Mega First Corporation Berhad

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

Interim Financial Report
31 December 2021

Mega First Corporation Berhad

Registration No. 196601000210 (6682-V)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The 12-Month Period Ended 31 December 2021

		4th Quarter Ended 31.12.2021 RM'000	4th Quarter Ended 31.12.2020 RM'000 Re-presented	Financial Year Ended 31.12.2021 RM'000	Financial Year Ended 31.12.2020 RM'000 Re-presented
Revenue		280,619	213,971	914,673	767,126
Cost of sales		(142,516)	(76,564)	(439,127)	(316,372)
Gross profit		138,103	137,407	475,546	450,754
Other income/(expenses)		1,900	(7,257)	10,574	(8,781)
Operating expenses		(14,376)	(8,687)	(46,537)	(30,366)
Profit from operations		125,627	121,463	439,583	411,607
Finance costs		(6,665)	(5,365)	(21,967)	(22,331)
Share of results in joint venture, net of tax		122,026	(11)	121,964	(11)
Profit before tax		240,988	116,087	539,580	389,265
Income tax expense		(4,406)	(6,323)	(8,915)	(11,085)
Profit after tax for the period		236,582	109,764	530,665	378,180
Other comprehensive income/(loss)		(3,364)	(11,690)	163,646	10,532
Total comprehensive income for the period		233,218	98,074	694,311	388,712
Profit after tax attributable to:					
Owners of the Company		212,806	93,052	462,330	321,290
Non-controlling interests		23,776	16,712	68,335	56,890
		236,582	109,764	530,665	378,180
Total comprehensive income attributable to:					
Owners of the Company		210,538	86,445	620,058	336,025
Non-controlling interests		22,680	11,629	74,253	52,687
		233,218	98,074	694,311	388,712
EPS - Basic (sen)	B11	22.47	9.82	48.81	35.29

The notes set out on pages 7 to 35 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 31 December 2021

	Unaudited As At 31.12.2021 RM'000	Audited As At 31.12.2020 RM'000
ASSETS		
Non-Current Assets		
Service concession asset	1,922,289	1,932,044
Property, plant and equipment	422,617	250,229
Investment properties	165,203	177,212
Right of use assets	117,101	104,298
Investment in quoted shares	200,067	98,790
Inventories	43,443	43,443
Joint Venture Investments	145,952	3,988
Goodwill on consolidation	54,673	8,357
Other assets	1,157	524
	3,072,502	2,618,885
Current Assets		
Inventories	128,858	61,802
Receivables	408,666	306,995
Contract assets	1,587	404
Assets classified as held for sale	-	3
Bank balances and deposits	257,649	93,607
	796,760	462,811
TOTAL ASSETS	3,869,262	3,081,696
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	743,121	743,121
Treasury shares	(36,869)	(30,046)
Reserves	1,686,852	1,214,435
	2,393,104	1,927,510
Non-Controlling Interests	346,472	238,102
Total Equity	2,739,576	2,165,612
Non-Current Liabilities		
Long-term borrowings	504,586	534,404
Deferred tax liabilities	119,508	100,536
Put option liability	89,657	-
Lease liabilities	15,589	9,004
Payables	540	492
	729,880	644,436
Current Liabilities		
Payables	118,515	126,063
Short-term borrowings	273,295	123,471
Lease liabilities	7,996	5,464
Liabilities classified as held for sale	-	16,650
	399,806	271,648
Total Liabilities	1,129,686	916,084
TOTAL EQUITY AND LIABILITIES	3,869,262	3,081,696
Net Assets Per Ordinary Share (RM)	2.53	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 35 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 12-month period ended 31 December 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	-	-	-	(33,779)	44,123	-	-	4,391	321,290	336,025	52,687	388,712
Contributions by and distributions to owners of the Company:-												
Dividends paid to:												
- shareholders of the Company	-	-	-	-	-	-	-	-	(56,841)	(56,841)	-	(56,841)
- subsidiaries' non-controlling interests	-	-		-	-	-	-	-	-	-	(2,318)	(2,318)
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)	-	(56,649)	67,180	(2,318)	64,862
Loss on dilution of interest in a subsidiary	-	-	-	-	-	-	-		(8,416)	(8,416)	8,566	150
Gain arising from disposal of equity	-		-	-	(629)	-	-	-	629	-	-	-
Transfer to legal reserve	-	-	-	-	-	14,527	-	-	(17,052)	(2,525)	2,525	-
Balance at 31.12.2020	743,121	(30,046)	-	(52,790)	33,955	27,394	-	-	1,205,876	1,927,510	238,102	2,165,612

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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 12-month year ended 31 December 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	-	-	53,637	104,091	-	-	462,330	620,058	74,253	694,311
Contributions by and distributions to owners of the Company:										
- Dividends declared to shareholders of the Company	-	-	-	-	-	-	(61,578)	(61,578)	-	(61,578)
- Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(7,712)	(7,712)
Purchase of treasury shares	-	(6,823)	-	-	-		-	(6,823)	-	(6,823)
Gain on accretion of interest in a subsidiary	-	-	-	-	-	-	2,493	2,493	(2,493)	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	35,810	35,810
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	-	-	-	-	-	-	-	-	8,512	8,512
Gain arising from disposal of equity investments recycled to retained profits	-	-	-	2,278	-	-	(2,278)	-	-	-
Balance at 31.12.2021	743,121	(36,869)	847	140,324	27,394	(88,556)	1,606,843	2,393,104	346,472	2,739,576

