

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

Interim Financial Report
30 September 2024

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For The Third Quarter and 9-Month Period Ended 30 September 2024

| | 3rd Quarter Ended | | 9-Month Period Ended | | |
|--|-------------------|-----------|----------------------|-----------|-------|
| | 30.9.2024 | 30.9.2023 | 30.9.2024 | 30.9.2023 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Revenue | 372,005 | 320,380 | 1,017,434 | 993,386 | |
| Cost of sales | (197,862) | (165,508) | (555,096) | (580,287) | |
| Gross profit | 174,143 | 154,872 | 462,338 | 413,099 | |
| Other income | 22,950 | 14,887 | 83,367 | 55,507 | |
| Other operating expenses | (26,707) | (12,964) | (48,495) | (50,553) | |
| Administrative and distribution expenses | (20,916) | (10,973) | (55,960) | (41,990) | |
| Profit from operations | 149,470 | 145,822 | 441,250 | 376,063 | |
| Finance costs | (15,043) | (10,331) | (47,264) | (28,343) | |
| Share of results in equity accounted investments, net of tax | (7,663) | (3,959) | (31,115) | (9,705) | |
| Profit before tax | 126,764 | 131,532 | 362,871 | 338,015 | |
| Income tax expense | (2,819) | (4,428) | (18,419) | (24,717) | |
| Profit after tax for the period | 123,945 | 127,104 | 344,452 | 313,298 | |
| Other comprehensive income | (365,819) | 7,290 | (301,398) | 124,404 | |
| Total comprehensive income for the period | (241,874) | 134,394 | 43,054 | 437,702 | |
| Profit after tax attributable to: | | | | | |
| - Owners of the Company | 116,644 | 102,531 | 317,463 | 261,688 | |
| - Non-controlling interests | 7,301 | 24,573 | 26,989 | 51,610 | |
| | 123,945 | 127,104 | 344,452 | 313,298 | |
| Total comprehensive income attributable to: | | | | | |
| - Owners of the Company | (243,562) | 107,375 | 21,550 | 363,583 | |
| - Non-controlling interests | 1,688 | 27,019 | 21,504 | 74,119 | |
| | (241,874) | 134,394 | 43,054 | 437,702 | |
| EPS - Basic (sen) | B11 | 12.37 | 10.87 | 33.67 | 27.71 |

The notes set out on pages 7 to 31 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 2024

| | Unaudited As At 30.9.2024 RM'000 | Audited As At 31.12.2023 RM'000 |
|---|---|--|
| ASSETS | | |
| Non-Current Assets | | |
| Service concession asset | 1,682,160 | 1,940,046 |
| Property, plant and equipment | 983,199 | 531,945 |
| Investment properties | 268,114 | 168,746 |
| Right of use assets | 116,164 | 116,312 |
| Investment in quoted shares | 93,549 | 133,278 |
| Inventories | 40,166 | 40,166 |
| Joint ventures and associates | 135,559 | 166,674 |
| Development expenditures | 20,209 | 203,048 |
| Goodwill on consolidation | 58,041 | 54,673 |
| Other assets | 669 | 669 |
| Deferred tax asset | 37 | 2,932 |
| | 3,397,867 | 3,358,489 |
| Current Assets | | |
| Inventories | 152,353 | 131,737 |
| Biological assets, at fair value | 208 | - |
| Receivables and prepayments | 465,121 | 490,098 |
| Short-term investments | - | 19,500 |
| Bank balances and deposits | 642,652 | 508,587 |
| | 1,260,334 | 1,149,922 |
| TOTAL ASSETS | 4,658,201 | 4,508,411 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Owners Of The Company | | |
| Share capital | 743,121 | 743,121 |
| Treasury shares | (46,193) | (45,517) |
| Reserves | 2,298,442 | 2,359,304 |
| | 2,995,370 | 3,056,908 |
| Non-Controlling Interests | 215,245 | 167,110 |
| Total Equity | 3,210,615 | 3,224,018 |
| Non-Current Liabilities | | |
| Long-term borrowings | 468,641 | 466,128 |
| Deferred tax liabilities | 128,326 | 126,954 |
| Put option liability | 73,407 | 70,759 |
| Lease and hire purchase liabilities | 12,508 | 9,943 |
| Payables | 624 | 588 |
| | 683,506 | 674,372 |
| Current Liabilities | | |
| Payables and accruals | 255,689 | 168,823 |
| Short-term borrowings | 504,888 | 435,203 |
| Lease and hire purchase liabilities | 3,503 | 5,995 |
| | 764,080 | 610,021 |
| Total Liabilities | 1,447,586 | 1,284,393 |
| TOTAL EQUITY AND LIABILITIES | 4,658,201 | 4,508,411 |
| Net Assets Per Ordinary Share (RM) | 3.18 | 3.24 |

