The Group's profit from operations increased by 22.5% to RM129.2 million due to the overall better sales and which was boosted cost control measures that resulted in lower marketing spend, a reduction in operating expenses and absence of Bill of Demand of RM6.4m incurred last year.

In Malaysia, total revenue was lower by 8.2% to RM600.2 million whilst profit from operations increased by 16.1% to RM100.1 million. The lower sales were mitigated by the reduction in operating expenses. The imposition of the Movement Control Order (MCO) 2.0 restrictions hampered sales during the Chinese New Year festivities, a traditionally high volume season. The gradual easing of movement restrictions in early March led subsequently to an increase in off trade consumption and a gradual recovery in the on trade business when dine-in was allowed.

16. Review of Performance (continued)

Year-to-date Performance (continued)

Singapore reported an increase of 25.6% in revenue to RM281.0 million whilst its profit from operations increased by 50.9% to RM29.1 million compared to the same period last year due to the higher sales offset partially by higher marketing expenses incurred to drive growth.

17. Variation of Result against the Preceding Quarter

Key Financials (RM'000)	Second Quarter Ended 30 Jun 2021	First Quarter Ended 31 Mar 2021	% Change
Revenue	349,206	531,996	-34.4%
Profit from operations	46,187	83,007	-44.4%
Net profit	37,136	66,457	-44.1%

The Group's revenue decreased by RM182.8 million or 34.4%, against the preceding quarter due to Chinese New Year sales in the first quarter ended 31 March 2021. In the initial stages of the second quarter ended 30 June 2021, there was a relative good sales recovery in both Malaysia and Singapore with the easing of COVID-19 counter measures; however, as explained above, the sales were then hampered when the authorities in both Malaysia and Singapore re-imposed lockdown measures as COVID-19 cases rose. On 2nd June 2021, the Company was required to suspend its brewery operations in Shah Alam as part of the lockdown measures.

The Group's profit from operations decreased by RM36.8 million or 44.4% against the preceding quarter mainly due to the lower revenues offset by lower marketing spend. Net profit was also affected by a lower share of profits in LBCP, impacted by lockdown measures.

18. Prospects

The COVID-19 pandemic and the consequent restrictions on social and economic activities are expected to have negative impact on the economy and the Group's business during this financial year. In Malaysia, the sustained high levels of reported COVID-19 cases caused the government to re-impose a nationwide lockdown ("MCO 3.0") on 12 May, which further transgressed into a full lockdown ("FMCO") on 1 June. The FMCO measures required, amongst others, the Company to suspend its brewing and sales operations on 2 June 2021. On 27 June, the government revised its pandemic plans into a National Recovery Plan which set different levels of restrictions based on the assessed severity, or phases, in the state or locality concerned. At the date of this report, further relaxations on the opening up of the economy are being announced as vaccinations gather pace in the country.

In Singapore, the recovery momentum was hampered when the government announced tighter COVID-19 measures on May 16, banning dining-in and limiting gatherings to two people and requiring 100% working from home for office-based employees. These measures were eased in June before being tightened again on July 22 due to a further outbreak of coronavirus cases. The Singapore government adopts a targeted and responsive approach to managing the COVID-19 crisis in the country which aims in due course to deal with COVID-19 as an endemic. Most recently, the government further rolled back measures to a Phase 3 alert.

With over 80% of our employees fully vaccinated, the Group's production and logistics departments have resumed work on 16 August 2021. Its operations are allowed to operate at 100% capacity in phases 1 and 2 following the latest announcement on 15 August 2021 on the leeway permitted to the manufacturing sector with a highly vaccinated workforce. Nevertheless, the extended brewery suspension for 11 weeks until 16 August constituted a major impediment to the Group's ability to conduct its normal business operations, including being able to satisfy domestic market demand, maintain its regular supply to the Singapore market, as well as meet export demand from regional and other foreign markets. We are hopeful that the situation will show steady improvement; nevertheless, the ongoing pandemic restrictions, albeit in phases, will continue to adversely impact the Group's revenue and profitability until more of the economy is able to open. Accordingly, the Board remains focused on preserving cash and liquidity for the near to medium term.

The Group therefor continues to be disciplined in executing its 'Fund the Journey' initiatives and optimizing its cost structures aggressively to reallocate investments into viable channels; and extending various support to its business partners. In addition, the Group will continue to review its business strategies to ensure that its structures, processes and cost base are suited to a post COVID-19 reality. We are confident that our long-term strategies are well placed to manage the risks of the current landscape.

19. Profit Forecast

The Group does not issue any profit forecasts.

20. Taxation

	Financial Period Ended 30 June	
	2021 RM'000	2020 RM'000
<u>Taxation</u>		
- Malaysia	27,286	19,806
- Outside Malaysia	4,941	3,261
	32,227	23,067
<u>Deferred tax</u>		
- Malaysia	(2,916)	532
- Outside Malaysia	-	-
Tax expense	29,311	23,599
Profit before taxation	134,502	108,177
Share of profit of equity accounted associate, net of tax	(6,645)	(5,569)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	127,857	102,608
Effective tax rate	22.92%	23.0%

The Group's effective tax rate has remained relatively constant as compared to the same period in preceding year.

21. Corporate Proposals

There were no corporate proposals announced at the date of this announcement.

22. Borrowing and Debt Securities

Group borrowings and debt securities are as follows:

Unsecured loans	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Long term – Term loans	7,720	-
Short term - Revolving credits	70,000	122,540
Total	77,720	122,540
Denominated in RM	70,000	116,440
Denominated in SGD	7,720	6,100
Total	77,720	122,540

23. Material Litigation

There have been no material litigation since the last annual audited financial statements up to the date of this report.

24. Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares outstanding during the period:

	Financial Period Ended	
	30 June 2021	30 June 2020
Profit attributable to owners of the Company (RM'000)	103,593	83,602
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	33.88	27.34

Diluted earnings per share

Not applicable.

25. Dividends

The Board of Directors has declared on this date a single tier interim dividend of 10.0 sen per share for the year ending 31 December 2021, in respect of the first half profit to 30 June 2021 (2020: Nil). The total amount payable is RM30.6 million (2020: Nil).

26. Notes to the Statement of Comprehensive Income

	Financial Period Ended	
	30 June 2021 RM'000	30 June 2020 RM'000
Finished goods written off	(1,718)	(257)
Allowance for inventories written down	(3,080)	-
Depreciation and amortisation	(21,744)	(20,321)
(Loss)/gain on disposal of property, plant and equipment	(60)	127
Net foreign exchange gain/(loss)	22	(818)
Property, plant and equipment written off	(6)	(37)
Reversal/(impairment loss) on receivables	80	(236)

27. Authorisation for Issue

These interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 August 2021.