



BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER
2021**

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Note	For the 3 months ended		For the period ended	
		30.9.2021	30.9.2020	30.9.2021	30.9.2020
		RM'000	RM'000	RM'000	RM'000
Revenue		613,020	627,518	1,775,370	1,655,252
Cost of sales		(451,414)	(468,092)	(1,321,478)	(1,232,808)
Gross profit		161,606	159,426	453,892	422,444
Other operating income		123	121	497	833
Operating expenses		(53,725)	(71,770)	(153,033)	(181,184)
Profit from operations		108,004	87,777	301,356	242,093
Finance costs		(4,473)	(3,943)	(12,143)	(13,223)
Profit before tax	B2	103,531	83,834	289,213	228,870
Tax expense	B3	(24,856)	(20,092)	(75,807)	(59,751)
Profit after tax		78,675	63,742	213,406	169,119
Profit attributable to the shareholders of the Company		78,675	63,742	213,406	169,119
Effective tax rate		24.0%	24.0%	26.2%	26.1%
EPS	B10	27.6	22.3	74.7	59.2
<u>Dividends</u>					
- Interim 1		-	-	21	17
- Interim 2		-	-	24	18
- Interim 3		26	21	26	21
		26	21	71	56

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	For the 3 months ended		For the period ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Profit after tax	78,675	63,742	213,406	169,119
Other comprehensive income, net of tax				
Items that may be subsequently reclassified to income statement				
- changes in fair value of cash flow hedges	1,090	(5,417)	7,615	(168)
- deferred tax on fair value changes of cash flow hedges	-	-	(1,566)	(1,260)
Total other comprehensive income/(expense), net of tax	1,090	(5,417)	6,049	(1,428)
Total comprehensive income	79,765	58,325	219,455	167,691
Profit attributable to:				
Shareholders of the Company	78,675	63,742	213,406	169,119
Total comprehensive income attributable to:				
Shareholders of the Company	79,765	58,325	219,455	167,691

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020.

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Note	As at 30.9.2021 RM'000	As at 31.12.2020 RM'000
Assets			
Property, plant and equipment		47,168	57,540
Goodwill		411,618	411,618
Deferred tax assets		3,493	15,455
Total non-current assets		<u>462,279</u>	<u>484,613</u>
Inventories		278,675	229,942
Tax recoverable		1,250	3,865
Trade and other receivables		424,110	396,454
Derivative financial instruments		1,600	93
Cash and bank balances		12,181	29,002
Total current assets		<u>717,816</u>	<u>659,356</u>
Total assets		<u><u>1,180,095</u></u>	<u><u>1,143,969</u></u>
Equity			
Share capital		142,765	142,765
Cash flow hedge reserve		878	(5,171)
Retained earnings		242,870	235,045
Total equity		<u>386,513</u>	<u>372,639</u>
Liabilities			
Lease liabilities		15,431	19,218
Total non-current liabilities		<u>15,431</u>	<u>19,218</u>
Trade and other payables		97,103	198,835
Borrowings	B5	665,000	510,000
Derivative financial instruments		729	7,002
Current tax liabilities		9,827	29,968
Lease liabilities		5,492	6,307
Total current liabilities		<u>778,151</u>	<u>752,112</u>
Total liabilities		<u>793,582</u>	<u>771,330</u>
Total equity and liabilities		<u><u>1,180,095</u></u>	<u><u>1,143,969</u></u>
Net assets per share (RM)		1.35	1.31

