



DIGI.COM BERHAD

Company no. 199701009694 (425190-X)
(Incorporated in Malaysia)

Date: 16 October 2020

**Subject: INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	QUARTER ENDED	QUARTER ENDED	%	PERIOD ENDED	PERIOD ENDED	%
	30 SEP 2020 RM'000	30 SEP 2019 RM'000		30 SEP 2020 RM'000	30 SEP 2019 RM'000	
Revenue	1,579,247	1,562,076	+1	4,591,975	4,619,305	-1
Other income	7,927	4,126		14,855	12,900	
Net gain/(loss) on foreign exchange and fair value movement of foreign currency forward contracts	2,704	(4,013)		3,549	(1,744)	
Depreciation, amortisation and impairment	(312,532)	(293,479)		(946,267)	(906,574)	
Other expenses	(803,944)	(726,085)		(2,299,100)	(2,140,492)	
Finance costs	(49,206)	(61,103)	-19	(142,558)	(169,117)	-16
Interest income	8,239	6,954		22,668	17,038	
Profit before tax	432,435	488,476	-11	1,245,122	1,431,316	-13
Taxation	(111,677)	(132,430)		(304,332)	(341,290)	
Profit for the period, representing total comprehensive income for the period, net of tax	320,758	356,046	-10	940,790	1,090,026	-14
Attributable to: Owners of the parent	320,758	356,046	-10	940,790	1,090,026	-14

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONT'D

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER			
	QUARTER ENDED	QUARTER ENDED	%	PERIOD ENDED	PERIOD ENDED	%
	30 SEP 2020	30 SEP 2019		30 SEP 2020	30 SEP 2019	
Earnings per share attributable to owners of the parent (sen per share):						
- Basic	4.13	4.58		12.10	14.02	
- Diluted ¹	NA	NA		NA	NA	

Note:¹ NA denotes "Not Applicable"

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AT 30 SEP 2020 RM'000	AUDITED AT 31 DEC 2019 RM'000
Non-current assets		
Property, plant and equipment	2,838,348	2,852,110
Intangible assets	214,104	305,986
Right-of-use assets	2,668,092	2,595,088
Other investments	78	78
Trade and other receivables	331,480	427,565
Contract costs	57,625	66,170
Contract assets	27,208	26,661
Derivative financial instruments	71,258	18,605
	<u>6,208,193</u>	<u>6,292,263</u>
Current assets		
Inventories	119,532	90,501
Trade and other receivables	1,275,285	1,220,923
Contract assets	68,051	79,590
Derivative financial instruments	7	-
Tax recoverable	-	8,448
Cash and short-term deposits	365,204	457,716
	<u>1,828,079</u>	<u>1,857,178</u>
TOTAL ASSETS	<u><u>8,036,272</u></u>	<u><u>8,149,441</u></u>
Non-current liabilities		
Loans and borrowings	4,284,576	4,461,043
Deferred tax liabilities	190,540	217,628
Other liabilities	117,706	53,295
	<u>4,592,822</u>	<u>4,731,966</u>
Current liabilities		
Trade and other payables	1,469,679	1,784,308
Contract liabilities	345,032	283,572
Derivative financial instruments	-	419
Other liabilities	165	420
Loans and borrowings	735,225	688,756
Tax payable	248,897	13
	<u>2,798,998</u>	<u>2,757,488</u>
Total liabilities	<u><u>7,391,820</u></u>	<u><u>7,489,454</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONT'D

	UNAUDITED AT 30 SEP 2020 RM'000	AUDITED AT 31 DEC 2019 RM'000
Equity		
Share capital	769,655	769,655
Accumulated losses	<u>(125,203)</u>	<u>(109,668)</u>
Total equity - attributable to owners of the parent	<u>644,452</u>	<u>659,987</u>
TOTAL EQUITY AND LIABILITIES	<u><u>8,036,272</u></u>	<u><u>8,149,441</u></u>
Net assets per share (RM)	<u><u>0.08</u></u>	<u><u>0.08</u></u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 31 December 2019/ 1 January 2020	769,655	(109,668) ¹	659,987
Total comprehensive income	-	940,790	940,790
Transaction with owners:			
Dividend for the financial year ended 31 December 2019 - fourth interim dividend	-	(342,100)	(342,100)
Dividend for the financial year ending 31 December 2020 - first interim dividend - second interim dividend	- - -	(326,550) (287,675)	(326,550) (287,675)
At 30 September 2020	<u>769,655</u>	<u>(125,203)</u>	<u>644,452</u>