The notes set out on pages 7 to 31 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 2023

| | ← Non-Distributable | | | | → Distributable | | | | | |
|--|-------------------------|---------------------------|-------------------------------|------------------------------|---------------------------|-------------------------|----------------------------|---|-------------------------------------|------------------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Translation Reserve 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 01.01.2023 | 743,121 | (37,261) | 77,088 | 92,331 | 27,394 | (88,556) | 1,936,530 | 2,750,647 | 440,379 | 3,191,026 |
| Total comprehensive income for the period | - | - | 128,359 | (26,464) | - | - | 261,688 | 363,583 | 74,119 | 437,702 |
| Total transactions with owners: | | | | | | | | | | |
| - Dividends to shareholders of the Company | - | - | - | - | - | - | (74,105) | (74,105) | - | (74,105) |
| - Purchase of treasury shares | - | (8,256) | - | - | - | - | - | (8,256) | - | (8,256) |
| | - | (8,256) | - | - | - | - | (74,105) | (82,361) | - | (82,361) |
| Distribution by a subsidiary | - | - | - | - | - | - | - | - | (7,576) | (7,576) |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | (5,147) | (5,147) |
| Balance at 30.09.2023 | 743,121 | (45,517) | 205,447 | 65,867 | 27,394 | (88,556) | 2,124,113 | 3,031,869 | 501,775 | 3,533,644 |

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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 2024

| | ← Non-Distributable | | | | → Distributable | | | Attributable To Owners Of The Company RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|---|-------------------------|---------------------------|-------------------------------|------------------------------|---------------------------|-------------------------|----------------------------|---|-------------------------------------|------------------------|
| | Share Capital RM'000 | Treasury Shares RM'000 | Translation Reserve RM'000 | Fair Value Reserve RM'000 | Capital Reserve RM'000 | Other Reserve RM'000 | Retained Profits RM'000 | | | |
| Balance at 01.01.2024 | 743,121 | (45,517) | 139,813 | 73,620 | 27,394 | (88,556) | 2,207,033 | 3,056,908 | 167,110 | 3,224,018 |
| Total comprehensive income for the period | - | - | (254,984) | (40,929) | - | - | 317,463 | 21,550 | 21,504 | 43,054 |
| Total transactions with owners: | | | | | | | | | | |
| - Dividend to shareholders of the Company | - | - | - | - | - | - | (82,485) | (82,485) | - | (82,485) |
| - Purchase of treasury shares | - | (676) | - | - | - | - | - | (676) | - | (676) |
| | - | (676) | - | - | - | - | (82,485) | (83,161) | - | (83,161) |
| Dividend by a subsidiary to non-controlling interests | - | - | - | - | - | - | - | - | (14,975) | (14,975) |
| Effect on accretion of interest in a subsidiary | - | - | - | - | - | - | 73 | 73 | (6,450) | (6,377) |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | - | 48,056 | 48,056 |
| Balance at 30.09.2024 | 743,121 | (46,193) | (115,171) | 32,691 | 27,394 | (88,556) | 2,442,084 | 2,995,370 | 215,245 | 3,210,615 |

