



**BRITISH AMERICAN  
TOBACCO  
MALAYSIA**

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**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR  
THE QUARTER 31 MARCH 2020**

**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**

Registration No. 196101000326 (4372-M)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2020**

	Note	For the 3 months ended		
		31.3.2020	31.3.2019	31.12.2019
		RM'000	RM'000	RM'000
Revenue		481,146	620,958	662,447
Cost of sales		(358,072)	(440,212)	(470,609)
Gross profit		123,074	180,746	191,838
Other operating income		461	4,096	461
Operating expenses		(52,176)	(64,727)	(53,872)
Profit from operations		71,359	120,115	138,427
Finance costs		(4,420)	(3,526)	(4,291)
Profit before tax	B2	66,939	116,589	134,136
Tax expense	B3	(16,173)	(27,989)	(36,433)
Profit after tax		50,766	88,600	97,703
Profit attributable to the shareholders of the Company		50,766	88,600	97,703
Effective tax rate		24%	24%	27%
EPS	B10	17.8	31.0	34.2
<u>Dividends</u>				
- Interim 1		17	30	-
- Interim 4		-	-	33
		17	30	33

The unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019.

**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**  
Registration No. 196101000326 (4372-M)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2020**

	For the 3 months ended		
	31.3.2020	31.3.2019	31.12.2019
	RM'000	RM'000	RM'000
<b>Profit after tax</b>	50,766	88,600	97,703
<b>Other comprehensive income, net of tax</b>			
<b>Items that may be subsequently reclassified to income statement</b>			
- changes in fair value of cash flow hedges	9,313	(897)	(5,051)
- deferred tax on fair value changes of cash flow hedges	(2,235)	215	1,212
<b>Total other comprehensive (expense)/ income, net of tax</b>	7,078	(682)	(3,839)
<b>Total comprehensive income</b>	57,844	87,918	93,864
<b>Profit attributable to:</b>			
Shareholders of the Company	50,766	88,600	97,703
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Company	57,844	87,918	93,864

The unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019.

**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**  
Registration No. 196101000326 (4372-M)

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2020**

		As at 31.3.2020	As at 31.12.2019
	Note	RM'000	RM'000
<b>Assets</b>			
Property, plant and equipment		62,174	65,505
Computer software		1,426	1,429
Goodwill		411,618	411,618
Deferred tax assets		18,014	19,376
<b>Total non-current assets</b>		<u>493,232</u>	<u>497,928</u>
Asset held for sale		-	234
Inventories		198,966	98,251
Tax recoverable		7,165	8,222
Trade and other receivables		347,516	402,947
Derivative financial instruments		7,460	177
Cash and bank balances		34,882	20,386
<b>Total current assets</b>		<u>595,989</u>	<u>530,217</u>
<b>Total assets</b>		<u><u>1,089,221</u></u>	<u><u>1,028,145</u></u>
<b>Equity</b>			
Share capital		142,765	142,765
Cash flow hedge reserve		5,567	(1,511)
Retained earnings		203,868	247,327
<b>Total equity</b>		<u>352,200</u>	<u>388,581</u>
<b>Liabilities</b>			
Lease liabilities		20,935	21,844
<b>Total non-current liabilities</b>		<u>20,935</u>	<u>21,844</u>
Trade and other payables		121,285	170,661
Borrowings	B5	570,000	421,000
Derivative financial instruments		144	2,171
Current tax liabilities		20,863	19,531
Lease liabilities		3,794	4,357
<b>Total current liabilities</b>		<u>716,086</u>	<u>617,720</u>
<b>Total liabilities</b>		<u>737,021</u>	<u>639,564</u>
<b>Total equity and liabilities</b>		<u><u>1,089,221</u></u>	<u><u>1,028,145</u></u>
Net assets per share (RM)		1.23	1.36