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 2020.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Issued and fully paid ordinary shares		Non-distributable		Distributable	Total Equity
	Number of shares	Nominal value	Cash flow hedge reserve	Share-based payment reserve	Retained earnings	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	285,530	142,765	(5,171)	-	235,045	372,639
Profit after tax	-	-	-	-	213,406	213,406
Other comprehensive income/(expense):						
- changes in fair value of cash flow hedges	-	-	7,615	-	-	7,615
- deferred tax on fair value changes on cash flow hedges	-	-	(1,566)	-	-	(1,566)
Total comprehensive income	-	-	6,049	-	213,406	219,455
Transaction with shareholders:						
Dividend for financial year ended 31 December 2020 - fourth interim	-	-	-	-	(77,093)	(77,093)
Dividend for financial year ending 31 December 2021 - first interim	-	-	-	-	(59,961)	(59,961)
- second interim	-	-	-	-	(68,527)	(68,527)
Total transactions with shareholders of the Company	-	-	-	-	(205,581)	(205,581)
At 30 SEPTEMBER 2021	285,530	142,765	878	-	242,870	386,513
At 1 January 2020	285,530	142,765	(1,511)	-	247,327	388,581
Profit after tax	-	-	-	-	169,119	169,119
Other comprehensive expense:						
- changes in fair value of cash flow hedges	-	-	(168)	-	-	(168)
- deferred tax on fair value changes on cash flow hedges	-	-	(1,260)	-	-	(1,260)
Total comprehensive income	-	-	(1,428)	-	169,119	167,691
Transaction with shareholders:						
Dividend for financial year ended 31 December 2019 - fourth interim	-	-	-	-	(94,225)	(94,225)
Dividend for financial year ended 31 December 2020 - first interim	-	-	-	-	(48,540)	(48,540)
- second interim	-	-	-	-	(51,404)	(51,404)
Total transactions with shareholders of the Company	-	-	-	-	(194,169)	(194,169)
At 30 SEPTEMBER 2020	285,530	142,765	(2,939)	-	222,277	362,103

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020.

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	For the 9 months ended	
	30.9.2021	30.9.2020
	RM'000	RM'000
Operating activities		
Cash receipts from customers and fellow subsidiaries	1,861,180	1,774,620
Cash paid to suppliers, employees and fellow subsidiaries	(1,728,736)	(1,638,574)
Cash from operations	<u>132,444</u>	<u>136,046</u>
Income tax paid	(82,937)	(10,738)
Net cash flow from operating activities	<u>49,507</u>	<u>125,308</u>
Investing activities		
Purchase of property, plant and equipment	(324)	(1,352)
Proceeds from disposals of property, plant and equipment	872	1,029
Proceeds from disposal of assets held for sale	-	620
Interest received	450	653
Net cash flow from investing activities	<u>998</u>	<u>950</u>
Financing activities		
Dividends paid to shareholders	(205,581)	(194,169)
Interest expense paid	(11,624)	(12,506)
Net drawdown from revolving credit	155,000	104,000
Payment on lease liabilities	(4,602)	(3,855)
Interest paid in relation to lease liabilities	(519)	(717)
Net cash flow used in financing activities	<u>(67,326)</u>	<u>(107,247)</u>
Net (decrease)/increase in cash and cash equivalents	(16,821)	19,011
Cash and cash equivalents as at 1 January	<u>29,002</u>	<u>20,386</u>
Cash and cash equivalents as at 30 September	<u><u>12,181</u></u>	<u><u>39,397</u></u>

The unaudited Condensed Consolidated Cash Flows Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020.

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 2020. 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 2020.

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 2020. 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:

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

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018–2020)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- 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; and
- from the annual period beginning on 1 January 2023 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2023.

The Group does not plan to apply MFRS 17, Insurance Contracts that is effective for annual period beginning on 1 January 2023 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.

A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

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

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

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 30 September 2021, other than the exercise to restructure the business operations of the Group to be more efficient, agile and focused to enable the Group to continue operating effectively in a challenging business environment. This restructuring resulted in a reduction of the workforce and reconstructed a new base for sustainable cost structure.

The financial impact arising from the abovementioned restructuring of business operations is set out below:

	3 months ended		Financial period ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Restructuring expenses	2,107	3,152	2,107	13,962

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A5. SIGNIFICANT CHANGES IN ESTIMATE

There were no significant changes in estimates for prior periods that have had a material effect on the results for the current quarter ended 30 September 2021.

A6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter ended 30 September 2021.

A7. SEGMENT REPORTING

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

	3 months ended		Financial period ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Sale of cigarettes, pipe tobaccos, cigars and other tobacco products	<u>613,020</u>	<u>627,518</u>	<u>1,775,370</u>	<u>1,655,252</u>

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.

A8. 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 report.

A9. CHANGES IN COMPOSITION OF GROUP

There were no changes in the composition of the Group during the current quarter ended 30 September 2021.

