Mega First Corporation Berhad

Registration No. 196601000210 (6682-V)
Incorporated in Malaysia

Interim Financial Report
30 September 2021

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 2021

	3rd Quarter Ended 30.9.2021 RM'000	3rd Quarter Ended 30.9.2020 RM'000	9-Month Period Ended 30.9.2021 RM'000	9-Month Period Ended 30.9.2020 RM'000
Continuing operations				
Revenue	232,497	211,213	634,054	553,155
Cost of sales	(112,146)	(88,322)	(296,593)	(239,778)
Gross profit	120,351	122,891	337,461	313,377
Other income/(expenses)	3,860	(2,390)	8,042	(2,571)
Operating expenses	(10,666)	(7,002)	(31,389)	(20,981)
Profit from operations	113,545	113,499	314,114	289,825
Finance costs	(5,343)	(4,468)	(15,302)	(16,966)
Share of results in joint venture, net of tax	(62)	-	(62)	-
Profit before tax	108,140	109,031	298,750	272,859
Income tax expense	(2,026)	(1,277)	(4,360)	(4,524)
Profit after tax from continuing operations	106,114	107,754	294,390	268,335
Discontinued operations				
(Loss)/Profit after tax from discontinued operation	(149)	846	(307)	81
Profit after tax for the period	105,965	108,600	294,083	268,416
Other comprehensive income/(loss)	44,298	(22,107)	167,010	22,222
Total comprehensive income for the period	150,263	86,493	461,093	290,638
Profit after tax attributable to:				
Owners of the Company	88,863	89,504	249,524	228,238
Non-controlling interests	17,102	19,096	44,559	40,178
	105,965	108,600	294,083	268,416
Total comprehensive income attributable to:				
Owners of the Company	131,618	71,393	409,520	249,580
Non-controlling interests	18,645	15,100	51,573	41,058
	150,263	86,493	461,093	290,638
EPS - Basic (sen) B11				
- Continuing operations	9.39	10.08	26.35	25.41
- Discontinued operations	(0.01)	(0.10)	(0.01)	0.01
	9.38	9.98	26.34	25.42

The notes set out on pages 7 to 34 form an integral part and should be read in conjunction with this interim financial report.

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2021

	Unaudited As At 30.9.2021 RM'000	Audited As At 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Service concession asset	1,953,496	1,932,044
Property, plant and equipment	427,290	250,229
Investment properties	177,212	177,212
Right of use assets	103,628	104,298
Investment in quoted shares	200,412	98,790
Inventories	43,443	43,443
Associate	23,926	3,988
Investment in unquoted shares	523	524
Goodwill on consolidation	45,457	8,357
	2,975,387	2,618,885
Current Assets		
Inventories	122,720	61,802
Receivables	316,003	306,995
Contract assets	364	404
Assets classified as held for sale	6	3
Bank balances and deposits	241,670	93,607
	680,763	462,811
TOTAL ASSETS	3,656,150	3,081,696
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	743,121	743,121
Treasury shares	(30,046)	(30,046)
Reserves	1,476,712	1,214,435
	2,189,787	1,927,510
Non-Controlling Interests	329,178	238,102
Total Equity	2,518,965	2,165,612
Non-Current Liabilities		
Long-term borrowings	523,105	534,404
Deferred tax liabilities	106,175	100,536
Put option liability	88,556	-
Lease liabilities	18,986	9,004
Payables	528	492
	737,350	644,436
Current Liabilities		
Payables	148,031	126,063
Short-term borrowings	230,039	123,471
Lease liabilities	5,115	5,464
Liabilities classified as held for sale	16,650	16,650
	399,835	271,648
Total Liabilities	1,137,185	916,084
TOTAL EQUITY AND LIABILITIES	3,656,150	3,081,696
Net Assets Per Ordinary Share (RM)	2.31	2.03

^ - *For comparative purpose, the net assets per share as at 31 December 2020 has been restated to reflect the share split of 2 shares for every 1 existing ordinary share which was completed on 14 June 2021.*

The notes set out on pages 7 to 34 form an integral part and should be read in conjunction with this interim financial report.

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 9-month period ended 30 September 2021

	←			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 1.1.2020	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
Gain on dilution of interest in a subsidiary	-	-	-	-	-	-	-		(51)	(51)	51	-
Gain arising from disposal of equity	-		-	-	(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

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

Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 9-month period ended 30 September 2021

	←		Non-Distributable			→	Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Other 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 1.1.2021	743,121	(30,046)	(52,790)	33,955	27,394	-	1,205,876	1,927,510	238,102	2,165,612
Total comprehensive income for the period	-	-	59,796	100,200	-	-	249,524	409,520	51,573	461,093
Contributions by and distributions to owners of the Company:										
- Dividends declared to shareholders of the Company	-	-	-	-	-	-	(61,578)	(61,578)	-	(61,578)
Gain on accretion of interest in a	-	-	-	-	-		2,891	2,891	(2,891)	-
Acquisition of subsidiary	-	-	-	-	-	-		-	38,882	38,882
Put option liability over shares held by non-controlling interests	-	-	-	-	-	(88,556)	-	(88,556)	-	(88,556)
Subscription of shares in subsidiaries by non-controlling interest	-	-	-	-	-	-	-	-	3,512	3,512
Gain arising from disposal of equity investments recycled to retained profits	-		-	381	-	-	(381)	-	-	-
Balance at 30.9.2021	743,121	(30,046)	7,006	134,536	27,394	(88,556)	1,396,332	2,189,787	329,178	2,518,965