The notes set out on pages 7 to 31 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 9-month period ended 30 September 2024

| | 9-Month Period Ended | |
|---|-----------------------------|------------------|
| | 30.9.2024 | 30.9.2023 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 362,871 | 338,015 |
| Adjustments for non-cash flow - Non-cash items | 136,072 | 129,002 |
| - Non-operating items | 30,522 | (6,909) |
| Operating profit before working capital changes | 529,465 | 460,108 |
| Changes in working capital - Net change in assets | (23,035) | (30,718) |
| - Net change in liabilities | (33,628) | 11,408 |
| Cash from operations | 472,802 | 440,798 |
| Income tax paid | (13,814) | (9,755) |
| Net cash from operating activities | 458,988 | 431,043 |
| Cash flows for investing activities | | |
| Net cash outflow on acquisition of subsidiaries | (5,081) | - |
| Development expenditures paid | | |
| - Don Sahong Hydropower Project | (84,699) | (68,474) |
| - Solar power plants in Maldives | (21,577) | - |
| Dividends received | 1,089 | 1,040 |
| Interest received | 17,822 | 16,913 |
| Insurance claims received | 25,691 | - |
| Investment in joint ventures and associates | - | (5,713) |
| Payments for purchase of: | | |
| - property, plant and equipment | (108,102) | (67,456) |
| - right of use assets | (162) | (626) |
| - quoted shares | (1,200) | - |
| - short-term investment | - | (12,500) |
| - investment properties | (75,438) | - |
| Proceeds from disposal of: | | |
| - property, plant and equipment | 997 | 77 |
| Receipt from redemption of short-term investment, net | 4,500 | - |
| Net cash outflow from disposal of a subsidiary | - | (646) |
| Subscription of additional shares in a subsidiary | (6,377) | - |
| Net cash for investing activities | (252,537) | (137,385) |

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

Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 9-month period ended 30 September 2024

| | 9-Month Period Ended | |
|--|-----------------------------|------------------|
| | 30.9.2024 | 30.9.2023 |
| | RM'000 | RM'000 |
| Cash flows from/(for) financing activities | | |
| Dividends paid to: | | |
| - shareholders of the Company | (40,068) | (36,395) |
| - subsidiary's non-controlling interests | (14,975) | (7,576) |
| Finance costs paid | (47,264) | (28,343) |
| Net drawdown/(repayment) of: | | |
| - Revolving credits, trade financing and loans | 74,799 | (11,039) |
| - Hire Purchase liabilities | (3,337) | (4,906) |
| - Term loans | 20,760 | (77,781) |
| Purchase of treasury shares | (676) | (8,256) |
| Placement of deposits pledged with licensed banks or deposits with original maturity period of more than 3 months | 2,339 | (7,276) |
| Net cash for financing activities | <u>(8,422)</u> | <u>(181,572)</u> |
| Effect of foreign exchange translation | <u>(61,625)</u> | <u>30,433</u> |
| Net increase in cash and cash equivalents | 136,404 | 142,519 |
| Cash and cash equivalents at beginning of the period | 462,934 | 482,773 |
| Cash and cash equivalents at end of the period | <u>599,338</u> | <u>625,292</u> |

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

| | | |
|---|----------------|----------------|
| Bank balances and deposits | 642,652 | 642,049 |
| Less: | | |
| - Deposits with original maturity period of more than three months | (14,883) | (13,894) |
| - Bank deposits pledged with licensed banks | (28,431) | (2,863) |
| | <u>599,338</u> | <u>625,292</u> |

The notes set out on pages 7 to 31 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 2023.

- (a) 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 2023, except for the following new accounting standards and interpretations (including the consequential amendments) which were adopted at the beginning of the financial year ending 31 December 2024. These pronouncements are either not relevant or do not have any material impact on the Group’s financial statements for the current financial year.

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

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

- (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 2024:

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

Effective Date

| | |
|---|----------------|
| 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 121: Lack of Exchangeability | 1 January 2025 |
| Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments | 1 January 2026 |
| Annual Improvements to MFRS Accounting Standards – Volume 11 | 1 January 2026 |
| MFRS 18: Presentation and Disclosure in Financial Statements | 1 January 2027 |
| MFRS 19: Subsidiaries without Public Accountability – Disclosures | 1 January 2027 |

The above pronouncements are either not relevant or not expected to have any material impact to the Group’s financial statements.

A2. Qualification of financial statements

The auditors’ report of the Group’s annual financial statements for the financial year ended 31 December 2023 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 and November during the wet season. More detailed commentary is set out in Notes B3 and B4 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 other than items disclosed in Notes B1, B2 and B3.