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020

	Issued and fully paid ordinary shares		Non-distributable		Distributable	
	Number of shares	Nominal value	Cash flow hedge reserve	Share-based payment reserve	Retained earnings	Equity Total
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	285,530	142,765	(1,511)	-	247,327	388,581
Profit after tax	-	-	-	-	50,766	50,766
Other comprehensive income:						
- changes in fair value of cash flow hedges	-	-	9,313	-	-	9,313
- deferred tax on fair value changes on cash flow hedges	-	-	(2,235)	-	-	(2,235)
<b>Total comprehensive income</b>	-	-	7,078	-	50,766	57,844
Transaction with shareholders:						
Dividend for financial year ended 31 December 2019	-	-	-	-	(94,225)	(94,225)
- fourth interim	-	-	-	-	(94,225)	(94,225)
Total transactions with shareholders of the Company	-	-	-	-	(94,225)	(94,225)
<b>At 31 March 2020</b>	<b>285,530</b>	<b>142,765</b>	<b>5,567</b>	<b>-</b>	<b>203,868</b>	<b>352,200</b>
<b>At 1 January 2019</b>	285,530	142,765	374	-	278,528	421,667
Profit after tax	-	-	-	-	88,600	88,600
Other comprehensive income:						
- changes in fair value of cash flow hedges	-	-	(897)	-	-	(897)
- deferred tax on fair value changes on cash flow hedges	-	-	215	-	-	215
<b>Total comprehensive income</b>	-	-	(682)	-	88,600	87,918
Transaction with shareholders:						
Dividend for financial year ended 31 December 2018	-	-	-	-	(134,199)	(134,199)
- fourth interim	-	-	-	-	(134,199)	(134,199)
Total transactions with shareholders of the Company	-	-	-	-	(134,199)	(134,199)
<b>At 31 March 2019</b>	<b>285,530</b>	<b>142,765</b>	<b>(308)</b>	<b>-</b>	<b>232,929</b>	<b>375,386</b>

The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**

	For the 3 months ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
<b>Operating activities</b>		
Cash receipts from customers and fellow subsidiaries	566,332	703,544
Cash paid to suppliers and employees and fellow subsidiaries	(586,467)	(565,922)
<b>Cash from operations</b>	<u>(20,135)</u>	<u>137,622</u>
Income taxes paid	(14,657)	(43,414)
<b>Net cash flow (used in)/ from operating activities</b>	<u>(34,792)</u>	<u>94,208</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(814)	(1,670)
Proceeds from disposals of property, plant and equipment	337	1,179
Proceeds from disposal of assets held for sale	620	-
Interest received	312	467
<b>Net cash flow from/ (used in) investing activities</b>	<u>455</u>	<u>(24)</u>
<b>Financing activities</b>		
Dividends paid to shareholders	(94,225)	(134,199)
Interest expense paid	(4,168)	(3,227)
Net drawdown from revolving credit	149,000	(14,000)
Payment on lease liabilities	(1,522)	(1,115)
Interest paid in relation to lease liabilities	(252)	(299)
<b>Net cash flow from/ (used in) financing activities</b>	<u>48,833</u>	<u>(152,840)</u>
<b>Increase/ (decrease) in cash and cash equivalents</b>	14,496	(58,656)
<b>Cash and cash equivalents as at 1 January</b>	<u>20,386</u>	<u>78,627</u>
<b>Cash and cash equivalents as at 31 March</b>	<u><u>34,882</u></u>	<u><u>19,971</u></u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2019.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. BASIS OF PREPARATION**

These condensed consolidated financial statements ("Condensed Report") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*, the International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and the requirements of the Companies Act 2016 in Malaysia, where applicable. This Condensed Report has also been prepared in accordance with paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the Condensed Report provide explanations of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of this Condensed Report are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 December 2019. As at the date of authorisation of this Condensed Report, the following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

MFRS 17 Insurance Contracts

**MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2021 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2021; and
- from the annual period beginning on 1 January 2022 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2022.

The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual period beginning on 1 January 2021 as it is not applicable to the Group. The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the Group.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The results of the Group are generally impacted by changes in excise typically announced annually during the National Budget.

**A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

During the fourth quarter of 2019, the Group had undertaken measures in restructuring the organisation to be more efficient, agile and focused to enable the Group to operate in a challenging business environment. This restructuring resulted in a reduction of the workforce and reconstructed a new base for sustainable cost structure. The restructuring commenced in the fourth quarter of 2019 and is expected to be completed in 2020.