The notes set out on pages 7 to 35 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 Cash Flows
For the 12-month period ended 31 December 2021

		Financial Year Ended	
		31.12.2021	**31.12.2020**
		RM'000	**RM'000**
Cash flows from operating activities			
Profit before tax		539,580	389,265
Adjustments for non-cash flow	- Non-cash items	(18,215)	123,151
	- Non-operating items	19,165	17,016
Operating profit before working capital changes		540,530	529,432
Changes in working capital	- Net change in assets	(66,490)	(217,870)
	- Net change in liabilities	5,285	(11,991)
Cash from operations		479,325	299,571
Income tax paid		(10,498)	(5,051)
Net cash from operating activities		468,827	294,520
Cash flows for investing activities			
Acquisition of subsidiary		(124,313)	-
Cash outflow for Don Sahong Hydropower Project		(39,192)	(190,335)
Dividends received		1,640	1,000
Interest received		9,539	4,200
Investment in joint ventures		(20,000)	-
Payments for purchase of:			
- property, plant and equipment		(112,077)	(52,280)
- right of use assets		(2,214)	(8,605)
- quoted shares		(1,850)	(9,869)
Proceeds from disposal of:			
- property, plant and equipment		245	119
- quoted shares		4,664	4,398
- investment properties		3,560	-
Net cash for investing activities		(279,998)	(251,372)

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

Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 12-month period ended 31 December 2021

	Financial Year Ended	
	31.12.2021	**31.12.2020**
	RM'000	**RM'000**
Cash flows for financing activities		
Dividends paid to:		
- shareholders of the Company	(61,578)	(56,841)
- subsidiary's non-controlling interests	-	(2,318)
Finance costs paid	(21,967)	(22,331)
Net (repayment)/drawdown of:		
- Revolving credits, trade financing and loans	94,993	(707,957)
- Lease liabilities	(4,833)	(4,718)
- Term loans	(27,702)	632,514
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	8,512	150
Purchase of treasury shares	(6,823)	-
Distribution to non-controlling interests	(7,712)	-
Placement of deposits pledged with banks	(1,124)	(2,003)
Net cash for financing activities	(28,234)	(39,483)
Effect of foreign exchange translation	1,393	(1,670)
Net increase in cash and cash equivalents	161,988	1,995
Cash and cash equivalents at beginning of the period	89,949	87,954
Cash and cash equivalents at end of the period	251,937	89,949

The notes set out on pages 7 to 35 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 financial year ended 31 December 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 1 January 2021	494,176	(20,497)	743,121	(30,046)
Shares Split	494,176	(20,498)	-	-
Shares repurchased in current year	-	(1,937)	-	(6,823)
At 31 December 2021	988,352	(42,932)	743,121	(36,869)

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).

A6. Debt and equity securities (Cont'd)

Of the total 988,352,102 issued ordinary shares as at 31 December 2021, 42,931,300 ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue as at 31 December 2021 was therefore 945,420,802.

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 financial year ended 31 December 2021.

A7. Segment information

Financial Year Ended 31 December 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	533,864	154,880	208,217	17,712	-	914,673
Inter-segment revenue	-	-	-	350,498	(350,498)	-
Consolidated revenue	533,864	154,880	208,217	368,210	(350,498)	914,673
Results						
Profit from operations	401,099	17,428	25,408	346,453	(350,805)	439,583
Finance costs						(21,967)
Share of profit in joint ventures						121,964
Profit before tax						539,580
Income tax expense						(8,915)
Profit after tax						530,665
Total assets						
At 31 December 2021	2,284,759	335,130	441,323	971,666	(163,616)	3,869,262

A7. Segment information (Cont'd)

Financial Year Ended 31 December 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	510,214	142,819	97,775	16,318	-	767,126
Inter-segment revenue	-	-	-	116,554	(116,554)	-
Consolidated revenue	510,214	142,819	97,775	132,872	(116,554)	767,126
Results						
Profit from operations	390,165	19,977	11,718	106,836	(117,089)	411,607
Finance costs						(22,331)
Share of loss in joint venture						(11)
Profit before tax						389,265
Income tax expense						(11,085)
Profit after tax						378,180
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 financial year ended 31 December 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 18 February 2022, 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) <u>Proposed Share Split</u>

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.

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

(a) Proposed Share Split (Cont'd)

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) Tawau Power Plant

(i) 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.

(ii) Recommissioning of Tawau Power Plant

Following the termination of Assets Sale Agreement, management decided to recommission the plant with the intention to dispose the plant as a going concern at a later date.

On 1 November 2021, SPSB entered into a 3-year Power Purchase Agreement and a separate Site Lease Agreement with Sabah Electricity Sdn Bhd. SPSB is currently in the midst of rehabilitating the 3x12MW generators. Management expects SPSB to achieve Commercial Operation Date by the end of March 2022.