The notes set out on pages 7 to 34 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 2021

		9-Month Period Ended	
		30.9.2021	**30.9.2020**
		RM'000	**RM'000**
Cash flows from operating activities			
Profit before tax			
- Continuing operations		298,750	272,859
- Discontinued operations		(158)	319
- Total		298,592	273,178
Adjustments for non-cash flow	- Non-cash items	79,417	79,344
	- Non-operating items	7,345	15,182
Operating profit before working capital changes		385,354	367,704
Changes in working capital	- Net change in assets	16,814	(143,222)
	- Net change in liabilities	24,265	28,119
Cash from operations		426,433	252,601
Income tax paid		(3,780)	(2,262)
Net cash from operating activities		422,653	250,339
Cash flows for investing activities			
Acquisition of subsidiary		(124,312)	-
Cash outflow for Don Sahong Hydropower Project		(31,377)	(163,268)
Dividends received		1,149	751
Interest received		6,762	1,033
Investment in joint ventures		(20,000)	-
Payments for purchase of:			
- property, plant and equipment		(69,586)	(23,476)
- right of use assets		(1,468)	(9,987)
- quoted shares		(1,828)	(7,723)
Proceeds from disposal of:			
- property, plant and equipment		52	-
- quoted shares		402	4,159
Net cash for investing activities		(240,206)	(198,511)

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 9-month period ended 30 September 2021

	9-Month Period Ended	
	30.9.2021	**30.9.2020**
	RM'000	**RM'000**
Cash flows for financing activities		
Dividends paid to:		
- shareholders of the Company	(61,578)	(28,421)
Finance costs paid	(15,302)	(16,966)
Net (repayment)/drawdown of:		
- Revolving credits, trade financing and loans	62,448	(712,500)
- Lease liabilities	(4,312)	(1,082)
- Term loans	(24,061)	628,217
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	-	50,882
- Conversion of Warrants	-	73,139
Proceeds from issuance of shares by subsidiaries to non-controlling interests	3,512	-
Placement of deposits pledged with banks	(582)	(2,023)
Net cash for financing activities	(39,875)	(8,754)
Effect of foreign exchange translation	3,604	(1,224)
Net increase in cash and cash equivalents	146,176	41,850
Cash and cash equivalents at beginning of the period	89,949	87,954
Cash and cash equivalents at end of the period	236,125	129,804

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

Continuing operations		
Bank balances and deposits	241,579	127,047
Bank overdrafts	(1,305)	(11,004)
Discontinued operations		
Bank balances and deposits	91	17,439
	240,365	133,482
Less:		
- Deposits pledged with licensed banks	(4,240)	(3,678)
	236,125	129,804

The notes set out on pages 7 to 34 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 2020.

(a) During the current quarter and 9-month period ended 30 September 2021, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

MFRSs and/or IC Interpretations (including the Consequential Amendments)

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Amendments to MFRS 16: COVID-19 - Related Rent Concessions

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

(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 2021:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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 17 - Insurance Contacts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	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 2020.

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2020 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 other than its Renewable Energy Division where hydropower generation is subject to seasonal fluctuation of the water level. Normally, the water level will peak between June to November during the wet season. More detailed commentary is set out in B1 to B3 to these financial statements.

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 30 September 2021	988,352	(40,995)	743,121	(30,046)

The Company completed a share split exercise involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares on 14 June 2021, as further described in Note A10 (a).

Of the total 988,352,102 issued ordinary shares as at 30 September 2021, 40,994,600 ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue as at 30 September 2021 was therefore 947,357,502.

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 for the current quarter and the 9-month period ended 30 September 2021.

A7. Segment information

9-Month Period Ended 30 September 2021	Renewable Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	387,223	111,551	124,112	11,168	-	634,054
- Discontinued operations	-	-	-	-	-	-
	387,223	111,551	124,112	11,168	-	634,054
Inter-segment revenue	-	-	-	159,896	(159,896)	-
Consolidated revenue	387,223	111,551	124,112	171,064	(159,896)	634,054
Results						
Profit from operations						
- Continuing operations	287,682	12,833	13,739	159,747	(159,887)	314,114
- Discontinued operations	-	-	-	(158)	-	(158)
	287,682	12,833	13,739	159,589	(159,887)	313,956
Finance costs						(15,302)
Share of results in joint venture						(62)
Profit before tax						298,592
Income tax expense						(4,509)
Profit after tax						294,083
Total assets						
At 30 September 2021	2,396,464	339,021	357,128	787,982	(224,445)	3,656,150

A7. Segment information (Cont'd)

9-Month Period Ended 30 September 2020	Renewable Energy 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
	274,200	14,307	7,370	(3,232)	(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 31 December 2020	2,256,923	322,119	101,281	562,729	(161,356)	3,081,696

A8. Dividend paid

The details of dividend paid during the current quarter and 9-month period ended 30 September 2021 are disclosed in B9 to these financial statements.

A9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the period reported up to 11 November 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A10. Significant events during the reporting period

(a) Proposed Share Split

On 26 February 2021, the Company via Maybank Investment Bank Berhad announced a proposal to undertake a share split involving the subdivision of every one (1) existing ordinary share in the Company held into two (2) subdivided ordinary shares in the Company ("Proposed Share Split").

The Proposed Share Split was subsequently approved by shareholders in an Extraordinary General Meeting held on 27 May 2021.

