

Mega First Corporation Berhad
Registration No. 196601000210 (6682-V)
Incorporated in Malaysia

Interim Financial Report
30 September 2020

Mega First Corporation Berhad
Registration No. 196601000210 (6682-V)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For The 9-Month Period Ended 30 September 2020**

	3rd Quarter Ended 30.9.2020	3rd Quarter Ended 30.9.2019	9-Month Period Ended 30.9.2020	9-Month Period Ended 30.9.2019
Note	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	211,213	125,510	553,155	506,402
Cost of sales	(88,322)	(97,854)	(239,778)	(385,844)
Gross profit	122,891	27,656	313,377	120,558
Other expenses	(2,390)	(686)	(2,571)	(2,500)
Operating expenses	(7,002)	(6,204)	(20,981)	(18,902)
Profit from operations	113,499	20,766	289,825	99,156
Finance costs	(4,468)	(1,834)	(16,966)	(5,242)
Profit before tax	109,031	18,932	272,859	93,914
Income tax expense	(1,277)	(3,364)	(4,524)	(16,049)
Profit after tax from continuing operations	107,754	15,568	268,335	77,865
Discontinued operations				
Profit/(Loss) after tax from discontinued operations	A7 846	(80)	81	(995)
Profit after tax for the period	108,600	15,488	268,416	76,870
Other comprehensive (expenses)/income	(22,107)	14,327	22,222	5,727
Total comprehensive income for the period	86,493	29,815	290,638	82,597
Profit after tax attributable to:				
Owners of the Company	89,504	14,623	228,238	70,492
Non-controlling interests	19,096	865	40,178	6,378
	108,600	15,488	268,416	76,870
Total comprehensive income attributable to:				
Owners of the Company	71,393	27,760	249,580	75,049
Non-controlling interests	15,100	2,055	41,058	7,548
	86,493	29,815	290,638	82,597
EPS - Basic (sen)				
- Continuing operations	B11 20.16	3.51	50.82	17.14
- Discontinued operations	(0.21)	0.15	0.01	0.36
	19.95	3.66	50.83	17.50

The notes set out on pages 7 to 33 form an integral part and should be read in conjunction with this interim financial report.

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2020

	Unaudited	Audited
	As At	As At
	30.9.2020	31.12.2019
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Intangible asset	2,018,847	2,048,137
Property, plant and equipment	235,485	222,770
Right of Use Assets	102,294	95,989
Investment properties	177,212	177,212
Inventories	43,443	43,443
Investment in quoted shares	56,537	49,385
Associate and joint venture	4,000	4,000
Investment in unquoted shares	335	335
Goodwill on consolidation	8,357	8,357
	2,646,510	2,649,628
Current Assets		
Inventories	63,787	66,974
Receivables	235,813	97,347
Contract assets	416	104
Assets classified as held for sale	3	2
Bank balances and deposits	144,486	91,031
	444,505	255,458
TOTAL ASSETS	3,091,015	2,905,086
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	743,121	593,586
Treasury shares	(30,046)	(30,046)
Reserves	1,170,847	971,706
	1,883,922	1,535,246
Non-Controlling Interests	214,204	176,642
Total Equity	2,098,126	1,711,888
Non-Current Liabilities		
Payables	480	444
Lease liabilities	8,746	9,711
Long-term borrowings	531,708	27,929
Deferred tax liabilities	97,884	95,935
	638,818	134,019
Current Liabilities		
Payables	181,563	314,899
Short-term borrowings	149,106	718,211
Derivative liability	-	4,391
Lease liabilities	4,000	4,117
Liabilities of assets classified as held for sale	16,650	16,650
Taxation	2,752	911
	354,071	1,059,179
Total Liabilities	992,889	1,193,198
TOTAL EQUITY AND LIABILITIES	3,091,015	2,905,086
Net Assets Per Ordinary Share (RM)	3.98	3.67

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Changes in Equity
For the 9-month period ended 30 September 2020

	← Non-Distributable							→ Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Employees' Share Option Reserve RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2019	540,667	(30,046)	17,597	(6,811)	(15,673)	-	14,583	647	831,816	1,352,780	172,756	1,525,536
Total comprehensive income for the period	-	-	-	12,483	(2,008)	-	-	(5,918)	70,492	75,049	7,548	82,597
Contributions by and distributions to owners of the Company:-												
Dividends paid to:												
- shareholders of the Company	-	-	-	-	-	-	-	-	(7,999)	(7,999)	-	(7,999)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,749)	(2,749)
Issuance of ordinary shares arising from:												
- conversion of Warrants	17,926	-	-	-	-	-	(1,981)	-	-	15,945	-	15,945
- exercise of ESOS options	2,745	-	(659)	-	-	-	-	-	-	2,086	-	2,086
Total transactions with owners of the Company	20,671	-	(659)	-	-	-	(1,981)	-	(7,999)	10,032	(2,749)	7,283
Gain on dilution of interest in subsidiaries	-	-	-	-	-	-	-	-	28	28	(28)	-
Subscription of shares in subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	-	450	450
Balance at 30.9.2019	561,338	(30,046)	16,938	5,672	(17,681)	-	12,602	(5,271)	894,337	1,437,889	177,977	1,615,866

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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 9-month period ended 30 September 2020

	← Non-Distributable						→ Distributable					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Employees' Share Option Reserve RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	
Balance at 1.1.2020	593,586	(30,046)	16,452	(19,011)	(9,539)	12,867	9,254	(4,391)	966,074	1,535,246	176,642	1,711,888
Total comprehensive income for the period	-	-	-	13,363	3,588	-	-	4,391	228,238	249,580	41,058	290,638
Contributions by and distributions to owners of the Company:-												
Dividends paid to:												
- shareholders of the Company	-	-	-	-	-	-	-	-	(28,421)	(28,421)	-	(28,421)
Issuance of ordinary shares arising from:												
- conversion of Warrants	82,201	-	-	-	-	-	(9,062)	-	-	73,139	-	73,139
- exercise of ESOS options	67,334	-	(16,452)	-	-	-	-	-	-	50,882	-	50,882
Warrants lapsed	-	-	-	-	-	-	(192)	-	192	-	-	-
Total transactions with owners of the Company	149,535	-	(16,452)	-	-	-	(9,254)	-	(28,229)	95,600	-	95,600
Loss on dilution of interest in a subsidiary	-	-	-	-	-	-	-	-	(51)	(51)	51	-
Gain arising from disposal of equity investments recycled to retained profits	-	-	-	-	(740)	-	-	-	740	-	-	-
Transfer to legal reserve	-	-	-	-	-	17,734	-	-	(14,187)	3,547	(3,547)	-
Balance at 30.9.2020	743,121	(30,046)	-	(5,648)	(6,691)	30,601	-	-	1,152,585	1,883,922	214,204	2,098,126

The notes set out on pages 7 to 33 form an integral part and should be read in conjunction with this interim financial report.

Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 9-month period ended 30 September 2020

	9-Month Ended	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax		
- Continuing operations	272,859	93,914
- Discontinued operations	319	421
Adjustments for non-cash flow - Non-cash items	79,344	(71,467)
- Non-operating items	15,182	2,961
Operating profit before working capital changes	367,704	25,829
Changes in working capital - Net change in assets	(143,222)	9,445
- Net change in liabilities	28,119	(5,720)
Cash from operations	252,601	29,554
Income tax paid	(2,262)	(2,542)
Net cash from operating activities	250,339	27,012
Cash flows for investing activities		
Cash outflow for Don Sahong Hydropower Project	(163,268)	(219,659)
Dividends received	751	914
Interest received	1,033	1,356
Payments for purchase of:		
- property, plant and equipment	(23,476)	(22,145)
- right of use assets	(9,987)	(231)
- Quoted Shares	(7,723)	-
Proceeds from disposal of:		
- property, plant and equipment	-	49
- quoted shares	4,159	-
Net cash for investing activities	(198,511)	(239,716)

Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 9-month period ended 30 September 2020

	9-Month Ended	
	30.9.2020	30.9.2019
	RM'000	RM'000
Cash flows (for)/from financing activities		
Dividends paid to:		
- shareholders of the Company	(28,421)	(7,999)
- subsidiary's non-controlling interests	-	(2,749)
Interest paid	(16,966)	(5,242)
Net (repayment)/drawdown of:		
- Revolving credits and bankers' acceptances	(712,500)	622,955
- Lease liabilities	(1,082)	(940)
- Loans	628,217	(457,723)
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	50,882	2,086
- Conversion of Warrants	73,139	15,945
Proceeds from issuance of shares by subsidiaries to non-controlling interests	-	450
Advances from shareholder	-	-
Placement of short-term deposits pledged with banks	(2,023)	(1,058)
Net cash (for)/from financing activities	(8,754)	165,725
Effect of foreign exchange translation	(1,224)	596
Net increase/(decrease) in cash and cash equivalents	41,850	(46,383)
Cash and cash equivalents at beginning of the period	87,954	122,118
Cash and cash equivalents at end of the period	129,804	75,735
Cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
<u>Continuing operations</u>		
Bank balances and deposits	127,047	91,976
Bank overdrafts	(11,004)	(14,572)
<u>Discontinued operations</u>		
Bank balances and deposits	17,439	994
	133,482	78,398
Less:		
- Deposits pledged to licensed banks	(3,678)	(2,663)
	129,804	75,735

The notes set out on pages 7 to 33 form an integral part and should be read in conjunction with this interim financial report.

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Issuers Communication No. 1/2017 - Guidance on Disclosures in Notes to Quarterly Report issued by Bursa Malaysia.

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

- (a) During the current quarter and 9-month period ended 30 September 2020, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
Amendment to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2020

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any impact on the Group’s financial statements.

A1. Basis of preparation (Cont'd)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ending 31 December 2020:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts & Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Defer until further notice
Amendments to MFRS 16: COVID-19 - Related Rent Concessions	1 January 2021
Amendments to MFRS 3: References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2019.

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's principal business operations were not significantly affected by seasonal or cyclical factors.

A4. Unusual item

There was no item affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size or incidence in these financial statements.

A5. Nature and amount of changes in estimates

There was no change in estimates of amounts reported in prior periods that have a material effect in the period under review.

A6. Debt and equity securities

	Number of Ordinary Shares		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 1.1.2020	438,342	(20,497)	593,586	(30,046)
New ordinary shares issued arising from:				
- Exercise of ESOS options	22,889	-	67,334	-
- Conversion of Warrants	32,945	-	82,201	-
At 30.9.2020	<u>494,176</u>	<u>(20,497)</u>	<u>743,121</u>	<u>(30,046)</u>

During the 9-month period ended 30 September 2020, the Company issued new ordinary shares in the following manner:

	<u>Issue Price</u>	<u>No. of Shares</u>
Exercise of ESOS options	1.34	135,862
Exercise of ESOS options	2.00	11,834,549
Exercise of ESOS options	2.41	9,898,000
Exercise of ESOS options	2.89	600,000
Exercise of ESOS options	3.40	120,000
Exercise of ESOS options	3.45	300,000
Conversion of Warrants	2.22	32,945,377

The Company's Warrants 2016/2020 expired on 8 April 2020 at the expiry date. There are no Warrants which remained outstanding as at 30 September 2020 (31.12.2019: 33,533,849).

The Company's ESOS 2010/2020 expired on 31 July 2020. There are no share options granted to the Group's employees and directors which remained outstanding as at 30 September 2020 (31.12.2019: 22,888,411).

Of the total 494,176,051 (31.12.2019: 438,342,263) issued ordinary shares as at 30 September 2020, 20,497,300 (31.12.2019: 20,497,300) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue as at 30 September 2020 was therefore 473,678,751 (31.12.2019: 417,844,963).

Other than as disclosed above, there was no issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares in these financial statements.

A7. Discontinued operations

The discontinued operations related to the Power plant in Tawau, Sabah operated by 51%-owned Serudong Power Sdn Bhd (“SPSB”). The Power Purchase Agreement (“PPA”) expired on 2 December 2017.

