



Carlsberg Brewery Malaysia Berhad

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

Interim Financial Report
31 December 2020

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 31 December 2020.

CARLSBERG BREWERY MALAYSIA BERHAD

(Company No.: 196901000792)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fourth Quarter Ended		Financial Period Ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Revenue	472,536	573,916	1,785,000	2,256,581
Operating expenses	(426,534)	(486,302)	(1,587,826)	(1,887,990)
Other operating income	234	5,214	2,901	6,274
Profit from operations	46,236	92,828	200,075	374,865
Finance income	705	974	1,745	1,605
Finance costs	(1,660)	(2,568)	(6,972)	(10,525)
Share of profit of equity accounted associate, net of tax	3,592	1,605	14,932	16,292
Profit before taxation	48,873	92,839	209,780	382,237
Taxation	(9,085)	(20,908)	(43,595)	(81,853)
Profit for the financial period	39,788	71,931	166,185	300,384
Profit/(loss) attributable to:				
Owners of the Company	37,946	68,999	162,180	291,024
Non-controlling interests	1,842	2,932	4,005	9,360
Profit for the financial period	39,788	71,931	166,185	300,384
Other comprehensive (expenses)/income				
Cash flow hedge	1,663	1,190	2,870	1,516
Foreign currency translation differences for foreign operations	(2,751)	(1,337)	(3,834)	(486)
Total comprehensive income for the period	38,700	71,784	165,221	301,414
Total comprehensive income/(loss) attributable to:				
Owners of the Company	36,858	68,852	161,216	292,054
Non-controlling interests	1,842	2,932	4,005	9,360
Total comprehensive income for the period	38,700	71,784	165,221	301,414
EPS - Basic (sen)	12.41	22.57	53.04	95.18
- 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 2019 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 31 December 2020 RM'000	As at 31 December 2019 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant & equipment	208,211	207,073
Right-of-use assets	12,140	14,147
Other intangible assets	7,235	7,998
Investment in an associate	92,486	84,720
Deferred tax assets	2,725	504
	322,797	314,442
<u>Current assets</u>		
Inventories	84,768	66,869
Receivables, deposits and prepayments	134,988	217,285
Tax recoverable	3,107	2,166
Cash and cash equivalents	93,991	78,617
	316,854	364,937
TOTAL ASSETS	639,651	679,379
EQUITY		
Total equity attributable to owners of the Company		
Share capital	149,363	149,363
Reserves	18,498	(879)
	167,861	148,484
Non-controlling interests	6,773	8,224
TOTAL EQUITY	174,634	156,708
LIABILITIES		
<u>Non-current liabilities</u>		
Deferred tax liabilities	18,559	25,418
Provision	329	329
Lease liabilities	3,769	5,834
	22,657	31,581
<u>Current liabilities</u>		
Payables and accruals	284,194	379,781
Current tax liabilities	33,556	34,474
Lease liabilities	2,070	1,835
Loans and borrowings	122,540	75,000
	442,360	491,090
TOTAL LIABILITIES	465,017	522,671
TOTAL EQUITY AND LIABILITIES	639,651	679,379
Net assets per share (RM)	0.57	0.51

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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	Share Option Reserve RM'000	Retained Earnings RM'000			
At 1 January 2019	149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997
Total comprehensive income for the period	-	(486)	1,516	-	-	291,024	292,054	9,360	301,414
Dividends to owners of the Company	-	-	-	-	-	(314,614)	(314,614)	-	(314,614)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(13,006)	(13,006)
Effects of share-based payments	-	-	-	-	1,917	-	1,917	-	1,917
At 31 December 2019	149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708
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	-	(3,834)	2,870	-	-	162,180	161,216	4,005	165,221
Dividends to owners of the Company	-	-	-	-	-	(138,810)	(138,810)	-	(138,810)
Dividends to non-controlling interests	-	-	-	-	-	-	-	(5,456)	(5,456)
Effects of share-based payments	-	-	-	-	(3,029)	-	(3,029)	-	(3,029)
At 31 December 2020	149,363	(4,146)	1,959	3,931	(405)	17,159	167,861	6,773	174,634

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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