Based on the Company's 494,176,051 issued ordinary shares on the Entitlement Date (including 20,497,300 ordinary shares held as treasury shares), the resultant issued share capital of the Company was increased to 988,352,102 subdivided ordinary shares (including 40,994,600 ordinary shares held as treasury shares).

The Proposed Share Split was completed on 14 June 2021, following the listing and quotation of the subdivided ordinary shares (including treasury shares) on the Main Market of Bursa Securities.

(b) Termination of Assets Sale Agreement

Serudong Power Sdn Bhd ("SPSB"), a subsidiary of the Company, and Reliable Power Resources Sdn Bhd mutually agreed on 25 February 2021 to terminate the Assets Sale Agreement ("Agreement") after failing to meet the Condition Precedent set out in the Agreement. Accordingly, each party hereby irrevocably and unconditionally discharges and releases the other party from further performance under the Agreement and from all liabilities, claims and demands howsoever arising after this termination.

Management will continue to explore other options in its effort to dispose SPSB's Plant Assets.

A10. Significant events during the reporting period (Cont'd)

(c) Voluntary Winding Up of Subsidiary

An indirect wholly-owned subsidiary of the Company, Public Ventures Management Sdn Bhd ("PVM") has on 9 March 2021 commenced a member's voluntary winding up procedure pursuant to Section 439(b(i) of the Companies Act 2016 and a liquidator was appointed on even date for this purpose.

(d) Acquisition of Stenta

The Company via a Letter of Offer dated 20 May 2021 offered to acquire the entire issued and paid-up capital of Stenta Films (Malaysia) Sendirian Berhad ("**Stenta**") comprising 206,376,730 ordinary shares for a total cash consideration of RM205 million (or approximately RM0.9933 per share) from all the shareholders of Stenta.

The Company received a total acceptance of 154,779,512 ordinary shares, equivalent to approximately 75% of the issued and paid-up capital of Stenta at the end of the Offer Period which expired on 24 May 2021.

A definitive Share Purchase Agreement ("**SPA**") was entered into on 23 July 2021 between MFCB and its wholly-owned subsidiary, Authentic Excellence Sdn Bhd ("AESB") (collectively referred to as "Purchasers") and Rentak Rimbun Sdn Bhd, Wong Kok Hwa, Ngoei Boon Liong, Lim Koy Peng, Low Geoff Jin Wei, Low Chung Kuay, Che Azizuddin bin Che Ismail, Wong Soon Lim,Datuk Wira and Sutherland Financial Corporation (collectively referred to as "Vendors") in respect of the acquisition of 154,779,512 ordinary shares ("Sale Shares") of Stenta, representing 75% equity interest in Stenta for a total cash consideration of RM153,746,984.75. The SPA was subsequently completed on 28 July 2021.

In conjunction with the SPA, a Put Option Agreement was entered into on 28 July 2021 between MFCB and each of the remaining minority shareholders of Stenta post Completion, namely PT Argha Karya Prima Industry TBK ("PT Argha Karya"), Rentak Rimbun Sdn Bhd, Wong Kok Hwa and Ngoei Boon Liong, whereby MFCB shall grant each of the minority shareholder an option (the "Put Option") to require MFCB to purchase the remaining shares held by the minority shareholders in Stenta ("Option Shares").

A10. Significant events during the reporting period (Cont'd)

(d) Acquisition of Stenta (Cont'd)

The salient terms of the Put Option Agreement are as follows:

1. Price

   The price payable for each Option Share ("Exit Price") shall be based on Stenta's valuation as determined by the higher of:

   (I) the Purchase Consideration or if applicable, the Adjusted Purchase Consideration, less the total post Completion dividend declared and paid by Stenta for the period from the Completion Date to the date of exercise of the Put Option; or

   (II) the price as determined based on the following formula:

   (PP + RP – D); where,

   PP: Purchase Consideration or Adjusted Purchase Consideration (if applicable).

   RP: Post Completion profits after tax of Stenta (from Completion Date to the Put Option exercise date),

   D: Dividends paid (from Completion Date to the Put Option exercise date);

2. Exercise of Put Option

   (i) the Put Option shall be exercised only if it is exercised in unanimity and in whole by the minority shareholders, for the whole of all the Option Shares;
   (ii) the Put Option shall be exercisable at the sole discretion of PT Argha Karya for itself and on behalf of all of the minority shareholders;

3. Date of Exercise

   The Put Option may be exercised on and only on either of the following two (2) dates:
   (i) on the third anniversary date of the Completion Date; or
   (ii) on the fifth anniversary date from the Completion Date.

A10. Significant events during the reporting period (Cont'd)

(e) Joint Venture Investment in Edenor and the Acquisition of Emery's Asia Pacific business by Edenor

On 28 July 2021, the Company and 9M Technologies Sdn Bhd ("9M Technologies") jointly incorporated a new 50:50 joint venture company called Edenor Technology Sdn Bhd ("Edenor") with an initial RM2 paid-up capital. The paid-up capital of Edenor was increased to RM40 million on 18 August 2021.

On 19 August 2021, Edenor ("Purchaser") entered into a conditional Sale and Purchase Agreement ("SPA") with Sime Darby Plantation Berhad and PTTGC International Private Limited (collectively, the "Vendors") to acquire the entire issued and paid-up capital of Emery Oleochemicals (M) Sdn Bhd ("EOM") and Emery Specialty Chemicals Sdn Bhd ("**ESC**") (the "**Proposed Acquisition**") for a total Target Equity value of RM38 million.