Accordingly, the Group has presented and disclosed in these financial statements (including comparative information) the results of SPSB under discontinued operations in accordance to MFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), separately from continuing operations where the results of discontinued operations for current quarter and 9-month period ended 30 September 2020 are presented as follows:

	3rd Quarter Ended 30.9.2020 RM'000	3rd Quarter Ended 30.9.2019 RM'000	9-Month Period Ended 30.9.2020 RM'000	9-Month Period Ended 30.9.2019 RM'000
Revenue	-	-	-	-
Cost of sales	(8)	(31)	(30)	(121)
Gross loss	(8)	(31)	(30)	(121)
Other income	220	458	1,047	1,460
Operating expenses	(214)	(290)	(698)	(918)
(Loss)/Profit from operations	(2)	137	319	421
Finance costs	-	-	-	-
(Loss)/Profit before tax	(2)	137	319	421
Income tax expense	848	(217)	(238)	(1,416)
Profit/(Loss) after tax for the period	846	(80)	81	(995)
Other comprehensive expenses	-	-	-	-
Total comprehensive income/(expenses) for the period	846	(80)	81	(995)
Profit/(Loss) after tax attributable to:				
Owners of the Company	(928)	610	60	1,437
Non-controlling interests	1,774	(690)	21	(2,432)
	846	(80)	81	(995)
Total comprehensive income/(expenses) attributable to:				
Owners of the Company	(928)	610	60	1,437
Non-controlling interests	1,774	(690)	21	(2,432)
	846	(80)	81	(995)

A7. Discontinued operations (Cont'd)

The following amounts have been included in arriving at profit/(loss) before tax of the discontinued operations:

	3rd Quarter Ended 30 September		9-Month Period Ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
After crediting:				
Gain on disposal of property, plant and equipment	-	-	-	8
Interest income				
- external	55	17	74	91
- intra-group companies	165	440	973	1,349
After charging:				
Writedown in value of inventories	-	-	-	10

A8. Segment information

9-Month Period Ended 30 September 2020	Power RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	371,206	102,159	68,970	10,820	-	553,155
- Discontinued operations	-	-	-	-	-	-
	371,206	102,159	68,970	10,820	-	553,155
Inter-segment revenue	-	-	-	1,924	(1,924)	-
Consolidated revenue	371,206	102,159	68,970	12,744	(1,924)	553,155
Results						
Profit from operations						
- Continuing operations	274,200	14,307	7,370	(3,551)	(2,501)	289,825
- Discontinued operations	319	-	-	-	-	319
	274,519	14,307	7,370	(3,551)	(2,501)	290,144
Finance costs						(16,966)
Profit before tax						273,178
Income tax expense						(4,762)
Profit after tax						268,416
Total assets						
At 30 September 2020	3,655,163	319,808	92,416	1,237,928	(2,214,300)	3,091,015

A8. Segment information (Cont'd)

9-Month Period Ended 30 September 2019	Power RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	331,073	111,305	49,769	14,255	-	506,402
- Discontinued operations	-	-	-	-	-	-
	331,073	111,305	49,769	14,255	-	506,402
Inter-segment revenue	-	-	-	74,188	(74,188)	-
Consolidated revenue	331,073	111,305	49,769	88,443	(74,188)	506,402
Results						
Profit from operations						
- Continuing operations	85,498	14,827	1,092	73,776	(76,037)	99,156
- Discontinued operations	421	-	-	-	-	421
	85,919	14,827	1,092	73,776	(76,037)	99,577
Finance costs						(5,242)
Profit before tax						94,335
Income tax expense						(17,465)
Profit after tax						76,870
Total assets						
At 31 September 2019	2,163,742	315,123	78,468	1,743,510	(1,395,757)	2,905,086

A9. Dividend paid

The details of dividend paid during the current quarter and 9-month period ended 30 September 2020 are disclosed in B9 to these financial statements.

A10. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the period reported up to 12 November 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A11. Significant event during the reporting period

On 30 August 2020, Bayangan Sutera Sdn Bhd (“BSSB”), an indirect wholly-owned subsidiary of the Company, entered into a Supplemental Agreement with Menteri Besar Incorporated (Perak) (“MB Inc”) to vary the terms and conditions of the Option Agreement dated 13 August 2019 between the same parties.

The variations were made to enable and accommodate the participation of BSSB and Pekat Teknologi Sdn Bhd (“PTSB”) in the fourth bidding exercise for the development of large scale solar photovoltaic plant in Malaysia (“LSS 4”). The salient variations are as follows:

(a) Extension of the Option Period

The expiry of the Option Period was extended from 31 December 2020 to 30 June 2021.

b) Variation to Option to Lease

The Option to Lease was changed from “the whole, a part or parts of the Land” to “Portion A and/or Portion B” of the Land as delineated in the Supplemental Agreement.

c) Right to assign the Option to Lease

BSSB will be permitted to assign the Option to Lease on either Portion A or Portion B of the Land to PTSB in the event that PTSB is successful in its LSS 4 bid. Such assignment was prohibited under the Option Agreement.

Other than the above, there was no significant event during the reporting period.

The Coronavirus Disease 2019 (“COVID-19”) outbreak and the various governmental measures to contain the spread of the virus in Malaysia and elsewhere in the world did not have an adverse material impact to the earnings of the Group in the current quarter and 9-month period ended 30 September 2020, as detailed in B1, B2 and B3 to these financial statements.

A12. Significant event subsequent to the end of the reporting period

There was no significant event subsequent to the end of the period reported up to 12 November 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

The ongoing COVID-19 outbreak and health measures are not expected to have a material impact to the overall earnings of the Group.