Note:¹ The deficit was a result of the Group's capital management initiatives carried out during the financial year ended 31 December 2012. The Company ("Digi.Com Berhad") received dividends from one of its subsidiaries in the form of bonus issue of redeemable preference shares and capital repayment amounting to RM509.0 million and RM495.0 million respectively. The Company had declared part of these as special dividends to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONT'D

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 31 December 2018/ 1 January 2019²	769,655	(96,467) ¹	673,188
Total comprehensive income	-	1,090,026	1,090,026
Transaction with owners:			
Dividend for the financial year ended 31 December 2018 - fourth interim dividend	-	(373,200)	(373,200)
Dividend for the financial year ended 31 December 2019 - first interim dividend - second interim dividend	- - -	(334,325) (388,750)	(334,325) (388,750)
At 30 September 2019	<u>769,655</u>	<u>(102,716)</u>	<u>666,939</u>

Note:² The Group has adopted MFRS 16 on 1 January 2019. Under the transition method elected, comparatives were not restated. The Group recognised lease liabilities in the statement of financial position based on the remaining payment obligations from existing operating leases which were discounted using the incremental borrowing rate; and opted to measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there's no impact to the accumulated losses of the Group as at 1 January 2019.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 30 SEP 2020 RM'000	PERIOD ENDED 30 SEP 2019 RM'000
Cash flows from operating activities		
Profit before tax	1,245,122	1,431,316
Adjustments for:		
Non-cash items	1,011,055	953,413
Finance costs	143,353	169,117
Interest income	(22,668)	(17,038)
Operating cash flow before working capital changes	<u>2,376,862</u>	<u>2,536,808</u>
Changes in working capital:		
Net change in current assets	(94,530)	(242,981)
Net change in contract assets	13,461	52,714
Net change in contract costs	8,545	4,819
Net change in current liabilities	(317,779)	(240,101)
Net change in contract liabilities	61,460	(17,558)
Cash generated from operations	<u>2,048,019</u>	<u>2,093,701</u>
Advanced payment for bandwidth	(4,275)	(27,721)
Interest paid	(184,340)	(173,611)
Government grant received	59,347	140,956
Payments for provisions	(75)	(64)
Taxes paid (net of refund)	(74,088)	(377,875)
Net cash generated from operating activities	<u>1,844,588</u>	<u>1,655,386</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(459,970)	(544,757)
Interest received	9,693	12,462
Proceeds from disposal of property, plant and equipment	105	-
Net cash used in investing activities	<u>(450,172)</u>	<u>(532,295)</u>
Cash flows from financing activities		
Drawdowns of loans and borrowings	-	1,000,000
Repayments of loans and borrowings	(531,595)	(710,990)
Dividends paid	(956,325)	(1,096,275)
Net cash used in financing activities	<u>(1,487,920)</u>	<u>(807,265)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONT'D

	PERIOD ENDED 30 SEP 2020 RM'000	PERIOD ENDED 30 SEP 2019 RM'000
Net (decrease)/increase in cash and cash equivalents	(93,504)	315,826
Effect of exchange rate changes on cash and cash equivalents	992	312
Cash and cash equivalents at beginning of period	457,716	433,118
Cash and cash equivalents at end of period	<u>365,204</u>	<u>749,256</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

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NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134: Interim Financial Reporting.

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

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after:

1 January 2020

MFRS 101 and MFRS 108:	Definition of Material (Amendments to MFRS 101 and MFRS 108)
MFRS 3:	Definition of a Business (Amendments to MFRS 3)
MFRS 4:	Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
MFRS 9, MFRS 139 and MFRS 7:	Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
Conceptual Framework:	Amendments to References to the Conceptual Framework in MFRS Standards

1 June 2020 (earlier application effective 1 January 2020)

MFRS 16:	Covid-19 - Related Rent Concessions (Amendments to MFRS 16)
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The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

A2. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period ended 30 September 2020, other than as disclosed in Note A5:

- (i) the repayment of floating-rate term financing-i ("FRTF-i"); and
- (ii) the repayment of floating-rate term loan ("FRTL").

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D**A4. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial period ended 30 September 2020.