	12 months ended	
	31 December 2020	31 December 2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	209,780	382,237
Adjustments for:		
Non-cash items	54,181	45,338
Share of profit of equity accounted associate, net of tax	(14,932)	(16,292)
Finance costs	6,972	10,525
Finance income	(1,745)	(1,605)
Operating profit before working capital changes	254,256	420,203
Changes in working capital:		
Inventories	(26,434)	27,393
Receivables, deposits and prepayments	86,511	(7,409)
Payables and accruals	(47,128)	(1,509)
Cash generated from operations	267,205	438,678
Tax paid	(55,466)	(59,753)
Net cash generated from operating activities	211,739	378,925
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(42,724)	(64,576)
Acquisition of intangible assets	(1,683)	(2,444)
Dividends received from an associate	3,581	3,996
Interest received	1,745	1,605
Proceeds from disposal of property, plant and equipment	627	1,307
Net cash used in investing activities	(38,454)	(60,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of short-term borrowings	46,100	-
Repayment of lease liability	(2,099)	(1,998)
Dividends paid to owners of the Company	(190,787)	(311,557)
Dividends paid to non-controlling interests of a subsidiary	(5,456)	(13,006)
Interest paid	(5,262)	(10,184)
Net cash used in financing activities	(157,504)	(336,745)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,781	(17,932)
Effect of exchange rate fluctuations on cash held	(407)	(63)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	78,617	96,612
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	93,991	78,617

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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	
	31 December 2020	31 December 2019
	RM'000	RM'000
Cash at bank	93,891	78,460
Cash held on hand	100	157
	93,991	78,617

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 Malaysian Accounting Standards Board, and International Accounting Standard (IAS) 34, *Interim Financial Reporting* issued by International Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of 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 2019.

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 2019.

The Group has also adopted the following amendments to MFRS and IC Interpretations that came into effect on 1 January 2020 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

Amendments to MFRS 101 and 108 'Definition of material'
 Amendments to MFRS 3 'Definition of a business'
 Amendments to MFRS 9, 139 and 7 'Interest rate benchmark reform'
 The Conceptual Framework for Financial Reporting

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
IFRIC agenda decision on MFRS 123	Borrowing costs	1 July 2020
Amendments to MFRS 116	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to MFRS 1	Subsidiary as First-time Adopter	1 January 2022
Annual improvements to Illustrative Example accompanying MFRS 16	Leases : Lease incentives	1 January 2022

1. Basis of Preparation (continued)

MFRSs, Amendments to MFRSs and IC Interpretations		Effective
Annual Improvements to MFRS 9	Fees in the '10 percent' test for Derecognition of Financial Liabilities	1 January 2022
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

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2019 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 disclosed in Note 11, 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 changes in the basis of certain accounting estimates resulting from reassessing the actual and future expected obligations associated with trade offers. These changes in estimates have been accounted for prospectively.

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 31 December 2020:-

Date of payment	Dividends paid	Amount (Sen per ordinary share)	Amount (RM'000)
22 January 2020	THIRD quarter single tier interim dividend 2019	17.0	51,977
10 April 2020	FOURTH quarter single tier interim dividend 2019	17.0	51,977
30 September 2020	FINAL single tier dividend 2019	23.6	72,157
30 September 2020	SPECIAL single tier dividend 2019	4.8	14,676
	Total		190,787

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 31 December 2020	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	315,187	157,349	-	472,536
Inter segment revenue	19,982	-	(19,982)	-
Total revenue	335,169	157,349	(19,982)	472,536
Profit from operations	24,132	23,804	(1,700)	46,236

Quarter Ended 31 December 2019	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
Geographical Segments:				
Total external revenue	405,548	168,368	-	573,916
Inter segment revenue	22,813	-	(22,813)	-
Total revenue	428,361	168,368	(22,813)	573,916
Profit from operations	63,735	30,675	(1,582)	92,828

8. Operating Segment (continued)

Financial Period Ended 31 December 2020	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	1,257,139	527,861	-	1,785,000
Inter segment revenue	57,189	-	(57,189)	-
Total revenue	1,314,328	527,861	(57,189)	1,785,000
Profit from operations	135,392	64,629	54	200,075

Financial Period Ended 31 December 2019	Malaysia	Singapore	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Geographical Segments:				
Total external revenue	1,638,501	618,080	-	2,256,581
Inter segment revenue	72,988	-	(72,988)	-
Total revenue	1,711,489	618,080	(72,988)	2,256,581
Profit from operations	274,558	100,522	(215)	374,865

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

a) Impact of COVID-19

On 18 March 2020, the Malaysian Government implemented the Movement Control Order (“MCO”) in its efforts to contain the COVID-19 pandemic. The MCO required by law that all private premises were prohibited from operating except for those providing essential services. In line with the Government’s MCO, the Company had to essentially suspend its production and distribution operations from 18 March 2020 as beer was not included within the list of essential consumer items.