A13. Changes in composition of the Group

As part of the Group's plans and strategy to grow the renewable energy within its Power Division, the following subsidiaries were incorporated/acquired with the objective to undertake solar photovoltaic investment business activities:

- (a) On 2 March 2020, MFP Solar International Limited, a wholly-owned subsidiary of MFCB incorporated a 100% owned subsidiary, namely MFP Solar (Cambodia) Co. Ltd. with a registered capital of 140,000,000 Riels (equivalent to USD35,000); and
- (b) On 16 July 2020, MFP Solar Sdn Bhd ("MFP Solar"), an indirect 55%-owned subsidiary of MFCB acquired 100 ordinary shares representing the entire issued and paid-up share capital of MF Solar Sdn Bhd ("MFS") for a total cash consideration of RM100.

Other than as disclosed above, there was no change in the composition of the Group for current quarter and 9-month period ended 30 September 2020.

A14. Changes in contingent liabilities and assets

- (a) Contingent liability

On 5 October 2016, Idaman Harmoni Sdn. Bhd. ("IHSB"), an indirect 65% owned subsidiary of the Company, was served with the following notices of assessment showing additional taxes and penalties totaling RM22,795,912:

- (i) Notice of Additional Assessment dated 20 September 2016 for Year of Assessment ("YA") 2010 whereby additional tax (inclusive of penalty of 50%) of RM37,763.50 has been imposed by the Inland Revenue Board of Malaysia ("IRBM") ("Form JA").
- (ii) Notice of Reduced Assessment dated 23 September 2016 for YA 2009 whereby tax of RM35,429.00 has been reduced by IRBM ("Form JR").
- (iii) Notice of Assessment dated 23 September 2016 for YA 2009 whereby tax (inclusive of penalty of 100%) of RM22,793,577.50 has been imposed by IRBM ("Form J").

There will be additional late payment penalty imposition of up to 15.5% on the above unpaid taxes and penalties.

A14. Changes in contingent liabilities and assets (Cont'd)

(a) Contingent liability (Cont'd)

The abovementioned taxes and penalties imposed by IRBM are in relation to a joint venture entered into by IHSB as the landowner with a property developer for the construction of an office and residential property known as PJ8 pursuant to an agreement dated 23 April 2004.

The IRBM has taken the view that there is a deemed disposal of the PJ8 property by IHSB which is subject to income tax. This transaction was treated by IHSB as a capital transaction which was liable to Real Property Gains Tax in Year 2004. IHSB is a property investment company and has not disposed of any of its PJ8 properties since completion.

Based on advice from both its tax consultants and solicitors, IHSB is of the view that the assessment raised by IRBM are statute barred and erroneous in law. IHSB has filed its appeals against the assessments to the Special Commissioners of Income Tax ("SCIT") on 28 October 2016.

On 1 September 2020, SCIT has dismissed IHSB's appeals. IHSB has been advised by its solicitors that there are strong and valid grounds for an appeal to be made against the SCIT's decision. IHSB has registered the appeal with the High Court on 15 September 2020 and is now awaiting notification from the High Court.

By virtue of the consent judgment with the Government dated 5 October 2018, IHSB does not have to pay the taxes imposed by IRBM under the Assessments until IHSB's appeal to the High Court (and any appeal to the Court of Appeal, if any) has been finally determined.

Other than as disclosed above, there was no material contingent liability as at 12 November 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 12 November 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A15. Capital commitments

As at 30 September 2020, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
- Contracted	51,100
- Non-contracted	17,879
	68,979
	68,979

A16. Significant related party transactions

	3rd Quarter Ended 30.9.2020 RM'000	9-Month Period Ended 30.9.2020 RM'000
Sales of lime products to a joint venture company	677	689
	677	689
	677	689

Other than as disclosed above, there was no significant related party transaction during the current quarter and 9-month period ended 30 September 2020.

A17. Derivative financial instruments

	30.9.2020 RM'000	31.12.2019 RM'000
<u>Derivative liability</u>		
Interest rate swap	-	4,391
	-	4,391
	-	4,391

The Interest Rate Swap (“IRS”) was executed in 2017 with credit-worthy financial institution in order to partially hedge against potential increases in the LIBOR arising from the LIBOR-pegged US Dollar loan facility which was obtained for the purpose of part financing the construction of the Don Sahong Hydropower Project (“Don Sahong”).

With the IRS, it effectively swaps out the LIBOR with a fixed interest rate of 2.5% per annum. The IRS has the same maturity terms as the underlying principal instrument and is settled every month which is consistent to latter’s interest repayment schedule.

The Group fully settled the above LIBOR-pegged US Dollar facility in July 2020 and the IRS was terminated concurrently. Accordingly, the cumulative derivative liability balance up to termination date is recycled through profit or loss in the current quarter ended 30 September 2020.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance review - Current quarter ended 30 September 2020 ("3Q2020") versus ("vs") the corresponding quarter ended 30 September 2019 ("3Q2019")

Continuing Operations

	3Q2020	3Q2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	211,213	125,510	85,703	68.3%
Other expenses, net	(2,390)	(686)	(1,704)	248%
Earning before interest, depreciation, amortisation and tax ("EBITDA")	138,736	25,034	113,702	454.2%
Profit before tax	109,031	18,932	90,099	475.9%
Profit after tax	107,754	15,568	92,186	592.2%
Profit after tax attributable to owners of the Company	90,432	14,013	76,419	545.3%
Revenue				
Power	137,518	61,023	76,495	125.4%
Resources	41,066	40,203	863	2.1%
Packaging & Labels	28,113	18,388	9,725	52.9%
Sub-total	206,697	119,614	87,083	72.8%
Investment holding & others	4,516	5,896	(1,380)	-23.4%
Total revenue	211,213	125,510	85,703	68.3%
Profit before tax				
Power	102,356	14,095	88,261	626.2%
Resources	7,059	5,450	1,609	29.5%
Packaging & Labels	3,499	140	3,359	2399.3%
Sub-total	112,914	19,685	93,229	473.6%
Investment holding & others	(3,883)	(753)	(3,130)	415.7%
Total profit before tax	109,031	18,932	90,099	475.9%
Additional Information:				
Construction revenue	-	61,023	(61,023)	-100.0%
Construction profit	-	16,390	(16,390)	-100.0%

B1. Performance review - 3Q2020 vs 3Q2019 (Cont'd)

Continuing Operations

Group revenue in current quarter rose 68.3% to RM211.2 million (3Q2019: RM125.5 million) mainly due to RM137.5 million energy sales revenue (3Q2019: Nil) and higher contribution from Packaging & Labels Division (up 52.9% to RM28.1 million), partially offset by the absence of construction revenue (3Q2019: RM61.0 million). Resources Division's revenue is marginally up by 2.1% to RM41.1 million amidst COVID-19.