A5. Debts and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities for the current quarter and financial period ended 30 September 2020, other than:

(i) FRTF-i and FRTL

For the financial period ended 30 September 2020, the Group made:

- (a) repayment of FRTF-i amounting to RM75.0 million in March 2020;
- (b) repayment of FRTL amounting to RM62.5 million in March 2020;
- (c) repayment of FRTL amounting to RM50.0 million in June 2020;
- (d) repayment of FRTF-i amounting to RM75.0 million in September 2020; and
- (e) repayment of FRTL amounting to RM62.5 million in September 2020.

A6. Dividend Paid

For the financial period ended 30 September 2020:

- (i) The fourth interim tax exempt (single-tier) dividend of 4.4 sen per ordinary share amounting to RM342.1 million in respect of the financial year ended 31 December 2019 was paid on 27 March 2020.
- (ii) The first interim tax exempt (single-tier) dividend of 4.2 sen per ordinary share amounting to RM326.6 million in respect of the financial year ending 31 December 2020 was paid on 26 June 2020.
- (iii) The second interim tax exempt (single-tier) dividend of 3.7 sen per ordinary share amounting to RM287.7 million in respect of the financial year ending 31 December 2020 was paid on 25 September 2020.

A7. Segment Information

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

A8. Material Events Subsequent to the End of the Financial Year

There are no material events subsequent to the current quarter and financial period ended 30 September 2020 up to the date of this report.

A9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial period ended 30 September 2020 including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A10. Changes in Contingent Liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2019.

A11. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment and intangible assets not provided for as of 30 September 2020 are as follows:

	RM'000
Approved and contracted for	388,907
Approved but not contracted for	485,707

A12. Related Party Transactions

Related party transactions ("RPT") entered into by the Group were carried out in the normal course of business and on agreed commercial terms with the related parties. Listed below are the significant transactions and balances with related parties of the Group during the current financial period:

	Transactions for the period ended 30 SEP 2020 RM'000	Balance due (to)/from at 30 SEP 2020 RM'000
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(12,772)
Consultancy services rendered	28,999	
Licenses and trademarks	6,903	
- Telenor Procurement Company Pte Ltd		(2,518)
Managed services rendered	16,401	
- Telenor GO Pte Ltd		(603)
Personnel services rendered	2,759	
- Telenor Global Services AS		(2,493)
Sales of interconnection services on international traffic	7,195	
Purchases of interconnection services on international traffic	6,653	
Purchases of global connectivity	2,612	
Clearing house services rendered for international roaming arrangement	255	

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 30 SEP 2020 RM'000	Balance due from/(to) at 30 SEP 2020 RM'000
With the ultimate holding company and fellow subsidiaries – cont'd		
- Total Access Communication Public Company Limited		(434)
- dtac TriNet Co. Ltd		(1,419)
Sales of interconnection services on international traffic	1,155	
Purchases of interconnection services on international traffic	540	
Sales of international roaming services	443	
Purchases of international roaming services	2,181	
- Telenor Digital Services AS		(1,383)
Consultancy fees receivable	87	
Services rendered on digital marketing and distribution platform	4,573	
- Telenor Global Shared Services AS		(10,871)
Services rendered on Enterprise Resource Planning ("ERP") and Enterprise applications	8,660	
- Telenor Global Services Singapore Pte Ltd		965
Bandwidth leasing income	5,036	
Bandwidth leasing expenses	2,274	
Purchases of IP transit	320	
- Tapad Inc. US		364
Services rendered on digital marketing and distribution platform	755	
- Telenor Norge AS		(903)
Sales of international roaming services	309	
Purchases of international roaming services	24	
Business security strategy execution rendered	6,312	
	<u>6,312</u>	<u></u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)

B1. Review of the Performance of the Company and its Principal Subsidiaries

Analysis of the Group's performance is provided in the "Management Discussion & Analysis" enclosed.

B2. Explanatory Comments on Any Material Change in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter

Analysis of material changes in the Group's Profit Before Tax for current quarter ("3Q 2020") compared with immediate preceding quarter ("2Q 2020") is provided in the "Management Discussion & Analysis" enclosed.

B3. Prospects For The Next Financial Year Ending 31 December 2020

Analysis of the Group's prospects up to 31 December 2020 is provided in the "Management Discussion & Analysis" enclosed.

B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not applicable.

B5. Revenue

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represented our defined performance obligations).