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 31 March 2020, other than the exercise to restructure the business operations of the Group. The financial impact arising from the abovementioned restructuring of business operations is set out below:

	<b>3 months ended</b>	
	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Provision for redundancies	<u>4,237</u>	<u>-</u>

**A5. SIGNIFICANT CHANGES IN ESTIMATE**

There were no significant changes in estimates that have had a material effect during the current quarter ended 31 March 2020.



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A7. DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter ended 31 March 2020.

**A8. SEGMENT REPORTING**

The Company is domiciled in Malaysia. The analysis of revenue from external customers in Malaysia is as follows:

	3 months ended	
	31.3.2020	31.3.2019
	RM'000	RM'000
Sale of semi-finished goods, cigarettes, pipe tobaccos, cigars and other tobacco products	481,146	620,958

The Group does not have any non-current assets that are located in countries other than Malaysia.

Segment analysis has not been prepared as the Group operates a single product business primarily engaged in the manufacture, importation and sale of cigarettes and other tobacco products and this forms the focus of the Group's internal reporting systems. While the Group has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the chief operational decision maker and it is not possible to segment the Group results by brand without a high degree of estimation.

**A9. EVENTS AFTER THE REPORTING PERIOD**

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

**A10. CHANGES IN COMPOSITION OF GROUP**

There were no changes in the composition of the Group during the current quarter ended 31 March 2020.

**A11. CONTINGENT ASSETS AND LIABILITIES**

There were no other contingent liabilities or contingent assets as at 14 May 2020 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A12. CAPITAL COMMITMENTS**

Capital commitments of the Group as at the end of the financial period are as follows:

	<b>As at 31.3.2020 RM'000</b>	<b>As at 31.3.2019 RM'000</b>
Property, plant and equipment:		
Approved and contracted for	854	250
Approved but not contracted for	4,725	3,285
	5,579	3,535

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

The Group has related party relationships with its holding company, subsidiaries and key management personnel.

Significant related party transactions are as follows:

	<b>3 months ended</b>	
	<b>31.3.2020 RM'000</b>	<b>31.3.2019 RM'000</b>
Purchase of leaf, cigarette packaging, wrapping materials and tobacco products from:		
PT Bentoel Prima	43,174	-
PT Bentoel Internasional Investama, Tbk	-	42,911
Royalties paid/payable to:		
British-American Tobacco (Holdings) Ltd.	15,626	20,643
Technical and advisory support services fee payable to:		
British American Tobacco Investments Ltd.	4,601	6,267

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. AUDITORS' REPORT ON PRECEEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the annual financial statements of the Group for the year ended 31 December 2019 was unqualified.

**B2. PROFIT BEFORE TAX**

	<b>3 months ended</b>	
	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit before tax is arrived at after charging:</b>		
Finance costs:		
- lease liabilities	252	299
- borrowings	4,168	3,227
Property, plant and equipment:		
- depreciation	1,942	1,914
- depreciation of right-of-use assets	1,678	1,676
- loss on disposal	237	-
- write-off	4	-
Computer software:		
- amortisation	3	-
Inventories written down	886	1,128
Net foreign exchange loss	971	-
Loss on derivatives	-	195
Restructuring expenses	4,237	-
	<u>4,237</u>	<u>-</u>
<b>and after crediting:</b>		
Interest income on deposits	312	467
Property, plant and equipment:		
- gain on disposal	-	177
Gain on disposal of assets held for sale	386	-
Reversal on impairment of financial assets at amortised cost	40	29
Net foreign exchange gain	-	799
Gain on derivatives	152	-

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B3. TAX EXPENSE**

	<b>3 months ended</b>	
	<b>31.3.2020</b>	<b>31.3.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current tax expense</b>		
- current tax	17,046	30,630
<b>Deferred tax expense</b>		
- reversal of temporary differences	(873)	(2,641)
	16,173	27,989

The average effective tax rate of the Group for the current period was 24% in line with the statutory income tax rate.

**B4. CORPORATE PROPOSAL**

Tobacco Importers and Manufacturers Sdn Berhad ("TIM"), a wholly-owned subsidiary of the Company had undertaken a selective capital reduction pursuant to Section 116(7) of the Companies Act 2016 to cancel 250,000,000 ordinary shares in TIM resulting in TIM's paid up capital being reduced from 310,998,952 ordinary shares to 60,988,952 ordinary shares and the credit of RM250,000,000 arising from the cancellation of 250,000,000 ordinary shares in TIM held by the Company had been distributed in cash to the Company.