Pre-tax profit surged 476% to RM109.0 million (3Q2019: RM18.9 million), underpinned by a RM102.4 million pre-tax profit from energy sales (3Q2019: nil), higher profit contribution from both the Resources Division (up 29.5% to RM7.1 million) and the Packaging & Labels Division (up 2,399% to RM3.5 million), partially offset by the absence of construction profit in current quarter (3Q2019: RM61.0 million) and foreign exchange losses (represented in increased losses in Investment Holdings & Others) due to a stronger Ringgit against the US Dollar.

Power Division

The Power Division derived nearly all of its RM137.5 million revenue in the current quarter from Don Sahong's hydro energy sales to Électricité du Laos ("EDL") (3Q2019: nil). Included in turnover for the quarter under review was RM0.1 million maiden revenue contribution from solar energy sales from the Group's first 1.5MW industrial rooftop solar project which commenced operations in August 2020. Revenue in the same period last year of RM61.0 million comprised progressive recognition of construction revenue of Don Sahong (3Q2020: nil). Construction of Don Sahong was completed in 4Q2019.

The average Energy Availability Factor ("EAF") of Don Sahong for the current quarter was 92.4%. This was an improvement from the first and second quarter of 70.7% and 86.7% respectively as a result of the onset of the annual wet season in June 2020. The EAF of the current quarter would have been higher if not for the scheduled turbine maintenance during the period.

The division recorded an EBITDA of RM126.5 million and a pre-tax profit of RM102.4 million in the quarter under review, representing an EBITDA and pre-tax profit margin of 92.0% and 74.5%, respectively.

B1. Performance review - 3Q2020 vs 3Q2019 (Cont'd)

Resources Division

The Resources Division registered an 2.1% increase in revenue year-on-year from RM40.2 million to RM41.1 million, led by a 2.7% rise in sales of lime products to RM37.2 million, while revenue of other products (including calcium carbonate powder, quarry by-products and cement bricks), came in flat at RM2.9 million.

Despite the Conditional Movement Control Order ("CMCO") in Malaysia and lockdown measures undertaken by regional customer nations to curb the spread of Covid-19 virus, sales volume of lime products for current quarter rose 7.8% as orders from new customers more than offset overall weaker demand from existing customers.

The average selling price ("ASP") of lime products was 4.8% lower when compared to the same quarter last year due mainly to change in customer sales mix.

Pre-tax profit improved 29.5% to RM7.1 million, against RM5.5 million recorded a year ago on higher customer demand and improved plant utilisation rate resulting in lower unit production cost.

Packaging & Labels Division

Packaging & Labels Division registered sales growth of 52.9% to RM28.1 million (3Q2019: RM18.4 million) in the current quarter, underpinned by increased orders of flexible plastic and paper packaging products from both new and existing customers.

Consequently, the Division's pre-tax profit jumped 2,399% to RM3.5 million from RM0.1 million posted in the same period last year, on higher turnover, improved plant efficiency and lower wastage.

B2. Performance review - Year-to-date 30 September 2020 ("YTD 30.9.2020) versus ("vs") corresponding Year-to-date 30 September 2019 ("YTD 30.9.2019")

Continuing Operations

	YTD30.9.2020 RM'000	YTD30.9.2019 RM'000	Changes RM'000 %	
Revenue	553,155	506,402	46,753	9.2%
Other expenses, net	(2,571)	(2,500)	(71)	2.8%
Earning before interest, depreciation, amortisation and tax ("EBIDTA")	365,353	111,614	253,739	227.3%
Profit before tax	272,859	93,914	178,945	190.5%
Profit after tax	268,335	77,865	190,470	244.6%
Profit after tax attributable to owners of the Company	228,178	69,055	159,123	230.4%
Revenue				
Power	371,206	331,073	40,133	12.1%
Resources	102,159	111,305	(9,146)	-8.2%
Packaging & Labels	68,970	49,769	19,201	38.6%
Sub-total	542,335	492,147	50,188	10.2%
Investment holding & others	10,820	14,255	(3,435)	-24.1%
Total revenue	553,155	506,402	46,753	9.2%
Profit before tax				
Power	260,712	85,385	175,327	205.3%
Resources	13,320	13,302	18	0.1%
Packaging & Labels	5,637	(685)	6,322	922.9%
Sub-total	279,669	98,002	181,667	185.4%
Investment holding & others	(6,810)	(4,088)	(2,722)	66.6%
Total profit before tax	272,859	93,914	178,945	190.5%
Additional Information:				
Construction revenue	-	331,073	(331,073)	-100.0%
Construction profit	-	88,922	(88,922)	-100.0%

B2. Performance review - YTD 30.9.2020 vs YTD 30.9.2019 (Cont'd)

The Group's total revenue expanded 9.2% to RM553.2 million in the first 9 months of 2020 from RM506.4 million a year ago. The increase in turnover was mainly attributable to a RM371.2 million energy sales revenue (3Q2019: Nil) and higher revenue contribution from the Packaging & Labels Division (up 38.6% to RM69.0 million), which more than offset the absence of construction revenue in this period (9M2019: RM331.1 million) and an 8.2% decline in contribution from the Resources Division.

Group pre-tax profit almost tripled to RM273.9 million (9M2019: RM93.9 million), underpinned by income from energy sales amounting to RM260.7 million (9M2019: RM3.5 million loss) and higher contribution from the Packaging & Labels Division (RM5.6 million profit in the current period versus a loss of RM0.7 million a year ago), partially offset by the absence of construction profit in the current period (9M2019: RM88.9 million) and higher foreign exchange losses (as represented in higher losses in Investment Holdings & Others). The Resources division was able to maintain its pre-tax profit performance at RM13.3 million due to a strong business recovery in the third quarter which offset lower profitability in the first half of the year on COVID-19 impact.