	Note	Period ended 30 SEP 2020 RM'000	Period ended 30 SEP 2019 RM'000
Major products/service lines			
Telecommunication revenue	(a)	4,077,845	4,207,242
Sales of devices	(b)	451,461	350,522
Lease income	(c)	62,669	61,541
		4,591,975	4,619,305

Timing of revenue recognition for respective major products/service lines represented by:

- (a) Services transferred over time
- (b) Products transferred at a point in time
- (c) Income not within the scope of MFRS 15

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)
-CONT'D**

B6. Taxation

The Group's taxation charge for the current quarter and financial period ended 30 September 2020 respectively were made up as follows:

	Individual quarter	Cumulative quarter
	Quarter ended 30 SEP 2020 RM'000	Period ended 30 SEP 2020 RM'000
Income tax:		
- Current tax expense	(96,023)	(331,468)
- Over-provision in prior years	-	48
Deferred tax:		
- Net origination and reversal of timing differences	(15,654)	31,250
- Under-provision of deferred tax liabilities in prior years	-	(4,162)
Total	(111,677)	(304,332)

The Group's effective tax rate for the current quarter and financial period ended 30 September 2020 of 25.8% and 24.4% are close to the 24.0% statutory tax rate.

B7. Status of Corporate Proposals

There are no corporate proposal announced but not completed in the interval from the date of the last report and the date of this announcement, other than:

Operating model transition costs

During 4Q 2019, the Group announced to collaborate with a managed service provider in establishing a Common Delivery Centre ("CDC") that takes over the Group's Information Technology ("IT") operation.

During 2Q 2020, the Group's in-house IT operations and development team had been relocated and IT Operations and related support services are externally managed.

The Group made a provision for expected operating model transition costs of RM8.6 million for redeployment of in-house IT operation & development team during and after the transition period, of which RM6.1mil had been paid.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B8. Group Borrowings

	Note	As at 30 SEP 2020 RM'000	As at 30 SEP 2019 RM'000
Non-current			
Floating-rate term loans ("FRTL")	(a)	379,162	604,727
Floating-rate term financing-i ("FRTF-i")	(a)	217,419	373,494
Islamic Medium Term Notes ("IMTN")	(b)	1,798,434	1,799,104
Lease liabilities		1,889,561	1,828,875
		<u>4,284,576</u>	<u>4,606,200</u>
Current			
Floating-rate term loans ("FRTL")	(c)	225,000	225,000
Floating-rate term financing-i ("FRTF-i")	(c)	150,000	150,000
Lease liabilities		360,225	325,310
		<u>735,225</u>	<u>700,310</u>
Total loans and borrowings		<u>5,019,801</u>	<u>5,306,510</u>

The above unsecured loans and borrowings and debt securities are denominated in Ringgit Malaysia.

Any difference between proceeds (net of transaction costs) and the settlement or redemption of borrowings and debt securities is recognised in profit and loss over the period of the borrowings and debt securities using the effective interest rate method.

The Group's borrowings and debt securities portfolio of fixed and floating interest/profit rate are as follows:

	As at 30 SEP 2020 RM'000	As at 30 SEP 2019 RM'000
Borrowings and debt securities:		
Floating rate	971,581	1,353,221
Fixed rate	4,048,220	3,953,289
	<u>5,019,801</u>	<u>5,306,510</u>

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) –
CONT'D**

B8. Group Borrowings – cont'd

- (a) Repayments of FRTL and FRTF-i will commence 42 months from first drawdown. Repayments for non-current portion of FRTL and FRTF-i are as disclosed below:

		Outstanding amount as at 30 SEP 2020 RM'000	Month of next repayment
Non-current			
FRTL	i	200,000	December 2021
	ii	187,500	March 2022
Non-current			
FRTF-i	iii	225,000	March 2022

- (b) The details of the Group's outstanding IMTN as at 30 September 2020 are set out as follow:

IMTN	Nominal value RM' million	Tenure	Profit rate per annum	Maturity date
Tranche 001	300.0	5 years	4.38%	14 April 2022
Tranche 002	300.0	7 years	4.53%	12 April 2024
Tranche 003	300.0	10 years	4.65%	14 April 2027
Tranche 004	450.0	7 years	3.50%	18 September 2026
Tranche 005	450.0	10 years	3.60%	20 September 2029
Total	1,800.0			

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note B9.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) –
CONT'D**

B8. Group Borrowings – cont'd

- (c) The amount of FRTL and FRTF-i classified as current liabilities are due within the next 12 months.