The Target Equity of RM38 million was derived based on an agreed RM243 million debt-free-cash-free enterprise value for the Group Companies (comprising ESC and EOM's operations in Malaysia only; excluding EOM's overseas operating subsidiaries which shall be carved out before Completion), comprising fixed assets and technical and business know-how valued at RM73 million and a Target Net Working Capital of RM170 million, less a Target Net Debt of RM205 million.

The Proposed Acquisition was completed on 1 November 2021 at an Interim Purchase Price of RM38 million.

(f) 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 2021, as detailed in B1, B2 and B3 to these financial statements.

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

A11. Significant event subsequent to the end of the reporting period

Other than as disclosed in Note A10 (e), there was no significant event subsequent to the end of the period reported up to 11 November 2021, 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 governmental measures are not expected to have a material impact to the overall earnings of the Group.

A12. Changes in composition of the Group

The changes in the composition of the Group for the current quarter and 9-month period ended 30 September 2021 are disclosed in Notes A10(c), (d) and (e) above.

A13. 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,

(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.

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.

A13. Changes in contingent liabilities and assets (Cont'd)

(a) Contingent liability (Cont'd)

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. The Court has fixed the next hearing on 14 December 2021.

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 11 November 2021, 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 11 November 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A14. Capital commitments

As at 30 September 2021, the Group has the following capital commitments:

	RM'000
1. Property, plant and equipment	
- Contracted	59,343
- Not contracted	1,031
2. Investment in Joint Venture	
- Financial commitment (see note below)	255,000
Total	**315,374**

Note:
The financial commitment is in relation to the acquisition of Emery's Asia Pacific business by Edenor (as further described in Note A10(e)) whereby MFCB is obligated to drawdown its credit facilities for an amount of up to RM255 million to repay the existing lenders of EOM and ESC in the event these lenders do not give consent to a change in control of EOM and ESC. Subsequent to the reporting period, the lenders have given consent to a change in control and therefore the standby credit facilities have not been utilised. The Proposed Acquisition was completed on 1 November 2021.

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and 9-month period ended 30 September 2021.

A16. Derivative financial instruments

	30.9.2021 RM'000	31.12.2020 RM'000
Derivative liability		
Put option liability over shares of a subsidiary held by non-controlling interest	88,556	-

As detailed in Note A10(d), the Company entered into a Put Option Agreement with the minority shareholders of Stenta whereby the minority shareholders have the right to require the Company to buy their equity interest in Stenta in accordance to the terms of the Put Option Agreement.

The obligation by the Company to purchase Stenta's equity interest held by the minority interest is initially recognised as put option liability with a corresponding charge direct to equity (classified "Other Reserve").

Subsequent to the initial recognition, the put option liability will be remeasured at fair value and any change will be recognised in profit or loss.

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

B1. Performance review - Current quarter ended 30 September 2021 ("3Q2021") versus ("vs") the corresponding quarter ended 30 September 2020 ("3Q2020")

Continuing Operations

	3Q2021	3Q2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	232,497	211,213	21,284	10.1%
Other income/(expenses), net	3,860	(2,390)	6,250	261.5%
Operating profit	113,545	113,499	46	0.0%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	139,338	138,736	602	0.4%
Profit before tax	108,140	109,031	(891)	-0.8%
Profit after tax	106,114	107,754	(1,640)	-1.5%
Profit after tax attributable to owners of the Company	88,934	90,432	(1,498)	-1.7%
Revenue				
Renewable Energy	134,835	137,518	(2,683)	-2.0%
Resources	31,509	41,066	(9,557)	-23.3%
Packaging	63,418	28,113	35,305	125.6%
Sub-total	229,762	206,697	23,065	11.2%
Investment holding & others	2,735	4,516	(1,781)	-39.4%
Total revenue	232,497	211,213	21,284	10.1%
Profit before tax				
Renewable Energy	98,853	102,356	(3,503)	-3.4%
Resources	1,979	7,059	(5,080)	-72.0%
Packaging	7,550	3,499	4,051	115.8%
Sub-total	108,382	112,914	(4,532)	-4.0%
Investment holding & others	(242)	(3,883)	3,641	93.8%
Total profit before tax	108,140	109,031	(891)	-0.8%
Additional Information:				
Gain/(Loss) on foreign exchange	1,175	(1,602)	2,777	173.3%

B1. Performance review - 3Q2021 vs 3Q2020 (Cont'd)

Continuing Operations

Group revenue in the current quarter rose 10.1% to RM232.5 million (3Q2020: RM211.2 million), bolstered by a 125.6% increase in revenue contribution from the Packaging Division to RM63.4 million, partially offset by a 2.0% decrease in the Renewable Energy Division and a 23.3% decline in the Resources Division.

Pre-tax profit declined 0.8% to RM108.1 million from RM109.0 million a year ago due to a 3.4% profit decline in the Renewable Energy Division to RM98.9 million and a 72.0% contraction in the profit of Resources Division to RM2.0 million, partly offset by a 115.8% increase in the Packaging Division's profit to RM7.5 million and higher foreign exchange gain.

Renewable Energy Division

The average energy availability factor ("EAF") for Don Sahong in the current quarter at 90.1% was 2.4% lower than the EAF in the same period last year (3Q2020: 92.5%). This was attributable to a longer period of annual scheduled maintenance as alluded to in the second quarter results announcement to Bursa Malaysia.

Solar energy sales rose from RM0.1 million to RM1.4 million following the commissioning of an additional 13.1 MW C&I rooftop solar projects in the second quarter 2021 (3Q2020: 1.48 MW).