Net profit from continuing operations rose 245% from RM77.9 million to RM268.3 million. Effective income tax rate of 1.7% in the current period was lower than 17.1% in the same period last year as income from energy sales in Laos is exempted from income tax for a period of five years from commercial operation date (COD), whereas, the construction profit recognised in the same period last year attracted a 20% deferred tax provision.

Power Division

Don Sahong achieved a cumulative 9-month energy sales revenue of RM371.1 million, representing an average EAF of 83.3%.

EBITDA for the period was RM336.4 million, while pre-tax profit came in at RM260.5 million, translating into an EBITDA and pre-tax profit margin of 90.6% and 70.3%, respectively.

Earnings of the Power Division in the corresponding period of 2019 were derived from progressive recognition of construction revenue and profit of Don Sahong.

B2. Performance review - YTD 30.9.2020 vs YTD 30.9.2019 (Cont'd)

Resources Division

The Resources Division posted an 8.2% decrease in revenue to RM102.2 million, mainly on lower ASP and weaker domestic demand for lime products during the 2nd quarter of 2020 caused by the Movement Control Order (“MCO”) in Malaysia and lockdown measures implemented by the governments of other countries to curb the spread of COVID-19.

Sales of lime products fell 7.1% to RM93.4 million (9M2019: RM100.6 million). Sales volume of lime products contracted 2.7% mainly on slower domestic demand, while ASP was 4.6% lower on a change in the customers’ sales mix. Revenue contribution from other products, primarily calcium carbonate powder, limestone and cement bricks came in 18.3% lower at RM8.8 million (9M2019: RM10.8 million), on COVID-19 impact.

Despite a lower sales volume and ASP, pre-tax profit came in flat year-on-year on lower operating expenses and financing costs.

Packaging & Labels Division

Revenue from the Packaging & Labels Division rose 38.6% to RM69.0 million (9M2019: RM49.8 million), largely on new customer orders for flexible packaging products and paper bags, which more than offset slower demand from existing customers due to COVID-19.

The division posted a pre-tax profit of RM5.6 million for the 9-month period ended 30 September 2020, compared to a pre-tax loss of RM0.7 million in the same period last year, on higher turnover, lower wastage and improved production capacity utilisation.

B2. Performance review - YTD 30.9.2020 vs YTD 30.9.2019 (Cont'd)

(a) Assets and Liabilities

Changes in key assets and liabilities during the 9-month period ended 30 September 2020 are explained below:

Asset/Liability Items	As At 30.9.2020 RM'000	As At 31.12.2019 RM'000	Changes RM'000	Explanation
Intangible asset	2,018,847	2,048,137	(29,290)	Decrease was due to a RM61.7 million amortisation charge for the period, partially offset by translation gain of RM32.4 million.
Property, plant and equipment ("PPE")	235,485	222,770	12,715	Increase mainly due to RM23.5 million CAPEX, comprising mainly: (a) RM12.0 million on plantation development in Cambodia; (b) RM 5.5 million on solar photovoltaic power projects; (c) RM 2.9 million on expanding packaging production capacity; and (d) RM 2.8 million on manufacturing facilities of the Resources Division. Partially offset by RM11.0 million depreciation charge for the period.
Right-Of-Use Assets	102,294	95,989	6,305	Increase due mainly to RM10.0 million CAPEX, partially offset by RM3.7 million depreciation charge for the period.
Investment properties	177,212	177,212	-	No movement in the current period.
Inventories (non-current)	43,443	43,443	-	No movement in the current period.

B2. Performance review - YTD 30.9.2020 vs YTD 30.9.2019 (Cont'd)

(a) Assets and Liabilities (Cont'd)

Significant changes in key assets and liabilities during the 9-month period ended 30 September 2020 are explained below:

Asset/Liability Items	As At 30.9.2020 RM'000	As At 31.12.2019 RM'000	Changes RM'000	Explanation
Investment in quoted shares	56,537	49,385	7,152	Increase due to fair value gain and purchases of quoted securities during the period
Inventories (current)	63,787	66,974	(3,187)	Decrease mainly due to lower inventory level held by Resources Division.
Receivables	235,813	97,347	138,466	Increase mainly due to increase in trade receivable from EDL on higher energy sales, largely made up of energy sales during the period from Jun to Sept 2020
Deferred tax liabilities	97,884	95,935	1,949	Increase due to translation effect on US Dollar denominated deferred tax liability.
Payables (current)	181,563	314,899	(133,336)	Decrease mainly due to partial settlement of amount owing to EPC contractor of Don Sahong.

B2. Performance review - YTD 30.9.2020 vs YTD 30.9.2019 (Cont'd)

(b) Group borrowings and debt securities

At 30 September 2020, total borrowings (exclude lease liabilities) amounted to RM680.8 million, a RM65.3 million decline from RM746.1 million at the beginning of the year. The Table below sets out the salient information on the Group's bank borrowings:

	Long-term		Short-term		Total
	USD RM'000	RM RM'000	USD RM'000	RM RM'000	As at 30.9.2020 RM'000
Secured					
Revolving credits and bankers' acceptance	-	-	-	13,150	13,150
Term loans		24,737		8,598	33,335
Bank overdrafts	-	-	-	11,004	11,004
	-	24,737	-	32,752	57,489
Unsecured Loan	506,971	-	116,354	-	623,325
Total Borrowings	<u>506,971</u>	<u>24,737</u>	<u>116,354</u>	<u>32,752</u>	<u>680,814</u>

The decrease in total borrowings since 31 December 2019 was primarily attributable to loan repayments with cash flow from operations and proceeds from the issue of new shares (see below cash flow analysis).

Interest rate on the Group's bank borrowings are floating in nature.

The Group has no debt securities as at 30 September 2020.