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 2024 | 988,352 | (45,593) | 743,121 | (45,517) |
| Shares repurchased in current period | - | (151) | - | (676) |
| At 30 September 2024 | <u>988,352</u> | <u>(45,744)</u> | <u>743,121</u> | <u>(46,193)</u> |

Of the total 988,352,102 issued ordinary shares as at 30 September 2024, 45,743,900 ordinary shares were held as treasury shares by the Company. Accordingly, the number of outstanding ordinary shares in issue as at 30 September 2024 was 942,608,202.

There was no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares in these financial statements.

A7. Segment information

| 9-Month Period Ended 30 September 2024 | Renewable Energy RM'000 | Resources RM'000 | Packaging RM'000 | Investment Holding & Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|--|-----------------------------|-----------------------------|---|--------------------------------|--------------------------------|
| Revenue | | | | | | |
| External revenue | 477,629 | 180,743 | 305,265 | 53,797 | - | 1,017,434 |
| Inter-segment revenue | - | - | - | 154,598 | (154,598) | - |
| Consolidated revenue | 477,629 | 180,743 | 305,265 | 208,395 | (154,598) | 1,017,434 |
| Results | | | | | | |
| Profit from operations | 363,024 | 41,256 | 32,173 | 160,710 | (155,913) | 441,250 |
| Finance costs | | | | | | (47,264) |
| Share of loss in equity accounted investments | | | | | | (31,115) |
| Profit before tax | | | | | | 362,871 |
| Income tax expense | | | | | | (18,419) |
| Profit after tax | | | | | | 344,452 |
| Total assets | | | | | | |
| At 30 September 2024 | 2,771,605 | 379,238 | 595,973 | 1,174,731 | (263,346) | 4,658,201 |

| 9-Month Period Ended 30 September 2023 | Renewable Energy RM'000 | Resources RM'000 | Packaging RM'000 | Investment Holding & Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---|--|-----------------------------|-----------------------------|---|--------------------------------|--------------------------------|
| Revenue | | | | | | |
| External revenue | 437,555 | 156,483 | 301,980 | 97,368 | - | 993,386 |
| Inter-segment revenue | - | - | - | 1,694 | (1,694) | - |
| Consolidated revenue | 437,555 | 156,483 | 301,980 | 99,062 | (1,694) | 993,386 |
| Results | | | | | | |
| Profit from operations | 336,038 | 17,663 | 31,060 | (5,546) | (3,152) | 376,063 |
| Finance costs | | | | | | (28,343) |
| Share of profit in equity accounted investments | | | | | | (9,705) |
| Profit before tax | | | | | | 338,015 |
| Income tax expense | | | | | | (24,717) |
| Profit after tax | | | | | | 313,298 |
| Total assets | | | | | | |
| At 31 December 2023 | 2,936,080 | 368,284 | 503,807 | 882,775 | (182,535) | 4,508,411 |

A8. Dividend paid

Details of dividend declared and paid during the current quarter and 9-month ended 30 September 2024 are disclosed in Note 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 15 August 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A10. Significant event during the reporting period

Acquisition of CSC Agriculture Holdings Sdn Bhd (“CSCAH”)

A wholly-owned subsidiary of MFCB, Mega First Agrotech Sdn Bhd (formerly known as Lifestyle Wellness Sdn Bhd) had on 8 May 2024 entered into a Share Subscription Agreement with CSCAH and the existing shareholders of CSCAH to subscribe for 13,551,072 ordinary shares in CSCAH for a total consideration of RM25.0 million (“**Shares Subscription**”).

CSCAH is an investment holding company, with subsidiaries principally engaged in fruits and vegetable farming and wholesaling. Currently, it operates and manages more than 1,100 acres of farmland in the states of Johor and Pahang with development areas exceeding 600 acres planted with various crops, including a modern greenhouse farming clean leafy vegetables.

The Shares Subscription was completed on 28 May 2024. Since then, CSCAH and its subsidiaries (“CSC”) constitute part of MFCB Group where MFCB holds 40% effective equity interest in CSC.