Pursuant to MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, the results of SPSB have been re-presented as continuing operations.

Accordingly, the outstanding provision for land restoration cost of RM16.65 million (classified as "Liabilities classified as held for sale" previously) was no longer deemed necessary and was written back to profit and loss as income in the current quarter.

Other than the above provision write-back, there is no significant impact to the Group's profit and loss in the current quarter and year ended 31 December 2021, and the Group's financial position as of the same date.

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

(a) 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. The winding up process has not yet been completed at the date of this report.

(b) 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

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

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 Initial Purchase Price of RM38.0 million. The Initial Purchase Price was subsequently adjusted downward to RM12.6 million (Final Purchase Price) based on the Completion Accounts as at 31 October 2021 prepared by an Independent Auditor.

(e) 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 financial year ended 31 December 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

There was no significant event subsequent to the end of the period reported up to 18 February 2022, 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 financial year ended 31 December 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 December 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 December 2016 for YA 2009 whereby tax of RM35,429.00 has been reduced by IRBM (“Form JR”)

(iii) Notice of Assessment dated 23 December 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.

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 December 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 December 2020.

The parties have given their respective submission on 14 December 2021 and the Court has scheduled to deliver its decision on 15 March 2022.

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

(a) Contingent liability (Cont'd)

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 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 18 February 2022, 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 18 February 2022, 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 31 December 2021, the Group has the following capital commitments:

	RM'000
Property, plant and equipment	
- Contracted	261,990
- Not contracted	155,006
Total	**416,996**

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and financial year ended 31 December 2021 other than the Company has provided joint and several corporate guarantees to a joint venture company in relation to banking facilities granted to the latter.

A16. Derivative financial instruments

	31.12.2021 RM'000	31.12.2020 RM'000
Derivative liability		
Put option liability over shares of a subsidiary held by non-controlling interest	89,657	-

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 as "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 31 December 2021 (“4Q2021”) versus (“vs”) the corresponding quarter ended 31 December 2020 (“4Q2020”)

	4Q2021	4Q2020	Changes	
	RM'000	RM'000	RM'000	%
		Re-presented		
Revenue	280,619	213,971	66,648	31.1%
Other income/(expenses), net	1,900	(7,257)	9,157	126.2%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	153,672	144,747	8,925	6.2%
Operating profit	125,627	121,463	4,164	3.4%
Profit before tax	240,988	116,087	124,901	107.6%
Profit after tax	236,582	109,764	126,818	115.5%
Profit after tax attributable to owners of the Company	212,806	93,052	119,754	128.7%
Revenue				
Renewable Energy	146,641	139,008	7,633	5.5%
Resources	43,329	40,660	2,669	6.6%
Packaging	84,105	28,805	55,300	192.0%
Sub-total	274,075	208,473	65,602	31.5%
Investment holding & others	6,544	5,498	1,046	19.0%
Total revenue	280,619	213,971	66,648	31.1%
Profit before tax				
Renewable Energy	109,901	111,374	(1,473)	-1.3%
Resources	4,385	5,446	(1,061)	-19.5%
Packaging	10,671	3,824	6,847	179.1%
Sub-total	124,957	120,644	4,313	3.6%
Investment holding & others	116,031	(4,557)	120,588	2646.2%
Total profit before tax	240,988	116,087	124,901	107.6%
Additional Information:				
Share of profit/(loss) in joint ventures	122,026	(11)	122,037	1109427.3%
Gain from quoted investments	491	249	242	97.2%
Loss on foreign exchange	(2,814)	(892)	(1,922)	215.5%

B1. Performance review - 4Q2021 vs 4Q2020 (Cont'd)

Group revenue in the current quarter rose 31.1% to RM280.6 million (4Q2020: RM214.0 million). The Renewable Energy Division grew 5.5% to RM146.6 million, while the Packaging Division and Resources Division increased 192% to RM84.1 million and 6.6% to RM43.3 million, respectively.

Pre-tax profit increased 107.6% to RM241.0 million (4Q2020: RM116.1 million), boosted by a RM122.0 million share of profit in joint ventures. Excluding the share of joint venture results, pre-tax profit increased 2.5% to RM119.0 million, underpinned by a 179.1% or RM6.8 million increase in PBT of the Packaging Division, which more than offset a 1.3% or RM1.5 million decline in the Renewable Energy Division and a 19.5% or RM1.1 million decrease in the Resources Division.

The share of profit in joint venture included the Group's share of one-off unallocated bargain difference of RM125.1 million arising from the acquisition of Emery Oleochemical (M) Sdn Bhd (EOM") and Emery Specialty Chemicals Sdn Bhd (ESC) by joint venture Edenor Technologies Sdn Bhd (Edenor) on 1 November 2021. The unallocated gain was recognised as income in the period of acquisition.

Renewable Energy Division

Revenue advanced 5.5% to RM146.6 million, led by a 4.6% increase in hydro energy sales in Laos to RM145.3 million (4Q2020: RM138.9 million). Solar energy sales rose from RM0.1 million to RM1.4 million following the commissioning of an additional 13.06 MW C&I rooftop solar projects in 2Q2021 (4Q2020: 1.48 MW).