The current portion of FRTL consists of:

- (i) tranches of RM50.0 million each which are repayable in December 2020 and June 2021 respectively; and
- (ii) tranches of RM62.5 million each which are repayable in March 2021 and September 2021 respectively.

The current portion of FRTF-i consists of tranches of RM75.0 million each which are repayable in March 2021 and September 2021 respectively.

B9. Financial Instruments

As at 30 September 2020, the Group's outstanding net derivative financial instruments are detailed below:

Type of derivatives	Notional value (RM'000)	Fair value - asset (RM'000)
Foreign currency forward contracts:		
- Less than one year	35,397	7
Interest rate swaps contracts		
- One year to three years	300,000	12,976
- More than three years	775,000	58,282

Accounting Policy

The Group uses derivatives comprising of foreign currency forward contracts and interest rate swaps to manage risk exposures related to changes in foreign currency and interest rates.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B9. Financial Instruments – cont'd

Accounting Policy – cont'd

(a) Foreign currency risk

The Group enters into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's hedging policy. In line with the Group's hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Firm commitments are netted-off against receivables denominated in the same currency, and only the net exposures are hedged so as to maximise the Group's natural hedge position.

(b) Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The Group uses interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of IMTN with notional principal amounts of RM1,075 million. The interest rate swaps entitles the Group to receive interest at a fixed rate ranging from 3.50% to 4.65% per annum, and in return, pays interest quarterly at floating rate plus a spread. The swaps mature at varying dates based on the maturity of different tranches of IMTN.

Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. The derivatives and their underlying exposures will be monitored on an on-going basis.

There were no changes in the cash requirement of the derivatives since the end of the previous financial year ended 31 December 2019.

Derivatives are stated at fair value which is equivalent to the marking of these derivatives to market, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included under assets, whereas derivatives with negative market values (unrealised losses) are included under liabilities in the statement of financial position. Any gains or losses arising from derivatives held for trading purposes, or changes in fair value on derivatives during the financial period that do not qualify for hedge accounting are recognised in profit and loss.

Credit Risk Management Policy

Foreign currency forward contracts and interest rate swap transactions are executed only with credit-worthy financial institutions in Malaysia that are governed by appropriate policies and procedures.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B10. Material Litigation

There are no pending material litigations as at the date of this report.

B11. Dividends

The Board of Directors has declared a third interim tax exempt (single-tier) dividend of 4.1 sen per ordinary share (3Q 2019: 4.5 sen per ordinary share) in respect of the financial year ending 31 December 2020, which will be paid on 17 December 2020. The entitlement date is on 18 November 2020.

A Depositor shall qualify for the entitlement only in respect of:

- (i) shares transferred to the Depositor's Securities Account before 4:30 p.m. on 18 November 2020 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

Year-to-date ("YTD") dividend for the financial period ended 30 September 2020 is 12.0 sen per ordinary share (YTD 2019: 13.80 sen).

B12. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period ended 30 September 2020 have been calculated as per the summary below:

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 SEP 2020 RM'000	Quarter ended 30 SEP 2019 RM'000	Period ended 30 SEP 2020 RM'000	Period ended 30 SEP 2019 RM'000
Earnings				
Profit for the period, attributable to owners of the parent	320,758	356,046	940,790	1,090,026
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000	7,775,000	7,775,000
Basic earnings per share (sen)	4.13	4.58	12.10	14.02

Diluted Earnings Per Share - Not applicable

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B13. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 31 December 2019 were not subject to any qualification.

B14. Additional Disclosures

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 SEP 2020 RM'000	Quarter ended 30 SEP 2019 RM'000	Period ended 30 SEP 2020 RM'000	Period ended 30 SEP 2019 RM'000
Impairment losses on trade receivables and contract assets (Allowance)/reversal for inventory obsolescence	(29,630)	(20,678)	(63,273)	(47,394)
Loss on disposal of property, plant and equipment	(587)	(304)	244	159
Gain on termination of right-of-use assets	(2,791)	(438)	(2,511)	(1,374)
Foreign exchange gain/(loss)	-	42	29	49
Fair value (loss)/gain on foreign currency forward contracts	2,719	(4,671)	3,123	(2,275)
Fair value gain on interest rate swaps	(15)	658	426	531
	3,404	2,858	44,795	14,910

Other than the items highlighted above which have been included in the condensed consolidated statement of comprehensive income, there were no profits/(losses) on any other items and sale of quoted securities, investments and properties included in the results for the current quarter and financial period ended 30 September 2020.

c.c. Securities Commission