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 14 November 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A12. Changes in composition of the Group

Changes in the composition of the Group during the 9-month period ended 30 September 2024 are as follows:

1. On 22 January 2024, Authentic Excellence Sdn Bhd (“AESB”), a wholly-owned subsidiary of MFCB acquired 10,000 ordinary shares representing 100% equity interest in Grand Ascent Sdn Bhd (“GASB”) for RM1,500. Since then, GASB became an indirect wholly-owned subsidiary of MFCB. GASB was dormant prior to the aforesaid date and its intended business activity involves of a medical centre;
2. Two of the Company’s indirect wholly-owned dormant subsidiaries, namely Mega First Power Services Sdn Bhd (“MFPS”) and Bayangan Sutera Sdn Bhd (“BSSB”) have on 19 March 2024 commenced members’ voluntary liquidation. Accordingly, the financial results of MFPS and BSSB have been deconsolidated from MFCB’s group accounts with effect from the aforesaid date;
3. On 6 April 2024, Mega First Green Farms Limited, a 100%-owned subsidiary of MFCB incorporated a wholly-owned subsidiary named Mega First Green Harvest (Cambodia) Co., Ltd (“MFGH”) with a registered share capital of Cambodia Riel (“KHR”) 4,000,000. The principal activity of MFGH is to engage in the business of manufacturing and trading of fruits, grains and other food products.
4. On 25 April 2024, MFCB incorporated a wholly-owned subsidiary named Don Sahong Investments Limited (“DSHL”) with an issued and paid-up capital of USD1,000. The principal activity of DSHL is investment holding; and
5. Acquisition of CSC as detailed in Note A10.
6. A wholly-owned subsidiary of MFCB, Bloxwich International Sdn Bhd (“BISB”) has on 11 September 2024 completed an acquisition of 148,944 ordinary shares representing 80% equity interest in OPT Precision Sdn Bhd (“OPT”) for RM2,080,003. Since then, OPT became an indirect subsidiary of MFCB. OPT was established in August 2002 and principally involved in the manufacture and trading of all kinds of forging, pressing, stamping and roll-forming metal, precision tooling, fabrication of metal products and related business. OPT operates two (2) production facilities in the state of Kedah and is accredited with ISO 9001 - Quality Management Systems certification.

A13. Changes in contingent liabilities and assets

(a) Contingent liability

The Group has no contingent liability as at 14 November 2024, 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 14 November 2024, 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 2024, the Group has the following capital commitments:

| | RM'000 |
|--------------------------------------|---------------|
| Property, plant and equipment | |
| Approved and contracted for | 142,702 |

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and 9-month period ended 30 September 2024 other than the following transactions made by the Company:

| | 3rd Quarter Ended | | Financial Period Ended | |
|---|-------------------------------------|---------------|-------------------------------|-------------------|
| | 30 September | | 30 September | |
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>A Major Shareholder of the Company</u> | | | | |
| Term loan repaid | - | 32,395 | 47,234 | 94,823 |
| Interest expense | 5,878 | 6,692 | 19,301 | 17,529 |
| | | | 30.09.2024 | 31.12.2023 |
| | | | RM'000 | RM'000 |
| Corporate guarantees given to lenders and supplier of joint ventures and associates | | | 407,772 | 285,360 |

A16. Derivative financial instruments

| | 30.09.2024 | 31.12.2023 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Derivative liability</u> | | |
| Put option liability over shares of a subsidiary held by non-controlling interest | 73,407 | 70,759 |

The Company entered into a Put Option Agreement with the minority shareholders of Stenta Group whereby the minority shareholders have the right to require the Company to buy their equity interest in the subsidiary in accordance to the terms of the Put Option Agreement.

The obligation by the Company to purchase Stenta Group 's equity interest held by the minority shareholders 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 will be remeasured at fair value and any changes in fair value is recognised in profit or loss.