11. Material Events (continued)

a) Impact of COVID 19 (continued)

On 4 May 2020, the Company resumed its operations after the Government lifted the MCO and implemented a Conditional MCO (“CMCO”) to ease the partial lockdown that had been in place since 18 March 2020. On 7 June 2020, the Malaysian Government announced the Recovery Movement Control Order (“RMCO”) from 10 June 2020 to 31 August 2020 with the further lifting of certain restrictions. On 12 Oct 2020, CMCO was re-introduced in various hot spot states due to increased Covid-19 cases. This imposition was subsequently extended nationwide.

In Singapore, the Circuit Breaker (“CB”) measures were implemented on 7 April 2020 which resulted in the closure of all on-trade outlets. The CB ended on 1 June 2020, replaced with a three-phased approach announced by the Singaporean Government on 19 May 2020. The Phase 2 (“Safe Transition”) from 18 June 2020, allows for reopening of on-trade business with safety measures in place. Since 28 December 2020, Singapore has entered into Phase 3 (“Safe Nation”) of reopening for more activities. The Singapore Multi-Ministry Taskforce will continue to conduct pilots in some higher-risk activities and settings such as busking and live performances in outdoor venues, karaoke, nightlife to assess how these activities can take place and scale up safely.

The government regulations set during the MCO, CMCO and RMCO in Malaysia and CB in Singapore had significantly affected sales and distribution. Though many eateries and restaurants have periodically been allowed to reopen with dine-in operations whilst observing social distancing and other health and safety guidelines, the recovery in on-trade is slow due to reduced capacities and shorter operating hours thus affecting general consumer consumption.

For the financial period ended 31 December 2020, the COVID-19 crisis consequently had a material adverse impact on the Group’s business and financial performance in Malaysia and Singapore, as well as in its associated company in Sri Lanka which was also not spared from the effects of the pandemic.

b) Bill of Demand

On 15 June 2020, the Board of Directors announced that the Company had received a letter dated 3 June 2020 from the Royal Malaysian Customs of Selangor (“RMC”) notifying its acceptance of the Company’s appeal for remission of the Bill of Demand dated 17 September 2014, wherein the agreed total claimable amount was RM6,363,000. This amount was accrued for in the second quarter of 2020 and fully paid in the previous quarter as a final closure of this matter.

12. Capital Commitments

Capital commitments for property, plant and equipment and intangible assets not provided for in the financial statements as at 31 December 2020 are as follows:

	<u>RM'000</u>
Approved and contracted for	1,867
Approved but not contracted for	-
	<u>1,867</u>

13. Financial Instruments

Derivatives

The outstanding derivative as at 31 December 2020 are as follows:

Aluminium Hedging Contract	Contract Value (RM'000)	Fair Value (RM'000)	Difference (RM'000)
Less than one year	18,500	21,078	2,578
One to five years	-	-	-
	18,500	21,078	2,578

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 31 December 2020 RM'000
Transactions with holding company:	
Purchases of materials and products	104
Purchases of services	8,058
Royalties payable	31,679
Net settlements paid in respect of loss from hedging contracts	3,304
Transactions with related companies:	
Management fees payable	10,461
Purchases of materials and products	31,642
Purchases of services	5,710
Sales of goods	(33,698)
Royalties payable	4

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)	Fourth Quarter Ended 31 December 2020	Fourth Quarter Ended 31 December 2019	% Change
Revenue	472,536	573,916	-17.7%
Profit from operations	46,236	92,828	-50.2%
Share of profit in an associate	3,592	1,605	123.8%
Profit attributable to Owners of the Company ("Net profit")	37,946	68,999	-45.0%

The Group's revenue decreased by 17.7% to RM472.5 million compared to the same quarter last year mainly due to lower sales in the on-trade sector and limited consumer-facing promotions and activities to drive consumption amidst the re-imposition of Malaysia's CMCO in mid Oct and continuation of Singapore's Phase 2 ("Safe Transition").