Pre-tax profit retreated 3.4% to RM98.9 million, primarily on lower hydropower sales in Laos.

B1. Performance review - 3Q2021 vs 3Q2020 (Cont'd)

Resources Division

Revenue fell 23.3% from RM41.1 million to RM31.5 million mainly due to a 40.4% contraction is export sales of lime products. Export sales in the current quarter were adversely impacted by maintenance shut down by a key customer and sharp increases in freight rates which severely eroded the Group's price competitiveness in certain key export markets.

The average selling price of lime products was 3.4% higher due mainly to upward price adjustments in response to higher input costs.

Revenue contribution from the other products (including calcium carbonate powder, quarry by-products and cement bricks) was flat year-on-year at RM3.6 million.

Pre-tax profit declined 72% from RM7.1 million in 3Q2020 to RM2.0 million on weaker export demand, higher unit overhead costs due to lower plant utilization and significantly higher fuel, freight and packaging costs. As a result of competition, the Division was unable to fully pass on these cost increases.

Packaging Division

Performance of the Packaging Division in the current quarter benefitted from 2-month revenue and earnings contribution from Stenta. Consequently, revenue rose 126% to RM63.4 million compared to RM28.1 million in the same period last year. Excluding earnings contribution from Stenta, the Hexachase Group's revenue registered single digit growth rate. The revenue growth rate of Hexachase in the current quarter was adversely affected by Covid-related plant shutdown by several key domestic customers.

Pre-tax profit increased 116% from RM3.5 million to RM7.5 million, bolstered by Stenta's maiden consolidation from 1 August 2021. Excluding Stenta's contribution, PBT declined 28.3% due to a sharp increase in raw material costs which Hexachase was unable to fully pass on the cost increases to end customers due to the competitive nature of the converting business.

B2. Performance review - Year-to-date 30 September 2021 ("9M2021") versus ("vs") corresponding Year-to-date 30 September 2020 ("9M2020")

Continuing Operations

	9M2021	9M2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	634,054	553,155	80,899	14.6%
Other income/(expenses), net	8,042	(2,571)	10,613	412.8%
Operating profit	314,114	289,825	24,289	8.4%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	387,069	365,434	21,635	5.9%
Profit before tax	298,750	272,859	25,891	9.5%
Profit after tax	294,390	268,335	26,055	9.7%
Profit after tax attributable to owners of the Company	249,661	228,178	21,483	9.4%
Revenue				
Renewable Energy	387,223	371,206	16,017	4.3%
Resources	111,551	102,159	9,392	9.2%
Packaging	124,112	68,970	55,142	80.0%
Sub-total	622,886	542,335	80,551	14.9%
Investment holding & others	11,168	10,820	348	3.2%
Total revenue	634,054	553,155	80,899	14.6%
Profit before tax				
Renewable Energy	275,684	260,712	14,972	5.7%
Resources	12,340	13,320	(980)	-7.4%
Packaging	11,548	5,637	5,911	104.9%
Sub-total	299,572	279,669	19,903	7.1%
Investment holding & others	(822)	(6,810)	5,988	87.9%
Total profit before tax	298,750	272,859	25,891	9.5%
Additional Information:				
Gain/(Loss) on foreign exchange	2,493	(588)	3,081	524.0%

B2. Performance review – 9M2021 vs 9M2020 (Cont'd)

The Group registered a total revenue of RM634.1 million in the first 9 months of the year, 14.6% higher than RM553.2 million posted in the same period last year. The increase in turnover was mainly attributable to higher sales contribution from across all three core divisions. Revenue of the Renewable Energy Division grew 4.3% to RM387.2 million, while that of the Resources Division and the Packaging Division increased 9.2% to RM111.6 million and 80.0% to RM124.1 million, respectively.

Group pre-tax profit improved 9.5% from RM272.9 million to RM298.8 million, underpinned by improved profit contribution from the Renewable Energy Division (up 5.7% to RM275.7 million) and the Packaging Division (doubled to RM11.5 million) and lower net finance charges. partially offset by RM1 million decrease in pre-tax profit of Resources Division to RM12.3 million.

Renewable Energy Division

The Renewable Energy Division generated a total energy sales revenue of RM387.2 million in 9M2021, a RM16.0 million or 4.3% year-on-year increase. The increase was attributable to a 7.6% increase in hydropower sales volume and a RM2.6 million sale of solar energy (9M2020: RM0.1 million), partially offset by a 2.5% appreciation in Ringgit Malaysia against the US Dollar (from RM4.2349/USD in 9M2020 to RM4.1298/USD).

The Don Sahong hydropower plant posted a 6.7% improvement in EAF to 88.9%, compared to 83.3% in the same period last year. The higher EAF was attributable to a wetter dry season, an earlier onset of the wet season, an improved water flow management system and a more effective power distribution system following the completion of EDL's 500KV transmission line from Ban Hut substation to the Cambodian border in 4Q2020, partially offset by a longer period of scheduled maintenance in 3Q2021.

Pre-tax profit for 9M2021 grew 5.7% year-on-year to RM275.7 million (9M2020: RM260.7 million), mainly on higher hydropower sales and lower net finance charges.

B2. Performance review – 9M2021 vs 9M2020 (Cont'd)

Resources Division

Resources Division's revenue expanded 9.2% from RM102.2 million in 9M2020 to RM111.6 million in 9M2021, led mainly by a 19.7% increase in domestic sales of lime products which more than offset a 1% decline in export sales. The impact of MCO measures on domestic sales was less severe in the current period when compared to the same period last year. As explained earlier, export sales of lime products were adversely affected by escalating freight rates especially in the current quarter which eroded the price competitiveness of the division in several key export markets.