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

B1. Performance review - Current quarter ended 30 September 2024 (“3Q2024”) versus (“vs”) the corresponding quarter ended 30 September 2023 (“3Q2023”)

| | 3Q2024 | 3Q2023 | Changes | |
|---|----------------|----------------|----------------|--------------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 372,005 | 320,380 | 51,625 | 16.1% |
| Other income | 22,950 | 14,887 | 8,063 | 54.2% |
| Other expenses | (26,707) | (12,964) | (13,743) | 106.0% |
| Earning before interest, tax, depreciation and Amortisation ("EBITDA") | 180,740 | 172,258 | 8,482 | 4.9% |
| Operating profit | 149,470 | 145,822 | 3,648 | 2.5% |
| Profit before tax | 126,764 | 131,532 | (4,768) | -3.6% |
| Profit after tax | 123,945 | 127,104 | (3,159) | -2.5% |
| Profit after tax attributable to owners of the Company | 116,644 | 102,531 | 14,113 | 13.8% |
| Revenue | | | | |
| Renewable Energy | 183,859 | 164,229 | 19,630 | 12.0% |
| Resources | 60,308 | 48,310 | 11,998 | 24.8% |
| Packaging | 98,226 | 98,084 | 142 | 0.1% |
| Sub-total | 342,393 | 310,623 | 31,770 | 10.2% |
| Investment Holding & Others | 29,612 | 9,757 | 19,855 | 203.5% |
| Total revenue | 372,005 | 320,380 | 51,625 | 16.1% |
| Profit before tax | | | | |
| Renewable Energy | 130,545 | 122,796 | 7,749 | 6.3% |
| Resources | 13,619 | 5,508 | 8,111 | 147.3% |
| Packaging | 7,520 | 10,110 | (2,590) | -25.6% |
| Sub-total | 151,684 | 138,414 | 13,270 | 9.6% |
| Investment Holding & Others | (24,920) | (6,882) | (18,038) | 262.1% |
| Total profit before tax | 126,764 | 131,532 | (4,768) | -3.6% |
| Significant income/(expense) items: | | | | |
| 1 Share of loss in equity accounted investments | (7,663) | (3,959) | (3,704) | 93.6% |
| 2 Insurance income recognised for assets damaged by fire incident in 2023 | 7,235 | - | 7,235 | na |
| 3 (Loss)/Gain on foreign exchange | (18,368) | 863 | (19,231) | -2228.4% |

B1. Performance review - 3Q2024 vs 3Q2023 (Cont’d)

Group turnover for the current quarter increased by 16.1% to RM372.0 million. This growth was primarily driven by a 10.2% rise in sales from the Group’s three core divisions, totaling RM342.4 million, alongside a contribution of RM20.8 million from the newly acquired CSC Agriculture Holdings Sdn Bhd (“CSC”) on May 28, 2024 (categorised under Investment Holding & Others).

The Group’s three core divisions collectively reported a pre-tax profit of RM151.7 million, reflecting a year-on-year increase of 9.6%. This growth was attributed to improved contributions from the Renewable Energy Division and Resources Division, although it was partially offset by a decrease in pre-tax profit from the Packaging Division.

Overall, the Group’s Profit Before Tax (“PBT”) however declined by 3.6% to RM126.8 million. This decrease was mainly due to an RM18.4 million loss on foreign exchange (compared to a forex gain of RM0.9 million in 3Q2023) and a higher share of losses in joint venture and associates. These negative impact was mitigated by the RM7.3 million income (3Q2023: nil) from insurance claims related to a fire incident in the Packaging Division in 2023.

The substantial foreign exchange loss of RM18.4 million in the current quarter was due to a significant appreciation of the Ringgit against the US Dollar, moving from RM4.72/USD on 30 June 2024 to RM4.12/USD at the close of the current quarter.

The share of losses in joint venture and associates of RM7.7 million in the current quarter (up from a loss of RM4.0 million in 3Q2023), mainly attributed to Edenor. Though market condition has improved, Edenor continues to face significant capacity loss due to highly disruptive intermittent repairs and upgrade works.

Despite the 3.6% decline in PBT driven by higher forex losses, the Group’s profit after tax and non-controlling interests (“PATNCI”) rose by 13.8% to RM116.7 million, primarily due to the positive impact of the additional 15% effective equity stake in Don Sahong Power Company Ltd (“DSPC”) at the end of 2023.

Renewable Energy Division

Total revenue increased by 12.0% to RM183.9 million from RM164.2 million in 3Q2023. This was driven by a 12.0% increase in hydro energy sales, which rose to RM181.5 million, and a 6.1% increase in solar energy sales, now at RM2.4 million from the increase in installed solar capacity from 26.7 MWp to 28.3 MWp.