(c) Cash flow analysis for the 9-month period ended 30 September 2020

The Group generated RM250.3 million cash from its operating activities during the 9-month period ended 30 September 2020, a marked improvement from RM27.0 million reported in the corresponding period of 2019 due mainly to the commencement of commercial operation of Don Sahong at the beginning of the year.

In the same period, the Company raised RM124.0 million capital from the issue of new ordinary shares arising from Warrants 2016/2020 conversion and the exercise of ESOS options.

The funds generated from operating activities and new equity during the period were mainly applied in the following areas:

1. RM163.3 million for partial repayment of amount owing to the EPC contractor of Don Sahong;
2. RM101.2 million for interests and principal repayment (net) of borrowings;
3. RM33.5 million for capex (see balance sheet analysis above);
4. RM28.4 million for dividend payments to the Company's shareholders; and
5. RM41.8 million increase in Group's cash and cash equivalents.

B3. Variation of Current Quarter ("3Q2020") versus ("vs") Preceding Quarter ("3Q2020")

Continuing Operations

	3Q2020 RM'000	2Q2020 RM'000	Changes	
			RM'000	%
Revenue	211,213	181,255	29,958	16.5%
Other (expenses)/income, net	(2,390)	1,512	(3,902)	-258.1%
Earning before interest, depreciation, amortisation and tax ("EBITDA")	138,736	127,959	10,777	8.4%
Profit before tax	109,031	97,335	11,696	12.0%
Profit after tax	107,754	95,333	12,421	13.0%
Profit after tax attributable to owners of the Company	90,432	80,852	9,580	11.8%
Revenue				
Power	137,518	130,425	7,093	5.4%
Resources	41,066	26,624	14,442	54.2%
Packaging & Labels	28,113	21,615	6,498	30.1%
Sub-total	206,697	178,664	28,033	15.7%
Investment holding & others	4,516	2,591	1,925	74.3%
Total revenue	211,213	181,255	29,958	16.5%
Profit before tax				
Power	102,356	93,678	8,678	9.3%
Resources	7,059	1,969	5,090	258.5%
Packaging & Labels	3,499	1,659	1,840	110.9%
Sub-total	112,914	97,306	15,608	16.0%
Investment holding & others	(3,883)	29	(3,912)	-13490%
Total profit before tax	109,031	97,335	11,696	12.0%

B3. Variation of 3Q2020 vs 3Q2020 (Cont'd)

Group turnover improved 16.5% quarter-on-quarter from RM181.3 million to RM211.2 million. The Power Division registered a 5.4% increase in energy sales to RM137.5 million due to higher water levels. Revenue of the Resources Division rebounded strongly following the opening up of the economy in Malaysia and the region after 2-3 months of lockdown, rising 54.2% to RM41.1 million. Sales contribution from the Packaging & Labels Division was up 30.1% at RM28.1 million on increased orders from new customers and a gradual recovery of orders from existing customers.

Accordingly, Group pre-tax profit rose 12.0% to RM109.0 million (2Q2020: 97.3 million), bolstered by improved profit contributions from all three divisions, partially offset by higher foreign exchange losses (as represented by increased losses in Investment Holding & Others). Notably, pre-tax profit of the Power Division expanded 9.3% to RM102.4 million, while the Resources and Packaging & Labels Divisions posted pre-tax profit growth of 259% to RM7.1 million and 111% to RM3.5 million, respectively.

Power Division

The Power Division posted revenue of RM137.5 million, representing a 5.4% quarter-on-quarter improvement, against RM130.4 million in 2Q2020 mainly on a higher average EAF of 92.4% compared to 86.7% in the previous quarter. The higher EAF achieved in the current quarter was attributable to the onset of the wet season starting from June 2020. Included in the current quarter revenue was RM0.1 million solar energy sales (2Q2020: nil) following the completion of the Group's first 1.5 MW industrial rooftop project in August 2020.

Pre-tax profit rose 9.3% quarter-to-quarter to RM102.4 million (2Q2020: RM93.7 million) on higher energy sales volume, lower interest costs and lower operating expenses. Consequently, pre-tax margin improved sequentially from 71.8% to 74.5% in the current quarter.

B3. Variation of 3Q2020 vs 3Q2020 (Cont'd)

Resources Division

The Resources Division's revenue surged by 54.2% to RM41.1 million (2Q2020: RM26.6 million) mainly due to a 51.4% increase in sales of lime products. Customer demand for lime products rebounded strongly in the third quarter after COVID-19 related lockdowns in Malaysia and the region were gradually eased and economic activities returned.

Other products (including sales of calcium carbonate powder and quarrying by-product) also saw a jump in sales, rising 87.6% to RM3.9 million for the same reasons.

Sales of lime product improved 50.6% to RM37.2 million quarter-to-quarter, on a 48.7% growth in sales volume and a 1.9% improvement in ASP.

Pre-tax profit jumped 259% to RM7.1 million (2Q2020: RM2.0 million) on higher sales volume of lime products, higher ASP and improved plant utilisation rate.

Packaging & Labels Division

The Packaging & Labels Division registered an increase in revenue of 30.1% to RM28.1 million (2Q2020: RM21.6 million) due mainly to higher sales demand of flexible packaging products and paper bags from domestic and export markets.

Pre-tax profit more than doubled from RM1.7 million in the preceding quarter to RM3.5 million in the current quarter as a result of revenue growth, improved capacity utilisation and lower material wastage.

B4. Prospects

Power Division

Hydro - Don Sahong

In the absence of any scheduled turbine maintenance, and with the river water level expected to remain sufficiently high throughout the rest of the year, management estimates the average EAF of Don Sahong will likely improve further to 94-95% in the final quarter of this year. This is expected to translate into higher earnings contribution from Don Sahong in the fourth quarter when compared to the current quarter.

In light of the Covid-19 related travel restrictions and strict border control enforcement by the Government of Laos, management has decided to defer its plan to construct the 5th turbine by a year.

Solar – Large Scale Solar (LSS)

The Group has on 2 September 2020 submitted a bid to build a 50 MW large scale solar photovoltaic plant under the Energy Commission's 4th cycle Large-Scale Solar development scheme ("LSS4") in Malaysia.