A10. CONTINGENT ASSETS AND LIABILITIES

There were no contingent liabilities or contingent assets as at 21 October 2021 (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

A11. CAPITAL COMMITMENTS

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

	As at 30.9.2021 RM'000	As at 31.12.2020 RM'000
Property, plant and equipment:		
Approved and contracted for	1	2
Approved but not contracted for	8,498	-
	<u>8,499</u>	<u>2</u>

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of this quarterly report, 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:

	3 months ended		Financial period ended	
	30.9.2021 RM'000	30.9.2020 RM'000	30.9.2021 RM'000	30.9.2020 RM'000
Purchase of leaf, cigarette packaging, wrapping materials and tobacco products from:				
PT Bentoel Prima	30,009	41,134	117,029	120,778
Royalties paid / payable to:				
British American Tobacco Western Europe Commercial Trading Limited	19,948	-	56,713	-
British-American Tobacco (Holdings) Ltd.	-	20,130	-	53,338
Technical and advisory support services fee paid / payable to:				
British American Tobacco Investments Ltd.	<u>4,304</u>	<u>4,570</u>	<u>11,147</u>	<u>14,569</u>

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

B1. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the annual financial statements of the Group for the year ended 31 December 2020 was unqualified.

B2. PROFIT BEFORE TAX

	3 months ended		Financial period ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:				
Finance costs:				
- lease liabilities	164	228	519	717
- borrowings	4,309	3,715	11,624	12,506
Property, plant and equipment:				
- depreciation	1,683	1,870	5,401	5,708
- depreciation of right-of-use assets	1,479	1,578	4,469	4,941
- loss on disposal	-	-	-	206
- write-off	-	-	1	4
Computer software:				
- amortisation	-	-	-	3
- write-off	-	1,426	-	1,426
Net loss on impairment of financial assets at amortised cost	25	-	-	22
Inventories written down	1,591	7,553	4,744	9,964
Net foreign exchange loss	714	-	1,941	1,216
Loss on derivatives	-	2	245	-
Restructuring expenses	<u>2,107</u>	<u>3,152</u>	<u>2,107</u>	<u>13,962</u>
and after crediting:				
Interest income on deposits	123	90	450	653
Property, plant and equipment:				
- gain on disposal	-	31	47	-
Gain on disposal of assets held for sale	-	-	-	386
Reversal on impairment of financial assets at amortised cost	-	5	78	-
Net foreign exchange gain	-	75	-	-
Gain on derivatives	<u>117</u>	<u>-</u>	<u>-</u>	<u>929</u>

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

B3. TAX EXPENSE

	3 months ended		Financial period ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- current tax	24,751	19,643	65,410	56,685
Deferred tax expense				
- additional of temporary differences	105	449	10,397	3,066
	<u>24,856</u>	<u>20,092</u>	<u>75,807</u>	<u>59,751</u>

The average effective tax rate of the Group for the third quarter 2021 and financial period ended 30 September 2021 were 24.0% (2020: 24.0%) and 26.2% (2020: 26.1%) respectively.

The average effective tax rate in the financial period ended 30 September 2021 was higher than the corporate tax rate mainly attributed to non-deductible expenses.

B4. CORPORATE PROPOSAL

There were no new corporate proposals announced as at 21 October 2021 (the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report).

**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:

	As at 30.9.2021 RM'000	As at 31.12.2020 RM'000
Current Borrowings – unsecured	<u>665,000</u>	<u>510,000</u>

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

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 sought the MOH Decisions to be nullified and for 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 with hearings conducted on 27 August 2020, 24 September 2020, 17 November 2020, 11 March 2021 and subsequently adjourned to 21 June 2021. On 21 June 2021, CMD and MOH entered into a mutual settlement and the judicial review application has been withdrawn.

**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 RM108 million in the third quarter of 2021 versus RM107 million in the second quarter despite Covid-19 headwinds in the quarter.

The Group's share of market registered at 52.7%, increased by 0.2ppt versus the preceding quarter. Dunhill remained strong and continued to hold the market leadership position with share of premium segment of 61%. The Group's Value-for-Money (VFM) brands Rothmans and KYO recorded an increase of 0.3ppt capturing 10% share of market.

The revenue increased by 3% (RM17 million) and gross profit increased by 8% (RM12 million). In the quarter, the Group continued its cost optimization initiatives and invested in its strategic brands to deliver its growth initiatives. This resulted in an increase in profit from operations of 1% (RM1 million) versus the preceding quarter.