On 4th February 2020, TIM effected the capital repayment of RM250,000,000 to the Company. The cancellation does not have any financial and/or operational impact on the Group for the period ended 31 March 2020.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B5. BORROWINGS**

The Group's borrowings as at the end of the financial period are as follows:

	<b>As at 31.3.2020 RM'000</b>	<b>As at 31.12.2019 RM'000</b>
Current Borrowings – unsecured	<u>570,000</u>	<u>421,000</u>

The Group's borrowings relate to revolving credits maturing between one week to three months. The Group's borrowings are denominated in Ringgit Malaysia.

Reconciliation of movement of liabilities to cash flow arising from financing activities is as follows:

	<b>Net changes from financing cash flows</b>			
	<b>At 1.1.2020 RM'000</b>	<b>Drawdown RM'000</b>	<b>Repayment RM'000</b>	<b>At 31.3.2020 RM'000</b>
<b>Group</b>				
Borrowings – unsecured	<u>421,000</u>	<u>542,000</u>	<u>(393,000)</u>	<u>570,000</u>

	<b>Net changes from financing cash flows</b>			
	<b>At 1.1.2019 RM'000</b>	<b>Drawdown RM'000</b>	<b>Repayment RM'000</b>	<b>At 31.12.2019 RM'000</b>
<b>Group</b>				
Borrowings – unsecured	<u>410,000</u>	<u>1,215,000</u>	<u>(1,204,000)</u>	<u>421,000</u>

**B6. MATERIAL LITIGATION**

On 14 November 2019, Commercial Marketers and Distributors (CMD), one of the subsidiaries of the Company, filed an application for judicial review proceedings against the decisions of the Ministry of Health (MOH) in recategorising its non-cigarette tobacco product, Dunhill HTL Cigarillo, as a cigarette and revoking its approval granted on 12 July 2018 for CMD to sell Dunhill HTL Cigarillo ("MOH Decisions"). In its application, CMD is asking for the MOH Decisions to be nullified and damages to be assessed by the Court.

On 8 January 2020, CMD managed to obtain leave from the Court to commence judicial review proceedings against the MOH and the hearing was scheduled to take place on 29 April 2020 but has been postponed due to the Movement Control Order (MCO) to a later date to be assigned by the Court. There is no estimated potential liability to BATM group arising at this point in time.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B7. MATERIAL CHANGES IN THE QUARTERLY RESULTS AS COMPARED WITH THE PRECEDING QUARTER**

Profit from operations was RM71 million in the first quarter versus RM138 million for the immediate preceding quarter, registering a decline of RM67 million (48.5%). The decline in profit from operations was mainly due to lower Domestic volume from legal market, seasonality, stock in trade corrections and reduced Duty-Free sales. The Group's Duty-Free business (approximately 4% of total revenue), was impacted due to Regional and International travel restrictions and the consequential reduction in passenger traffic as a result of COVID-19.

Legal Domestic cigarette industry volume decreased by 12% in the first quarter of 2020 as compared to the preceding quarter. We saw early signs of legal market consumption stabilisation in the last three quarters following the large illegal cigarette incidence at 63% (Source: Illicit Cigarette Study).

The Group, with its more premium skewed portfolio, saw a larger volume impact than legal Domestic industry registering a decrease of 24% versus the preceding quarter. This was mainly due to stock in trade corrections and seasonality. Imposed Regional and International travel restrictions due to COVID-19 and the Movement Control Order (MCO) impacted the Duty-Free market in the first quarter of 2020 which had an impact on the Group's Duty-Free volume. The overall combined volume performance translated to the Group's revenue decline of 27.4% (RM181 million).

The Group's operating expenses were lower compared to the previous quarter. However, the improvement in operational efficiencies were not enough to offset the impact in revenue loss as well as the ongoing investment in portfolio and new categories resulting in profit from operations registering a decline by RM67 million (48.5%) in the first quarter of 2020. The on-going restructuring exercise incurred a charge of RM4 million in the current quarter.