Revenue contribution from other products, comprising mainly calcium carbonate powder, limestone and cement bricks surged 41.6% to RM12.4 million in 9M2021, from RM8.8 million in 9M2020 as the MCO measures in Malaysia had a more severe impact last year than in the current period.

The average selling price of lime products for 9M2021 was stable when compared to the same period last year.

Pre-tax profit however fell 7.4% to RM12.3 million in 9M2021 (9M2020: RM13.3 million) primarily due to escalating fuel costs and freight charges.

Packaging Division

Revenue of the Packaging Division rose 80.0% to RM124.1 million (9M2020: RM69.0 million), spurred by maiden 2-month consolidation of Stenta's earnings and 31.1% growth in Hexachase Group's revenue.

Pre-tax profit more than doubled from RM5.6 million to RM11.5 million, underpinned mainly by Stenta's earnings contribution. Excluding Stenta, PBT grew 15.5%. Margin of the Hexachase Group was negatively impacted by higher raw material costs and the competitive nature of the converting business.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 30 September 2021

(a) Assets and Liabilities

Changes in key assets and liabilities since 31 December 2020 are explained below:

Asset/Liability Items	**As At 30.9.2021** RM'000	**As At 31.12.2020** RM'000	**Changes** RM'000	**Explanation**
Service concession asset	1,953,496	1,932,044	21,452	The increase was due to RM80.9 million translation gain, partially offset by RM60.2 million amortisation charge for the period.
Property, plant and equipment ("PPE")	427,290	250,229	177,061	The increase was primarily due to consolidation of Stenta (+RM110.5 million), RM79.7 million CAPEX and RM2.2 million translation gain, partly offset by RM15.3 million depreciation charge. CAPEX for the period comprised mainly the following: (a) RM39.4 million to expand production capacity of the Packaging Division; (b) RM27.4 million to develop solar photovoltaic power facilities; and (c) RM10.7 million on plantation development in Cambodia.
Right-Of-Use ("ROU") assets	103,628	104,298	(670)	The increase was due to RM3.3 million CAPEX, offset by RM4.0 million depreciation charge.
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 of Assets, Liabilities and Cash Flow as at 30 September 2021 (Cont'd)

(a) Assets and Liabilities (Cont'd)

Changes in key assets and liabilities since 31 December 2020 are explained below: (Cont'd)

Asset/Liability Items	**As At 30.9.2021** RM'000	**As At 31.12.2020** RM'000	**Changes** RM'000	**Explanation**
Investment in quoted shares	200,412	98,790	101,622	The increase was primarily due to fair value gain of quoted securities.
Inventories (current)	122,720	61,802	60,918	The increase was mainly due to consolidation of Stenta (+RM33.2 million) and higher inventory holdings by the Resources, Packaging and Plantation divisions, partly due to unit price increases.
Receivables	316,003	306,995	9,008	The marginal increase was mainly due to consolidation of Stenta receivables (+RM38.2 million), offset by improved trade receivable collection from EDL and the Resources Division. The trade receivable turnover of EDL at the end of the period is within the normal range of about 4 months.
Deferred tax liabilities	106,175	100,536	5,639	The increase was mainly due to the consolidation of Stenta.
Payables (current)	148,031	126,063	21,968	The increase was mainly due to RM30.8 million dividend accrual payable to shareholders of MFCB and consolidation of Stenta (+RM18.0 million), partially offset by RM31.4 million settlement of Don Sahong's EPCC contractor.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 30 September 2021 (Cont'd)

(b) Group borrowings and debt securities

The Table below sets out the salient information of the Group's bank borrowings:

	Long-term		Short-term		Total
	USD	RM	USD	RM	As at 30.9.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured					
Trade financing and loans	-	-	-	54,778	54,778
Term loans	-	70,909	-	14,968	85,877
Bank overdrafts	-	-	-	1,305	1,305
Revolving credit	-	-	-	58,500	58,500
	-	70,909	-	129,551	200,460
Unsecured Loan					
Term loan	452,196	-	100,488	-	552,684
Total Borrowings	452,196	70,909	100,488	129,551	753,144

At 30 September 2021, total borrowings (excluding lease liabilities) amounted to RM753.1 million, a RM95.2 million increase from RM657.9 million at the beginning of the year, The increase was primarily due to additional borrowings in part finance the acquisition of Stenta, the Group's capex and RM22.4 million translation loss on USD-denominated loan.

Interest rates of the Group's bank borrowings are floating in nature.

The Group has no debt securities as at 30 September 2021.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 30 September 2021 (Cont'd)

(c) Cash flow analysis for the 9-month period ended 30 September 2021

The Group generated RM422.7 million after-tax cash from its operating activities during the 9-month period ended 30 September 2021, representing a 68.8% increase from RM250.3 million in the corresponding period last year. The improvement was attributable mainly to higher collection of hydropower sale revenue from EDL.

During the same period,

1. the Group allocated RM246.8 million for the following investing activities:

   (a) RM124.3 million net-of-cash consideration paid for the acquisition of Stenta;

   (b) RM71.1 million on CAPEX, as explained above;

   (c) RM31.4 million on Don Sahong, representing partial payment of the remaining outstanding trade payable to the EPCC; and

   (d) RM20 million investment in a 50:50 joint venture company, Edenor Technology Sdn Bhd. Please refer to Note A10I for further details.