B8. REVIEW OF PERFORMANCE YEAR-TO-DATE 2021 VS YEAR-TO-DATE 2020

Profit from operations was at RM301 million year-to-date 2021 versus RM242 million same period last year, registering an increase of 24% (RM59 million). The increase was driven by higher volume as a result of a reduction in the tobacco black market to 57.9% from 64.5%. This saw an increase in the Group's Domestic volume by 7%, which outperformed the total legal industry recovery rate of 6%. Duty-free sales continue to be impacted due to regional and international travel restrictions.

Consistent with the volume growth trajectory, the Group's total market share was 52.5%, registering an increase of 1.0ppt. This encouraging share performance was driven by the strength of the Group's strategic brands, Dunhill, Rothmans and KYO. The Group's portfolio grew in all segments with Dunhill increasing its Premium segment share by 2.1ppt; Peter Stuyvesant and Pall Mall by 0.8ppt in the Aspirational Premium segment and Rothmans and KYO by 2.5ppt in the VFM segment ⁽²⁾.

The growth in volume led to revenue growth of 7% (RM120 million) when compared to the same period last year. The Group's operating expenses were lower by 16% (RM28 million) mainly due to the cost optimisation and lower restructuring costs. Revenue growth combined with lower operating expenses translated to an increase in profit from operations of 24% (RM59 million) as compared to the same period last year.

Source:
(1) Nielsen Illicit Cigarettes Study
(2) Ipsos Retail Audit

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

B9. CURRENT YEAR PROSPECTS

The remainder of 2021 will see continued focus on the Group’s purpose of building “A Better Tomorrow” through measures to sustain the recovery of the legal cigarette market and advocating for the introduction of a regulated nicotine vaping framework.

With respect to the tobacco black market, the Group is encouraged by the impact of the supply restrictions such as transshipment controls introduced in Budget 2021 which must continue in place. As a result of the transshipment controls, tobacco black market smugglers are now turning to small coastal jetties as smuggling ingress. The Group urges the Government to take the necessary enforcement action to shut these channels down to further address illegal supplies.

To effectively reduce the tobacco black market, supply restrictions must be complemented with measures that address the affordability pressures that consumers in Malaysia currently face. As such, the Group is hopeful that there will be no tobacco excise increase in the 2022 Budget which will further widen the price gap between legal and illegal cigarettes and drive more consumers to the tobacco black market.

On the nicotine vaping market, over one million Malaysians continue to consume unregulated, untaxed nicotine vapour products of unknown provenance. The Group believes that an evidence-based regulatory framework for these harm-reduced vaping products should be put in place.

B10. EARNINGS PER SHARE

	3 months ended		Financial period ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Basic earnings per share				
Profit for the financial period (RM'000)	<u>78,675</u>	<u>63,742</u>	<u>213,406</u>	<u>169,119</u>
Weighted average number of ordinary shares in issue ('000)	285,530	285,530	285,530	285,530
Basic earnings per share (sen)	<u>27.6</u>	<u>22.3</u>	<u>74.7</u>	<u>59.2</u>

The Group does not have in issue any financial instrument or other contract that may entitle its holders to ordinary shares and therefore, diluted earnings per share is not disclosed.

**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 and financial period ended 30 September are as follows:

	Sen per share	Total amount RM'000
2021		
Fourth interim dividend 2020	27.0	77,093
First interim dividend 2021	21.0	59,961
Second interim dividend 2021	24.0	68,527
	72.0	205,581
2020		
Fourth interim dividend 2019	33.0	94,225
First interim dividend 2020	17.0	48,540
Second interim dividend 2020	18.0	51,404
	68.0	194,169

The Board of Directors had on 28 October 2021 declared a third interim ordinary dividend of 26.0 sen per ordinary share (tax exempted under single-tier tax system) amounting to RM74,237,800 in respect of the financial year ending 31 December 2021, payable on 25 November 2021 to shareholders whose names appear on the Record of Depositors on 15 November 2021. This equates to a 94% payout on Q3 2021 earnings per share and dividend yield of 7%*.

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 15 November 2021, in respect of ordinary transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

** Based on last 3 quarters dividend paid out and third interim dividend 2021 declared*

B12. AUTHORISED FOR ISSUE

The quarterly report was authorised for issue by the Board in accordance with a resolution of the Directors on 28 October 2021.