Hydro energy sales revenue growth was bolstered by a higher Energy Availability Factor ("EAF") of 97.5% compared to 95.5% in 4Q2020, and a weaker Ringgit against the US Dollar. Improvement in the EAF was achieved mainly on the back of better management of the water flow 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 November 2020.

The division however reported a 1.3% decline in pre-tax profit to RM109.9 million (4Q2020: RM111.4 million). This was due to the absence of RM8.2 million income from the write back of over-accrued project cost in 4Q2020. Excluding the project cost write back, the division recorded a 6.5% improvement in its pre-tax profit.

B1. Performance review - 4Q2021 vs 4Q2020 (Cont'd)

Resources Division

Revenue increased 6.6% from RM40.7 million to RM43.3 million mainly due to a 4.0% increase in sales of lime products from RM37.0 million to RM38.4 million. Revenue contribution from the other products rose 32.0% from RM3.7 million to RM4.9 million mainly on higher sales of limestones.

Lime products sales volume was 4.5% higher on stronger local demand, which more than offset a 3.0% decline in export volume. Domestic demand was bolstered by a recovery in local economic activities, while high shipping rates eroded the price competitiveness of the Group in certain export markets.

The average selling price ("ASP") of lime products registered a 0.5% decline due to a change in the customer sales mix, which more than offset the effects of upward price adjustment and a weaker Ringgit against the US Dollar.

Despite the selling price adjustment and a weaker Ringgit, pre-tax profit fell 19.5% from RM5.4 million to RM4.4 million mainly as a result of higher fuel costs and kilns repair expenses.

Packaging Division

Revenue in the current quarter rose 192% year-on-year to RM84.1 million (4Q2020: RM28.8 million) due to RM49.5 million contribution from Stenta (4Q2020: nil) and improved sales performance by Hexachase. Hexachase posted a 20.1% growth in revenue to RM34.6 million on higher sales of paper bags and flexible packaging products in both the domestic and export markets.

Pre-tax profit increased 179.1% from RM3.8 million to RM10.7 million, underpinned by RM6.3 million contribution from Stenta (4Q2020: nil) and a 15.8% profit improvement by Hexchase to RM4.4 million. Hexachase reported slightly lower PBT margin when compared to the same period last year due to higher raw material costs, which the company was unable to fully pass on to customers due to the competitive nature of the converting business.

B2. Performance review - Year-to-date 31 December 2021 (“FY2021”) versus (“vs”) corresponding Year-to-date 31 December 2020 (“FY2020”)

	FY2021 RM'000	FY2020 RM'000 Re-presented	Changes RM'000	Changes %
Revenue	914,673	767,126	147,547	19.2%
Other income/(expenses), net	10,574	(8,781)	19,355	220.4%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	540,633	510,368	30,265	5.9%
Operating profit	439,583	411,607	27,976	6.8%
Profit before tax	539,580	389,265	150,315	38.6%
Profit after tax	530,665	378,180	152,485	40.3%
Profit after tax attributable to owners of the Company	462,330	321,290	141,040	43.9%
Revenue				
Renewable Energy	533,864	510,214	23,650	4.6%
Resources	154,880	142,819	12,061	8.4%
Packaging	208,217	97,775	110,442	113.0%
Sub-total	896,961	750,808	146,153	19.5%
Investment holding & others	17,712	16,318	1,394	8.5%
Total revenue	914,673	767,126	147,547	19.2%
Profit before tax				
Renewable Energy	385,585	372,086	13,499	3.6%
Resources	16,725	18,766	(2,041)	-10.9%
Packaging	22,219	9,461	12,758	134.8%
Sub-total	424,529	400,313	24,216	6.0%
Investment holding & others	115,051	(11,048)	126,099	1141.4%
Total profit before tax	539,580	389,265	150,315	38.6%
Additional Information:				
Share of profit/(loss) in joint ventures	121,964	(11)	121,975	1108864%
Gain from quoted investments	1,640	1,000	640	64.0%
Loss on foreign exchange	(321)	(1,480)	1,159	78.3%

B2. Performance review – FY2021 vs FY2020 (Cont'd)

The Group registered an annual turnover of RM914.7 million in 2021, 19.2% higher than RM767.1 million recorded in 2020. The increase was attributable to a 4.6% increase in the Renewable Energy Division to RM533.9 million, a 113.0% increase in the Packaging Division to RM208.2 million and an 8.4% increase to RM154.9 million in the Resources Division.

Group pre-tax profit rose 38.6% from RM389.3 million to RM539.6 million, in part due to RM122.0 million share of profit in joint venture. Excluding the share of profit in joint venture, pre-tax profit grew 7.3% to RM417.6 million on a 3.6% increase in the Renewable Energy Division to RM385.6 million and a 135% jump in the Packaging Division to RM22.2 million, partially offset by a 10.9% decline in the Resources Division to RM16.7 million.

As explained earlier, the share of profit in joint venture was boosted by the Group's share of unallocated bargain gain arising from Edenor's acquisition of EOM and ESC.