16. Review of Performance (continued)

The Group's profit from operations decreased by 50.2% to RM46.2 million due mainly to the lower sales and one-off restructuring costs of RM9.9 million in this quarter which were partially mitigated by cost control measures that resulted in reduction in operating expenses.

Total revenue for Malaysia decreased by 22.3% to RM315.2 million whilst profit from operations decreased by 63.9% to RM22.4 million. The main factors were the lower sales and the restructuring costs which were partially mitigated by reduction in operating expenses.

Singapore reported a decrease of 6.5% in revenue to RM157.3 million whilst its profit from operations decreased by 22.4% to RM23.8 million compared to the same quarter last year due to the lower sales and restructuring costs but partially mitigated by cost cutting measures to reduce expenses.

The Group registered a higher share of profit in its associated company, Lion Brewery (Ceylon) PLC ("LBCP") of RM3.6 million as compared to a share of profit of RM1.6 million in the previous year's corresponding quarter which included an impairment of LBCP's Miller brands amounting to RM3.0 million. There was no such impairment in this quarter's results.

The Group's net profit for the quarter decreased by 45.0% to RM37.9 million compared to the same quarter last year due to lower profits in Malaysia and Singapore caused by the above factors.

Year-to-date Performance

Key Financials (RM'000)	Financial Period Ended 31 December 2020	Financial Period Ended 31 December 2019	% Change
Revenue	1,785,000	2,256,581	-20.9%
Profit from operations	200,075	374,865	-46.6%
Share of profit in an associate	14,932	16,292	-8.3%
Profit attributable to Owners of the Company ("Net profit")	162,180	291,024	-44.3%

The Group's revenue decreased by 20.9% to RM1,785 million compared to the corresponding period last year due to lower sales in both Malaysia and Singapore which had been impacted by the implementation of the MCO/ CMCO/ RMCO and CB measures respectively since March 2020. In addition, in 2019, there was higher trade loading in December 2019 due to the timing of Chinese New Year ("CNY") 2020.

16. Review of Performance (continued)

The Group's profit from operations decreased by 46.6% to RM200.1 million compared to the previous year mainly due to the lower sales, the one-off charge of the Custom's Bill of Demand amounting to RM6.4 million in the second quarter as mentioned in Note 11(b) and the one-off restructuring costs of RM9.9 million but partially mitigated by cost control measures that resulted in lower marketing spend and reduction in operating expenses.

Total revenue for Malaysia decreased by 23.3% to RM1,257 million whilst profit from operations decreased by 50.6% to RM135.4 million compared to last year. These were due to the lower sales, the one-off charge of the Bill of Demand and restructuring costs as noted above but partially mitigated by cost control measures in marketing spend and operating expenses.

Singapore reported a decrease of 14.6% in revenue to RM527.9 million whilst its profit from operations decreased by 35.7% to RM64.6 million compared to last year due to the lower revenues but mitigated by a reduction in marketing investments and savings in operating expenses.

The Group registered a lower share of profit in LBCP of RM14.9 million compared to a share of profit of RM16.3 million last year caused primarily by the dampened consumption in 2020 due to the COVID-19 pandemic.

The Group's net profit for the period ended decreased by 44.3% to RM162.2 million compared to the same period last year due to the above factors.

17. Variation of Result against the Preceding Quarter

Key Financials (RM'000)	Fourth Quarter Ended 31 Dec 2020	Third Quarter Ended 30 Sep 2020	% Change
Revenue	472,536	435,319	8.5%
Profit from operations	46,236	48,365	-4.4%
Net profit	37,946	40,632	-6.6%

The Group's revenue increased by RM37.2 million or 8.5%, against the preceding quarter as sales recovered in both Malaysia and Singapore following the easing of the counter measures to contain the outbreak of COVID-19.

The Group's profit from operations however decreased by RM2.1 million or 4.4% against the preceding quarter mainly due to the one-off restructuring costs and higher marketing spend to drive sales and consumptions.