Results of the bidding exercise is expected to be announced in January 2021. If successful, the project which carries a term of 21 years, is expected to be commissioned in 2023.

Solar - Commercial & Industrial ("C&I") Projects

Management continues to source for new business opportunities to expand its investments in C&I solar photovoltaic projects. At present, the Group has secured five (5) Solar C&I projects with a total installed capacity of 17MW. The first project of 1.5 MW has commenced commercial production in August 2020. The remaining secured projects are expected to be progressively implemented over the next 12-15 months.

B4. Prospects (Cont'd)

Resources Division

Management expects sales volume of lime products in the fourth quarter to weaken sequentially when compared to the current quarter. This is mainly due to slower offtake by existing customers as a result of plant maintenance and repair works and container shortages in some of the export routes. In addition, margins are expected to come under pressure from the current quarter as a result of recent sharp increases in freight rates of several key shipping routes due to container shortages.

Nonetheless, the Resources Division is expected to perform satisfactorily this year when compared to the previous year.

Packaging & Labels Division

The Group's packaging products are considered environmentally more friendly and sustainable when compared to many other types of packaging materials. These products offer tremendous growth opportunities as consumers become increasingly more conscious of the importance of sustainability.

Production of flexible plastic packaging products and paper bags has reached near capacity level in the third quarter of this year after two quarters of strong sequential growth. Management expects the fourth quarter performance to be sustained at around third quarter level on sustainable domestic and export demand, while awaiting new production capacities to kick in starting from 1Q2021.

To cope with growing domestic and overseas demand, the division has embarked on a major expansion program to increase the production capacity of paper bags by 200% by end 2021 and production capacity of flexible packaging by 100% by end 2021. The expansion, including the construction costs of two new factories, is expected to cost about RM120 million over the next 2 years.

B5. Profit forecast

The Group did not issue any profit forecast or profit guarantee.

B6. Income tax expense

	3rd Quarter Ended		9-Month Period Ended	
	30 September		30 September	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
- Malaysian	1,277	1,036	4,524	3,422
- Overseas	-	2,328	-	12,627
	1,277	3,364	4,524	16,049
<u>Discontinued operations</u>				
- Malaysian	(848)	217	238	1,416
	429	3,581	4,762	17,465

The Group's effective tax rate for the current quarter and 9-month period ended 30 September 2020 was significantly lower than the Malaysia's statutory tax rate of 24% because the profit derived from energy sales in the Lao People's Democratic Republic ("Lao PDR") is exempted from income tax during the period until the end of the 5th anniversary of Don Sahong Plant's commercial operation date ("COD").

B7. Status of corporate proposal

There was no corporate proposal announced but not completed at 12 November 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B8. Material litigations

GOM vs IHSB

Details of this tax dispute are disclosed in Note A14(a).

Other than as disclosed above, there was no material litigation as at 12 November 2020, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividends

- (a) A final single-tier dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2019 amounting to RM28,420,725 was paid on 25 August 2020 and has been included as a liability in these financial statements.
- (b) The Board has declared an interim single-tier dividend of 6.0 sen per ordinary share in respect of the financial year ending 31 December 2020 to be paid on 2 December 2020 based on shareholders registered on 25 November 2020 . This dividend has not been included as a liability in these financial statements; and
- (c) The total dividend declared to-date for the current financial year is 6.0 sen (30 September 2019: nil) per ordinary share.

B10. Detailed disclosure for consolidated statement of profit or loss and other comprehensive income

	3rd Quarter Ended 30 September		9-Month Period Ended 30 September	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Continuing Operations</u>				
After crediting:				
Dividend income	365	430	751	914
Gain on foreign exchange:				
- realised	-	20	-	1,745
- unrealised	0	0	0	98
Interest income	323	383	959	1,265
After charging:				
Allowance for impairment losses on:				
- receivables, net	(948)	-	(1,156)	(996)
Amortisation of intangible asset	(20,412)	-	(61,722)	-
Depreciation of:				
- property, plant and equipment	(3,659)	(4,651)	(11,011)	(13,723)
- right-of-use assets	(1,488)	(81)	(3,753)	(1,750)
Finance costs	(4,468)	(1,834)	(16,966)	(5,242)
Loss on foreign exchange:				
- realised	(594)	(45)	(393)	-
- unrealised	(1,008)	(343)	(195)	-
Write-down in value of inventories	(126)	(141)	(1,471)	(301)
Fair value loss on interest rate swap designated as cash flow hedge - transfer from Other Comprehensive Income	(9,546)	-	(9,546)	-
After other comprehensive income/(expenses)				
Foreign currency translation difference for foreign operations	(42,540)	14,493	14,243	13,653
Fair value changes of equity investments	20,548	227	13,134	(2,008)
Interest rate swap:				
- Fair value changes during the period	(115)	(393)	(5,155)	(5,918)
- Reclassified to profit or loss upon termination	9,546	-	9,546	-

B11. Earnings per share

	3rd quarter ended		9-month period ended	
	30 September		30 September	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company:				
- Continuing operations	90,432	14,013	228,178	69,055
- Discontinued operations	(928)	610	60	1,437
	<u>89,504</u>	<u>14,623</u>	<u>228,238</u>	<u>70,492</u>
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	454,507	417,364	438,342	420,426
Effect of treasury shares held	(20,497)	(20,497)	(20,497)	(20,497)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	14,687	432	7,562	217
- Warrants	-	2,106	23,581	2,749
	<u>448,697</u>	<u>399,405</u>	<u>448,988</u>	<u>402,895</u>
Basic earnings per share (sen):				
- Continuing operations	20.16	3.51	50.82	17.14
- Discontinued operations	(0.21)	0.15	0.01	0.36
- Total	<u>19.95</u>	<u>3.66</u>	<u>50.83</u>	<u>17.50</u>

The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and 9-month period ended 30 September 2020 excluding treasury shares held by the Company.

The diluted earnings per share is equal to the basic earnings per share as there is no outstanding dilutive potential equity instruments issued by the Company as at 30 September 2020.

B12. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 19 November 2020.