Renewable Energy Division

Revenue of the Renewable Energy Division came in 4.6% higher at RM533.9 million in 2021 (2020: RM510.2 million). Hydro energy sales rose 3.9% from RM510.0 million to RM529.8 million, while solar energy sales reached RM4.0 million in 2021 compared to RM0.2 million in 2020.

The Don Sahong hydropower plant achieved an average EAF of 91.0% in 2021, compared to 86.4% in 2020. Despite a longer period of scheduled turbine maintenance in 2021, the average EAF improved significantly due to a higher average water levels during the year, improvements made to water flow management 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 November 2020.

During the year, the Group commissioned two new C&I rooftop solar projects totalling 13.0 MW. This brought the Group's cumulative solar generation capacity to 14.5 MW at 31 December 2021 (As at 31.12.2020: 1.5 MW).

Pre-tax profit of the division increased RM13.5 million or 3.6% to RM385.6 million. The increase was attributable to higher energy sales, partially offset by the absence of RM8.2 million income from the write back of over-accrued project cost in 2020. Excluding the write-back income in 2020, the Renewable Energy Division would have posted a 6.0% or RM21.7 million improvement in PBT.

B2. Performance review – FY2021 vs FY2020 (Cont'd)

Resources Division

Revenue expanded 8.4% from RM142.8 million in FY2020 to RM154.9 million in FY2021, led mainly by a 5.5% increase in lime products to RM137.5 million. Sales of the other products, comprising mainly calcium carbonate powder, limestone and cement bricks, posted a 39.2% increase to RM17.4 million (FY2020: RM12.5 million) on demand recovery post more severe MCO measures in 1H2020.

Lime product sales volume rose 5.9% year-on-year, bolstered by a 19.1% increase in domestic demand, which more than offset by a 1.5% decline in export volume. Domestic sales staged a robust recovery during the year on economic activity recovery post harsher MCO measures in 1H2020. Exports, on the hand, were adversely affected by escalating shipping costs which eroded the division's price competitiveness in several key regional markets. The decline in export volume would have been more pronounced if not for successful volume diversion to alternative export markets that were less affected by the increase in shipping charges.

During the year, management adjusted selling prices to help defray sharp increases in fuel and shipping costs. Nonetheless, the overall ASP of lime products declined marginal by 0.3% as the price adjustment was more than offset by a stronger Ringgit (versus the US Dollar) and the effects of a change in the customer sales mix.

Pre-tax profit came in 10.9% lower to RM16.7 million (FY2020: RM18.8 million) as selling price adjustments and productivity gains arising from higher sales volume were not sufficient to offset a sharp increase in fuel costs and higher kilns repair expenses. The average fuel cost in FY2021 was 33.5% higher when compared to FY2020.

Packaging Division

Revenue grew 113.0% to RM208.2 million (FY2020: RM97.8 million), spurred by a 5-month sales contribution of RM83.2 million from Stenta and a 27.8% revenue growth of Hexachase to RM125.0 million.

Despite a relatively weak 3Q2021 caused by Covid-19-related plant shutdown by several key domestic customers, Hexachase delivered a robust top-line growth for the full year on the back of an expanding customer base and increasing sales penetration of existing customers in both the domestic and export markets.

Pre-tax profit came in 135% higher at RM22.2 million in 2021 (2020: RM9.5 million), comprising RM11.3 million from the 5-month consolidation of Stenta (2020: nil) and RM10.9 million from Hexachase (y-o-y: +14.7%). During the year, the pre-tax profit margin of Hexachase was impacted by higher raw material costs. Given the competitive nature of the converting business, Hexachase was unable to fully pass on these cost increases to its end customers.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 31 December 2021

(a) Assets and Liabilities

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

Asset/Liability Items	As At 31.12.2021 RM'000	As At 31.12.2020 RM'000	Changes RM'000	Explanation
Service concession asset	1,922,289	1,932,044	(9,755)	The increase was due to RM70.8 million translation gain, partially offset by RM80.5 million amortisation charge for the year.
Property, plant and equipment ("PPE")	422,617	250,229	172,388	The increase was primarily due to consolidation of Stenta (+RM88.6 million) and RM105.8 million CAPEX, partly offset by RM23.0 million depreciation charge. CAPEX allocation: (a) Packaging Division RM45.9 million; (b) Solar projects RM34.5 million; (c) Plantation development RM16.3 million; and, (d) Others RM8.6 million.
Right-Of-Use ("ROU") assets	117,101	104,298	12,803	The increase was largely due to consolidation of Stenta (+RM20.6 million) and RM4.0 million CAPEX, partially offset by RM6.9 million amortisation charge and RM5.1 million impairment loss.
Investment properties	165,203	177,212	(12,009)	The decrease was due to RM10.1 million fair value loss and RM1.9 million disposal.
Inventories (non-current)	43,443	43,443	-	No movement in the current year.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 31 December 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 31.12.2021 RM'000	As At 31.12.2020 RM'000	Changes RM'000	Explanation
Investment in quoted shares	200,067	98,790	101,277	The increase was primarily due to fair value gain of quoted securities.
Inventories (current)	128,858	61,802	67,056	The increase was mainly due to consolidation of Stenta (+RM38.8 million) and higher inventories in the Packaging and Resources Divisions on higher revenue base.
Receivables	408,666	306,995	101,671	The increase was mainly due to consolidation of Stenta (+RM41.8 million), prepayment for Don Sahong expansion and generally higher receivable in the Packaging, Renewable Energy and Resources Divisions on higher revenue base.
Deferred tax liabilities	119,508	100,536	18,972	The increase was mainly due to the consolidation of Stenta (+RM14.3 million) and additional deferred tax arising from Packaging Division CAPEX.
Payables (current)	118,515	126,063	(7,548)	The decrease was mainly due to RM31.5 million payment to Don Sahong's EPCC contractor, partially offset by consolidation of Stenta (+RM19.6 million),