Our market share research methodology, retail audit, currently conducted by Ipsos Sdn. Bhd had encountered a disruption to the fieldwork in Q1 2020 due to COVID-19 and the MCO, resulting in the lack of accurate market data for the quarter. With the easing in restrictions we anticipate work tentatively resuming as from June 2020.

**B8. REVIEW OF PERFORMANCE CURRENT QUARTER VS QUARTER ENDED 31 MARCH 2019**

Profit from operations was RM71 million in the first quarter versus RM120 million in the same period last year, representing a decline of RM49 million (40.6%). This decline was mainly attributed to legal market contraction as a result of illicit cigarette volume and illicit nicotine vaping growth, market downtrading and lower Duty-Free sales as a consequence of the Regional and International travel restrictions due to COVID-19 and the MCO.

Total legal industry volume declined by 11% when compared to same period last year as illegal cigarette sales and illicit nicotine vaping products continued to grow negatively impacting the legal tobacco market despite the increased enforcement actions from Government agencies. The results from enforcement actions were insufficient to drive a recovery in legal cigarette volumes.

The combination of legal market contraction with reduced Duty-Free sales and downtrading led to a decline of 21% in the Group's volume and a decline of 22.5% in the Group's revenue (RM140 million) when compared to same period last year.

The Group in 2019 started an aggressive programme with increased focus on operational efficiency. This programme continues in 2020 by rationalising and significantly optimizing our cost base to deliver long-term sustainability. This has resulted in lower operating expenses (including restructuring cost) of 19.4% (RM13 million) versus same period last year. Due to the lower revenue in line with volume decline partially offset by the benefit of cost rationalisation that the Group has undertaken, the profit from operations registered a decline of RM49 million (40.6%) versus the corresponding quarter in 2019.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B9. CURRENT YEAR PROSPECTS**

Overall the Group's domestic volume remains resilient despite the distribution disruption due to the MCO. However, the Group's Duty-Free sales (approximately 4% of total revenue) have been impacted with the Regional and International travel restrictions as a result of the COVID-19 pandemic escalation.

As Malaysia is currently under the Conditional Movement Control Order (CMCO), the Group has resumed operations strictly following the prescribed Government procedures. The Group continues to closely monitor the developments of the COVID-19 situation and the effects on its business.

In addition, the resilience of the tobacco industry continues to be challenged by a persistently high level of illegal cigarette trade and rapid growth of illegal nicotine vaping. The need to regulate the tobacco and nicotine industry is critical for the sustainability of legal tobacco players. The Group's growth strategy will be very much dependent on the recovery of the legal cigarette market, a regulated nicotine landscape, sensible fiscal policies and a resolution to the affordability issues affecting consumers.

The Group will complete the restructuring in 2020 to deliver a leaner and stronger organisation, continue to streamline its cost base and deliver on results whilst continuing to invest for sustainable long-term growth.

**B10. EARNINGS PER SHARE**

	<b>3 months ended</b>	
	<b>31.3.2020</b>	<b>31.3.2019</b>
<b>Basic earnings per share</b>		
Profit for the financial period (RM'000)	50,766	88,600
Weighted average number of ordinary shares in issue ('000)	285,530	285,530
Basic earnings per share (sen)	18	31

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B11. DIVIDENDS**

Dividends paid or declared in respect of the quarter ended 31 March 2020 financial year are as follows:

	<b>Sen per share RM</b>	<b>Total amount RM'000</b>
<b>2020</b>		
Fourth interim dividend 2019	<u>33.0</u>	<u>94,225</u>
<b>2019</b>		
Fourth interim dividend 2018	<u>47.0</u>	<u>134,199</u>

The Board of Directors declared a first interim ordinary dividend of 17.0 sen per ordinary share (tax exempted under single-tier tax system) at the Board of Directors' meeting on 21 May 2020 amounting to RM 48,540,100 in respect of the financial year ending 31 December 2020 which will be paid on 18 June 2020 to shareholders registered in the Company's Register of Members at the close of business on 9 June 2020. This equates to a 96% payout on Q1 2020 earnings per share.

A Depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred to the Depositor's Securities Account before 4.30 p.m. on 9 June 2020, in respect of ordinary transfers; and
- (b) Securities bought on Bursa Malaysia Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Berhad.