The Group's net profit decreased by 6.6% due to lower profits in Malaysia and lower share of profits in LBCP offset with a slightly higher net profit for Singapore.

18. Prospects

The Board is taking a cautious view over the outlook for the 2021 due to the perservering effects of COVID-19 and the possible government measures that may be undertaken to control the pandemic. The regulations and measures imposed by the Governments in Malaysia and Singapore to contain the pandemic will likely cause on-trade sales and consumer sentiment to remain depressed for some time. In light of the recent implementation of the second Movement Control Order (MCO) imposed in Malaysia nationwide since January 2021, we anticipate a muted recovery in on-trade sales due to the restrictions to dining-in, reduced capacities, social distancing, health and safety guidelines that may prevail, as well as general contributing factors such as weak macroeconomic conditions and the financial and operating challenges that F&B operators have faced and are facing in order to stay viable. The limitations on family members allowed for reunions and the interstate travel restrictions had led to a subdued Chinese New Year that adversely impacted many businesses during the normally robust festive season.

The Group is however hopeful that the Malaysia National Covid 19 vaccination programme that is expected to start soon and in Singapore which has already launched its vaccination programme, will lead to lower cases of COVID-19 and hence allow better economic recovery in the second half of the year.

To ensure the Group is able to cope with these challenges to its financial performance, the Group has put in place numerous measures to mitigate the profit impact and preserve cash. Recognising the need to reset our cost base, the Group has been even more disciplined in implementing 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, we will continue to review our business strategies to ensure that our structures, processes and cost base are suited to a post-COVID-19 reality. With these strategies, the Group is hopeful of an acceptable performance for 2021 despite the prevailing pandemic climate.

The Group has a strong balance sheet and sufficient access to borrowing facilities where necessary. Amidst the uncertainties caused by COVID-19, the Group will continue to ensure a more prudent focus on preserving cash and liquidity for the long-term health of the Group.

19. Profit Forecast

The Group does not issue any profit forecasts.

20. Taxation

	Financial Period Ended 31 December	
	2020 RM'000	2019 RM'000
<u>Taxation</u>		
- Malaysia	42,838	51,696
- Outside Malaysia	10,744	18,150
	53,582	69,846
<u>Deferred tax</u>		
- Malaysia	(9,833)	12,576
- Outside Malaysia	(154)	(569)
Tax expense	43,595	81,853
Profit before taxation	209,780	382,237
Share of profit of equity accounted associate, net of tax	(14,932)	(16,292)
Profit before taxation excluding share of profit of equity accounted associate, net of tax	194,848	365,945
Effective tax rate	22.37%	22.37%

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:

Short term - Unsecured loans	As at 31 December 2020 RM'000	As at 31 December 2019 RM'000
Revolving credits	122,540	75,000
Total	122,540	75,000
Denominated in RM	116,440	75,000
Denominated in SGD	6,100	-
Total	122,540	75,000

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	
	31 December 2020	31 December 2019
Profit attributable to owners of the Company (RM'000)	162,180	291,024
Weighted average number of ordinary shares in issue ('000)	305,748	305,748
Basic earnings per share (sen)	53.04	95.18

Diluted earnings per share

Not applicable.

25. Dividends

The Board of Directors has declared on this date a single tier interim dividend of 10 sen per share for the year ended 31 December 2020. In addition, the Group has also proposed a FINAL single tier dividend of 30 sen per ordinary share, subject to the shareholders' approval at the forthcoming 51st Annual General Meeting. The total declared and proposed dividends for FY20 is 40 sen per ordinary share. This is equivalent to RM122.3 million payment of the Group's FY20 net profit, representing 75.4% of the Group's FY20 net profit.

26. Notes to the Statement of Comprehensive Income

	Financial Period Ended	
	31 December 2020 RM'000	31 December 2019 RM'000
Finished goods written off	(5,978)	(1,536)
Allowance for inventories written down	(2,557)	(925)
Depreciation and amortisation	(43,163)	(42,123)
(Loss)/gain on disposal of property, plant and equipment	(544)	513
Net foreign exchange (loss)/gain	(241)	925
Property, plant and equipment written off	(1,713)	(424)
(Impairment)/reversal of impairment loss on receivables	(429)	417

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 18 February 2021.