B2. Performance Review of Assets, Liabilities and Cash Flow as at 31 December 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 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Secured					
Trade financing and loans	-	-	-	57,823	57,823
Term loans	-	83,921	-	22,417	106,338
Bank overdrafts	-	-	-	930	930
Revolving credit	-	-	-	88,000	88,000
	-	83,921	-	169,170	253,091
Unsecured Loan					
Term loan	420,665	-	104,125	-	524,790
Total Borrowings	420,665	83,921	104,125	169,170	777,881

At 31 December 2021, total borrowings (excluding lease liabilities) amounted to RM777.9 million, a RM120.0 million increase from RM657.9 million at the beginning of the year, The increase was primarily due to additional borrowings to part finance the acquisition of Stenta and the Group's capex and RM18.6 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 31 December 2021.

(c) Cash flow analysis for the financial year ended 31 December 2021

The Group generated a total cash of RM495.1 million in 2021, comprising:

(a) RM468.8 million after-tax cash from its operating activities, representing a 59.2% increase from RM294.5 million in 2020. The significant improvement was attributable mainly to higher collection of energy sale revenue from EDL;

(b) RM17.8 million net cash inflow from non-operating investment activities; and

(c) RM8.5 million new capital from minority shareholders of subsidiaries.

B2. Performance Review of Assets, Liabilities and Cash Flow as at 31 December 2021 (Cont'd)

(c) Cash flow analysis for the financial year ended 31 December 2021 (Cont'd)

During the year, RM331.0 million was allocated for investment activities, comprising:

(a) RM157.5 million for the acquisition of Stenta (inclusive of RM3.7 million net debt assumed);

(b) RM20.0 million for investment in oleochemical joint venture;

(c) RM114.3 million for CAPEX, as detailed above; and

(d) RM39.2 million for Don Sahong, being partial settlement of project cost and prepayment for the 5th turbine expansion.

A total of RM102.9 million was allocated to the following stakeholders:

(a) RM69.3 million comprising RM61.6 million dividends paid to shareholders of the Company and RM7.7 million distribution to minority shareholders of a subsidiary;

(b) RM26.8 million finance costs (including lease payments) paid to lenders of the Group; and

(c) RM6.8 million to buy back shares of the Company.

After factoring in translation loss on USD-denominated loans, net debt of the Group decreased RM44.1 million from RM564.3 million to RM520.2 million.

B3. Variation of Current Quarter ("4Q2021") versus ("vs") Preceding Quarter ("3Q2021")

	4Q2021	3Q2021	Changes	
	RM'000	RM'000	RM'000	%
		Re-presented		
Revenue	280,619	232,497	48,122	20.7%
Other income, net	1,900	4,073	(2,173)	-53.4%
Earning before interest, tax, depreciation	-	-		
and amortisation ("EBITDA")	153,672	139,284	14,388	10.3%
Operating profit	125,627	113,435	12,192	10.7%
Profit before tax	240,988	108,030	132,958	123.1%
Profit after tax	236,582	105,965	130,617	123.3%
Profit after tax attributable to owners of the Company	212,806	88,863	123,943	139.5%
Revenue				
Renewable Energy	146,641	134,835	11,806	8.8%
Resources	43,329	31,509	11,820	37.5%
Packaging	84,105	63,418	20,687	32.6%
Sub-total	274,075	229,762	44,313	19.3%
Investment holding & others	6,544	2,735	3,809	139.3%
Total revenue	280,619	232,497	48,122	20.7%
Profit before tax				
Renewable Energy	109,901	98,853	11,048	11.2%
Resources	4,385	1,979	2,406	121.6%
Packaging	10,671	7,550	3,121	41.3%
Sub-total	124,957	108,382	16,575	15.3%
Investment holding & others	116,031	(352)	116,383	33063.4%
Total profit before tax	240,988	108,030	132,958	123.1%
Additional Information:				
Share of profit/(loss) in joint ventures	122,026	(62)	122,088	196916.1%
Gain from quoted investments	491	739	(248)	-33.6%
(Loss)/Gain on foreign exchange	(2,814)	1,175	(3,989)	-339.5%

Group turnover improved 20.7% quarter-to-quarter from RM232.5 million to RM280.6 million, bolstered by topline growth in all three core divisions. Revenue of the Renewable Energy Division grew 8.8% to RM146.6 million, while that of Packaging Division and Resources Division expanded 32.6% to RM84.1 million and 37.5% to RM43.3 million, respectively.