2. A total of RM19.6 million was paid on financing costs, including lease liabilities; and

3. RM61.6 million was paid as dividends to shareholders of the Company.

After factoring in translation loss on USD-denominated loans, net debt of the Group decreased RM52.8 million from RM564.3 million to RM511.5 million.

B3. Variation of Current Quarter ("3Q2021") versus ("vs") Preceding Quarter ("2Q2021")

Continuing Operations

	3Q2021 RM'000	2Q2021 RM'000	Changes RM'000	Changes %
Revenue	232,497	207,839	24,658	11.9%
Other income, net	3,860	1,294	2,566	198.3%
Operating profit	113,545	108,782	4,763	4.4%
Earning before interest, tax, depreciation	-	-		
and amortisation ("EBITDA")	139,338	132,744	6,594	5.0%
Profit before tax	108,140	103,706	4,434	4.3%
Profit after tax	106,114	102,599	3,515	3.4%
Profit after tax attributable to owners of the Company	88,934	87,345	1,589	1.8%
Revenue				
Renewable Energy	134,835	138,153	(3,318)	-2.4%
Resources	31,509	35,478	(3,969)	-11.2%
Packaging	63,418	30,014	33,404	111.3%
Sub-total	229,762	203,645	26,117	12.8%
Investment holding & others	2,735	4,194	(1,459)	-34.8%
Total revenue	232,497	207,839	24,658	11.9%
Profit before tax				
Renewable Energy	98,853	98,653	200	0.2%
Resources	1,979	4,371	(2,392)	-54.7%
Packaging	7,550	1,401	6,149	438.9%
Sub-total	108,382	104,425	3,957	3.8%
Investment holding & others	(242)	(719)	477	66.3%
Total profit before tax	108,140	103,706	4,434	4.3%
Additional Information:				
Gain/(Loss) on foreign exchange	1,175	(466)	1,641	352.1%

Group turnover improved 11.9% quarter-to-quarter from RM207.8 million to RM232.5 million, mainly attributable a 111.3% increase in revenue of the Packaging Division, partially offset by lower hydropower sales (down 2.4%) and an 11.2% decrease in revenue of the Resources Division.

Group pre-tax profit rose 4.3% to RM108.1 million (2Q2021: RM103.7 million), primarily due to a 438.9% increase in the Packaging Division to RM7.5 million and higher forex gain, partially offset by a 54.7% decline in the Resources Division to RM2.0 million. Renewable Energy Division's pre-tax profit was flat quarter-on-quarter at RM98.9 million.

B3. Variation of 3Q2021 vs 2Q2021 (Cont'd)

Renewable Energy Division

Revenue fell 2.4% to RM134.8 million (2Q2021: RM138.2 million) largely due to lower hydropower sales. Despite the onset of the wet season from May 2021, Don Sahong reported a sequential drop in EAF from 95.2% in 2Q2021 to 90.1% in 3Q2021 as a result of scheduled turbine maintenance in the third quarter. Solar energy sales rose 28.8% from 1.1 million to RM1.4 million on full-quarter contribution of 14.5 MW C&I rooftop solar projects.

Pre-tax profit improved marginally by 0.2% to RM98.9 million (2Q2021: RM98.7 million) due to higher profit contribution from solar-energy (up RM0.2 million). Pre-tax profit of Don Sahong was flat at RM98.5 million as lower energy sales was offset by lower operating expenses and net finance charges.

Resources Division

Revenue fell 11.2% sequentially in the current quarter to RM31.5 million (2Q2021: RM35.5 million). Export sales of lime products were adversely affected by maintenance shut down by a key customer and high freight rates which eroded the Group's competitiveness in several key export markets. Consequently, export sales volume shrank 22.5%, while domestic sales volume improved 3.0%.

The average selling price of lime products improved 1.5% in the current quarter, mainly on price adjustments.

Pre-tax profit declined 54.7% to RM2.0 million (2Q2021: RM4.4 million) mainly on higher fuel costs and higher unit production overhead costs (due to lower sales and production volume).

Packaging Division

The Packaging Division's revenue climbed 111.3% to RM63.4 million (2Q2021: RM30.0 million), bolstered by 2-month sales contribution of Stenta. Revenue from existing packaging products was flat at RM30 million as higher paper bags sales were offset by lower sales of flexible packaging products. The latter was negatively impacted by Covid-related plant closure by several key domestic customers.

Pre-tax profit rose 438.9% from RM1.4 million in 2Q2021 to RM7.5 million in the current quarter due mainly to pre-tax contribution from Stenta.

B4. Prospects

Renewable Energy Division

Hydropower - Don Sahong

Following the completion of the annual maintenance in the third quarter, the EAF of Don Sahong is expected to rebound in the fourth quarter to levels similar to the same period last year (4Q2020: 95.5%). Consequently, the average EAF for 2021 is expected to be higher than 86.4% reported for 2020.

Construction of the 5th turbine is expected to commence in December 2021 and is expected to be completed in 3Q2024.

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

Solar energy sales revenue is expected to improve further with the progressive completion of an additional 6.3 MW C&I rooftop solar project for a public utility company in 4Q2021 and 1Q2022. This would bring the total installed solar capacity to 20.8 MW by the end of 1Q2022.

Management will continue to explore and seize new business opportunities in the solar space to further build the Group's solar portfolio.

Resources Division

Sales volume of lime products is expected to improve sequentially in the last quarter of the year. Export sales are expected to stage a strong recovery following the completion of maintenance works by a key export customer and management's relative success in diverting export volume adversely affected by high freight rates to the other regional markets. With the resumption of economic activities in Malaysia, domestic sales are also expected register a gradual recovery.