Hydro energy volume increased by 18.5% due to the new generation capacity from the 5th turbine, operational since July 4, 2024. With the addition of the 5th turbine, the overall capacity factor in 3Q2024 dropped to 92.5% from 97.6% in 3Q2023. This is in line with our expectations as the addition of the 5th turbine has marginally reduced the head and hence energy generation of the existing 4 units. At the same time, the energy generation was negatively impacted by the abnormally high water levels in September this year.

B1. Performance review - 3Q2024 vs 3Q2023 (Cont’d)

Renewable Energy Division (Cont’d)

The average tariff in Ringgit terms declined 5.5%, affected by lower tariff for the new turbine which was set at 80% of the existing Power Purchase Agreement (“PPA”) rate and a 2.5% depreciation of the US Dollar.

Pre-tax earnings rose by 6.3% to RM130.5 million, up from RM122.8 million in 3Q2023. This increase is attributed to higher revenue, partly offset by higher operation and maintenance expenses for 5 turbines, and higher net interest expense arising from the loan procured in December 2023 for the additional 20% equity stake in DSPC.

The Division’s PATNCI increased by 24.5% to RM125.6 million, compared to RM100.9 million in 3Q2023, driven by incremental profit resulting from the additional effective equity interest in DSPC and higher revenue.

Resources Division

Revenue increased by 24.8% to RM60.3 million, compared to RM48.3 million reported a year ago. This growth was primarily driven by higher sales volumes of lime products, with robust demand from both the Malaysian and regional markets during the quarter. Additionally, this increase reflects a lower base due to reduced sales volumes in 3Q2023, which were impacted by plant maintenance conducted by a major customer. Sales of non-lime products also saw a rise of 4.3%, increasing from RM4.6 million in 3Q2023 to RM4.8 million, fueled by higher sales of limestone products.

Pre-tax profit surged by 147.3%, reaching RM13.6 million compared to RM5.5 million in 3Q2023. This significant increase was attributed to the rise in revenue, productivity improvements, and a favorable shift in the sales mix.

Packaging Division

In the current quarter, the division successfully maintained its revenue at RM98.2 million (3Q2023: RM98.1 million) despite a challenging operating environment characterised by industry overcapacity and weak consumer demand.

However, pre-tax profit declined 25.6% year-on-year, from RM10.1 million in 3Q2023 to RM7.5 million primarily due to margin pressures arising from intense price competition and the impact of a stronger Ringgit, which has eroded the division’s export competitiveness.

B2. Performance review - Year-to-date 30 September 2024 (“9M2024”) versus (“vs”) corresponding Year-to-date 30 September 2023 (“9M2023”)

| | 9M2024 | 9M2023 | Changes | |
|---|---------------|---------------|----------------|----------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 1,017,434 | 993,386 | 24,048 | 2.4% |
| Other income | 83,367 | 55,507 | 27,860 | 50.2% |
| Other expenses | (48,495) | (50,553) | 2,058 | -4.1% |
| Earning before interest, tax, depreciation and Amortisation (“EBITDA”) | 528,542 | 456,085 | 72,457 | 15.9% |
| Operating profit | 441,250 | 376,063 | 65,187 | 17.3% |
| Profit before tax | 362,871 | 338,015 | 24,856 | 7.4% |
| Profit after tax | 344,452 | 313,298 | 31,154 | 9.9% |
| Profit after tax attributable to owners of the Company | 317,463 | 261,688 | 55,775 | 21.3% |
| Revenue | | | | |
| Renewable Energy | 477,629 | 437,555 | 40,074 | 9.2% |
| Resources | 180,743 | 156,483 | 24,260 | 15.5% |
| Packaging | 305,265 | 301,980 | 3,285 | 1.1% |
| Sub-total | 963,637 | 896,018 | 67,619 | 7.5% |
| Investment Holding & Others | 53,797 | 97,368 | (43,571) | -44.7% |
| Total revenue | 1,017,434 | 993,386 | 24,048 | 2.4% |
| Profit before tax | | | | |
| Renewable Energy | 329,564 | 316,893 | 12,671 | 4.0% |
| Resources | 40,705 | 17,079 | 23,626 | 138.3% |
| Packaging | 25,239 | 25,525 | (286) | -1.1% |
| Sub-total | 395,508 | 359,497 | 36,011 | 10.0% |
| Investment Holding & Others | (32,637) | (21,482) | (11,155) | 51.9% |
| Total profit before tax | 362,871 | 338,015 | 24,856 | 7.4% |
| Significant income/(expense) items: | | | | |
| 1 Share of loss in equity accounted investments | (31,115) | (9,705) | (21,410) | 220.6% |
| 2 Insurance income recognised for assets damaged by fire incident in 2023 | 32,115 | - | 32,115 | na |
| 3 (Loss)/Gain on foreign exchange | (14,916) | 15,165 | (30,081) | -198.4% |
| 4 Income tax penalties | - | (14,929) | 14,929 | -100.0% |