Group pre-tax profit more than doubled from RM108.0 million to RM241.0 million, primarily due to share of profit in joint venture of RM122.0 million (3Q2021: RM0.1 million loss). Excluding the share of profit in joint venture, the Group registered a 10.1% improvement in pre-tax profit, underpinned by an 11.2% increase in the Renewable Energy Division to RM109.9 million, 121.6% increase in the Resources Division to RM4.4 million and a 41.3% growth in the Packaging Division to RM10.7 million.

B3. Variation of 4Q2021 vs 3Q2021 (Cont'd)

Renewable Energy Division

The average EAF improved sequentially from 90.1% in the preceding quarter to 97.5% in the current quarter following the completion of the annual scheduled turbine maintenance in the preceding quarter. This resulted in an 8.8% increase in hydro-energy sales from RM133.4 million to RM145.2 million. Solar energy sales were flat at RM1.4 million as there was no new solar project being commissioned during the period.

Pre-tax profit advanced 11.2% to RM109.9 million (3Q2021: RM98.9 million) led by increase in hydropower revenue

Resources Division

Revenue climbed 37.5% sequentially to RM43.3 million in the current quarter from RM31.5 million in the preceding quarter on a 37.6% increase in sales of lime products to RM38.4 million. Sales of the other products rose 36.1% to RM4.9 million on domestic demand recovery.

Lime product sales volume rose 40.7%. Export volume increased 56.8% mainly on order resumption by a key customer following maintenance shutdown in 3Q2021. Domestic demand expanded 22.5% on recovery in economic activity in Malaysia.

The ASP of lime products declined 2.2% sequentially mainly due to a change in the customer sales mix, partially offset by upward selling price adjustments.

Pre-tax profit surged 121.6% to RM4.4 million (3Q2021: RM2.0 million) on improved sales volume, partly offset by continuous increase in fuel cost and higher kiln maintenance expense.

Packaging Division

Revenue rose 32.6% to RM84.1 million (3Q2021: RM63.4 million), bolstered by full-quarter consolidation of Stenta (3Q2021: 2 months) and a 16.4% increase in revenue of Hexachase Group to RM34.6 million (3Q2021: RM29.7 million). Hexachase Group sequential sales improvement was mainly bolstered by growth in sales of flexible plastic packaging products which were adversely affected by Covid-19 related customer plant closure in 3Q2021.

Pre-tax profit increased 41.3% quarter-to-quarter from RM7.6 million in 3Q2021 to RM10.7 million in the current quarter due to a 73.8% increase in profit contribution from Hexachase to RM4.4 million (3Q2020: RM2.5 million) and full-quarter consolidation of Stenta (3Q2021: 2 months). The sequential improvement in PBT margin of Hexachase was attributable to production efficiency gains and higher revenue.

B4. Prospects

Excluding the share of profit in joint venture, the Group delivered a RM28.4 million or 7.3% increase in PBT from RM389.3 million in 2020 to RM417.6 million in 2021. The Board expects 2022 earnings, excluding share of profit in joint venture, to be better than 2021, underpinned by expected year-on-year earnings improvements from all three core divisions as explained further below.

On earnings prospects of joint venture, the management of Edenor Technologies Sdn Bhd ("Edenor") have already identified key areas for improvements and have started taking concrete and firm actions since 1 November 2021 to turn around the business. Management is optimistic the results of the joint venture will be satisfactory in 2022.

Renewable Energy Division

Hydropower - Don Sahong

Don Sahong achieved an average EAF of 91.0% in 2021, a significant improvement from 86.4% in 2020 due to higher water levels especially during the dry season in the first 4 months of the year, better management of the water flow and a more effective power distribution system as explained earlier.

The current dry season which commenced from November 2021 and will stretch to April this year will be critical in determining the average EAF for 2022. Based on the year-to-date hydro energy generation data, and assuming there is no unusual decline in water level for the remaining part of this year's dry season, management expects the average EAF in 2022 to be sustained at around 2021 levels.

Construction of the 5th turbine, which commenced in December 2021, is progressing on schedule. Management expects the expansion to be completed in 3Q2024.

Solar Photovoltaics ("Solar PV")

Solar energy sales revenue is expected to benefit from a full year contribution from the 14.5 MW completed C&I solar projects as at 31 December 2021 and progressive commissioning of new C&I projects in 2022. The Group has to-date secured another 17.3 MW (on top of the 14.5 MW completed projects, bringing total capacity to 31.8 MW), of which 6.3 MW is expected to be commissioned in June/July 2022 and the balance over the next 18 months.

Management will continue to explore diligently and seize new business opportunities in the solar space to further build on the Group's solar portfolio in 2022.

B4. Prospects (Cont'd)

Resources Division

Barring any further economic disruption from the on-going Covid-19 pandemic and transport disarrangement caused by changes in freight rates and shipping capacity availability, management expects the top line of the Resources Division to perform better in 2022 when compared to 2021.