Margin pressure arising from higher fuel and logistic costs is expected to ease in the final quarter following some selling price adjustments and projected efficiency gains from higher sales and production volume.

B4. Prospects (Cont'd)

Packaging Division

Earnings performance of the Packaging Division in the fourth quarter of 2021 will be lifted by full-quarter earnings contribution from Stenta (versus two months in 3Q021; nil in 4Q2020). With the resumption of economic activities in Malaysia, we expect domestic sales of existing packaging products to improve sequentially, while export sales are expected to continue to face challenges from container shortages and exorbitant shipping costs.

Margins are expected to remain under pressure from high raw material costs and freight charges, albeit mitigated by progressive selling price adjustments.

Overall, we expect the Packaging Division to deliver record revenue and profits in 2021, underpinned by 5-month consolidation of Stenta's earnings and continued earnings improvements in Hexachase.

Hexachase is on target to complete its on-going capacity expansion before the end of the year. Management has also decided to proceed with the planned construction of a new factory on the recently acquired 10.4 acre land in 2022.

At Stenta, plans are afoot to expand production capacities given that sales and production volume of the newly acquired subsidiary has almost reached its full capacity.

B5. Profit forecast

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

B6. Income tax expense

	3rd Quarter Ended 30 September		9-Month Period Ended 30 September	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
- Malaysia	2,026	1,277	4,360	4,524
<u>Discontinued operations</u>				
- Malaysia	39	(848)	149	238
	2,065	429	4,509	4,762

B6. Income tax expense (Cont'd)

The Group's effective tax rate for the current quarter and 9-month period ended 30 September 2021 was significantly lower than the Malaysia's statutory tax rate of 24% because the majority of the Group's earnings were derived from hydropower sales in the Lao People's Democratic Republic ("Lao PDR") which are exempted from income tax in Lao PDR 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 11 November 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B8. Material litigations

<u>GOM vs IHSB</u>

Details of the tax dispute are disclosed in Note A13(a).

Other than as disclosed above, there was no material litigation as at 11 November 2021, 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 6.5 sen per ordinary share for the financial year ended 31 December 2020 was declared on 26 February 2021 and paid to entitled shareholders on 19 April 2021.

(b) The Board has declared an interim single-tier dividend of 3.25 sen per ordinary share (on enlarged issued number of ordinary shares post stock split as detailed in Note A10(a)) for the financial year ending 31 December 2021 and was paid on 15 October 2021 based on shareholders registered on 7 October 2021. This dividend is included as a liability in these financial statements.

(c) The total dividend declared to-date for the current financial year is 3.25 sen per ordinary share, against 3.0 sen for the 9-month period ended 30 September 2020 (after considered the subdivision of every 1 existing ordinary share into 2 subdivided shares, under the Share Split which was completed on 14 June 2021).

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing Operations				
After crediting:				
Dividend income	739	365	1,149	751
Gain on disposal of:				
- property, plant and equipment	27	-	46	-
Gain on foreign exchange:				
- realised	1,607	-	1,262	-
- unrealised	-	-	1,231	-
Interest income	2,549	323	6,757	959
After charging:				
Allowance for impairment losses				
- receivables, net	(1)	(948)	(768)	(1,156)
Amortisation of:				
- service concession asset	(20,465)	(20,412)	(60,244)	(61,722)
- development expenditure	(53)	-	(53)	-
Depreciation of:				
- property, plant and equipment	(6,474)	(3,659)	(15,256)	(11,011)
- right-of-use assets	(1,461)	(1,488)	(4,267)	(3,753)
Finance costs	(5,343)	(4,468)	(15,302)	(16,966)
Loss on foreign exchange:				
- realised	-	(594)	-	(393)
- unrealised	(432)	(1,008)	-	(195)
Write-down in value of inventories	(1)	(126)	(15)	(1,471)
After other comprehensive income/(expenses)				
Foreign currency translation difference for foreign operations	13,320	(42,540)	66,810	14,243
Fair value changes of equity investments	30,978	11,002	100,200	3,588
Interest rate swap:				
- Fair value changes during the peri	-	9,431	-	4,391

B11. Earnings per share

	3rd Quarter Ended 30 September		9-Month Period Ended 30 September	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit after tax attributable to owners of the Company:				
- Continuing operations	88,934	90,432	249,661	228,178
- Discontinued operations	(71)	(928)	(137)	60
	88,863	89,504	249,524	228,238
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	988,352	909,014	988,352	876,684
Effect of treasury shares held	(40,995)	(40,995)	(40,995)	(40,995)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	-	29,374	-	15,124
- Warrants	-	-	-	47,162
	947,357	897,393	947,357	897,975
Basic earnings per share (sen):				
- Continuing operations	9.39	10.08	26.35	25.41
- Discontinued operations	(0.01)	(0.10)	(0.01)	0.01
- Total	9.38	9.98	26.34	25.42

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 2021, excluding treasury shares held by the Company.

For comparative purpose, the earning per share for the quarter and 9-month period ended 30 September 2020 has been restated to reflect the share split from 1 existing ordinary share into 2 subdivided ordinary shares which was completed on 14 June 2021, as disclosed in Note A10(a).

The diluted earnings per share is equal to the basic earnings per share as there is no outstanding potentially dilutive equity instruments issued by the Company as at 30 September 2021.

B12. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 18 November 2021.