Domestic sales volume of lime products is expected to continue to benefit from a gradual recovery in economic activities, while export volume, after declining 1.5% in 2021, is projected to rebound following successes in diverting some of the lost export volume to the other less affected regional markets.

Despite the anticipated volume growth, the division is expected to experience further cost inflation in 2022, mainly arising from higher fuel and transport costs. To mitigate these expected cost pressures, management will continue to review its pricing strategy and seek ways to improve production efficiencies.

Packaging Division

The earnings performance of the Packaging Division in 2022 will benefit from the full year consolidation of Stenta (2021: 5 months) and continuous robust growth in Hexachase.

Management expects the rate of revenue growth in Hexachase in 2022 to exceed that of 27.8% recorded in 2021, bolstered by new production capacities (2021/2022) and increasing demand from both the existing and new customers, and from both the domestic and export markets.

Pre-tax profit margin of Hexachase is expected to improve in 2022 from 8.7% in 2021, mainly on productivity and efficiency gains, which are expected to more than offset inflationary cost pressures arising from higher raw material and logistic costs.

Hexachase's new production capacities in 2021/2022 is expected to be fully taken up by 2023. To cater for the next 5 years of growth, a new mega factory is being planned on a 10.4-acre land in Melaka that was acquired in 2021. The new mega factory building is scheduled for completion in 1H2023.

Management has also recently approved the expansion plan of Stenta, which is currently operating at near full capacity. The plan involves the construction of a new factory cum office building in the adjacent 6.7-acre empty land in Bangi. Construction of the new factory is expected to be completed in 1H2023.

B5. Profit forecast

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

B6. Income tax expense

	4th Quarter Ended 31 December		Financial Year Ended 31 December	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Re-presented		Re-presented
Malaysia	4,406	1,129	8,915	5,891
Overseas	-	5,194	-	5,194
	4,406	6,323	8,915	11,085

The Group's effective tax rate for the current quarter and financial year ended 31 December 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 energy in the Lao People's Democratic Republic ("Lao PDR") which were 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 18 February 2022, 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 18 February 2022, 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 6.5sen per ordinary share (prior to Share Split as detailed in Note A10(a)) 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 3.25sen per ordinary share for the financial year ended 31 December 2021 and was paid on 15 October 2021 based on shareholders registered on 7 October 2021.

(c) The Board is declaring a second and final dividend of 3.5sen per ordinary share for the financial year ended 31 December 2021. The dividend has not been included as a liability in these financial statements. The entitlement and payment dates will be announced later.

(d) The total dividend declared to-date for the current financial year is 6.75sen per ordinary share, against 6.25sen* for the financial year ended 31 December 2020

* - *restated after adjusting for Share Split as detailed in Note A10(a).*

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

	4th Quarter Ended 31 December		Financial Year Ended 31 December	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After crediting:				
Dividend income	491	249	1,640	1,000
Gain on disposal of:				
- property, plant and equipment	26	115	72	115
- investment properties	1,660	-	1,660	-
Gain on foreign exchange:				
- realised	-	-	1,184	-
- unrealised	-	-	-	-
Interest income	2,777	3,167	9,539	4,200
Write-back of:				
- provision for restoration costs	16,650	-	16,650	-
After charging:				
Impairment losses on:				
- property, plant and equipment	(656)	(80)	(656)	(80)
- right-of-use assets	(5,093)	-	(5,093)	-
- receivables, net	310	(7,180)	(458)	(8,336)
Amortisation of:				
- service concession asset and other intangible asset	(20,409)	(20,412)	(80,653)	(61,722)
Fair value loss on investment properties	(10,109)	-	(10,109)	-
Depreciation of:				
- property, plant and equipment	(7,732)	(4,647)	(22,988)	(15,658)
- right-of-use assets	(2,681)	(1,861)	(6,948)	(5,614)
Finance costs	(6,665)	(5,365)	(21,967)	(22,331)
Loss on foreign exchange:				
- realised	(78)	(606)	-	(999)
- unrealised	(2,736)	(286)	(1,505)	(481)
Write-down in value of inventories	(809)	(283)	(824)	(1,754)
Fair value loss on interest rate awap 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	(7,255)	(52,225)	59,555	(37,982)
Fair value changes of equity investments	3,891	40,535	104,091	44,123
Interest rate swap:				
- Reclassified to profit or loss	-	9,546	-	9,546
- Fair value changes during the peri	-	(9,546)	-	(5,155)

B11. Earnings per share

	4th Quarter Ended 31 December		Financial Year Ended 31 December	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Re-presented		Re-presented
Profit after tax attributable to owners of the Company	212,806	93,052	462,330	321,290
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	988,352	988,352	988,352	876,684
Effect of treasury shares held	(41,473)	(40,994)	(41,116)	(40,994)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	-	-	-	22,830
- Warrants	-	-	-	51,870
	946,879	947,358	947,236	910,390
Basic earnings per share (sen)	22.47	9.82	48.81	35.29

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 financial year ended 31 December 2021, excluding treasury shares held by the Company.

For comparative purpose, the earning per share for the quarter and financial year ended 31 December 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 31 December 2021.

B12. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 25 February 2022.