B2. Performance review – 9M2024 vs 9M2023 (Cont’d)

In the nine months to September 2024, the financial performance of the Group has demonstrated notable resilience and growth. Adjusted Group turnover, excluding the RM71.0 million revenue from Tawau, rose by 10.3% to reach RM1.02 billion. This rise was attributed to a broad-based revenue increase of 7.5% from the three core divisions, coupled with a maiden sales contribution of RM27.9 million from CSC, which has been consolidated since May 28, 2024.

The Group's three core divisions played a pivotal role in this success, delivering a combined PBT of RM395.5 million, representing a year-on-year increase of 10.0%. The overall Group PBT however grew at a slower rate of 7.4% to RM362.9 million. This was a result of the strong contribution from the core divisions being partially offset by higher loss in the Investment Holding & Others segment, which reported a loss of RM32.6 million, an increase from the RM21.5 million loss recorded in the same period last year.

The higher loss in the Investment Holding & Others segment were primarily due to the share of losses in joint ventures and associates, from RM9.7 million to RM31.1 million. This significant increase was largely attributed to Edenor's production capacity issues caused by unscheduled downtimes and ongoing plant upgrades. These operational setbacks resulted in low production output and heightened repair costs by Edenor. Moreover, the segment incurred a foreign exchange loss of RM14.9 million, particularly during the third quarter as the Ringgit strengthened, compared to a foreign exchange gain of RM15.2 million in the same period last year. These losses were partly offset by a RM32.1 million income from insurance claims related to a fire incident in the Packaging Division in 2023

The Group's PATNCI rose significantly by 21.3%, climbing from RM261.7 million to RM317.5 million. This was attributed to the stronger operational earnings across the core divisions and the beneficial impact of acquiring the additional 15% effective equity stake in DSPC at the end of 2023.

B2. Performance review – 9M2024 vs 9M2023 (Cont’d)

Renewable Energy Division

For the nine-month period ended September 30, 2024, the Renewable Energy Division posted a 9.2% increase in revenue, climbing from RM437.6 million to RM477.6 million. This growth was primarily driven by a 6.9% rise in hydro energy volume and the average hydro tariff increase of 1.9%. Solar energy sales also contributed to the growth, with a 26.5% surge from RM6.2 million to RM7.8 million.

The increase in hydro energy volume was attributed to the successful commissioning of the fifth turbine on July 4, 2024. Moreover, the average hydro tariff in Ringgit terms benefited from a 2.7% currency gain during the reporting period and a 1% tariff adjustment on October 1, 2023, which more than offset a slight decline in tariff for the fifth turbine, as mentioned earlier under Note B1.

Pre-tax profit for the division increased by 4.0%, rising from RM316.9 million to RM329.6 million. While the higher revenue provided a boost, it was partly negated by increased net interest expenses from the loan taken in December 2023 to fund the acquisition of the additional 20% stake in DSPC, alongside higher operating and maintenance costs for all the 5 turbines.

The PATNCI contribution to the Group exhibited a substantial increase of 20.9%, reaching RM317.4 million, compared to RM262.5 million in the same period of 2023. This significant growth was attributed to the enhanced profit stemming from the additional effective equity interest in DSPC and higher hydro energy sold, which more than compensated for the increased interest and operating expenses incurred during the current period.

Resources Division

Revenue increased to RM180.7 million in the nine months to September 2024, marking a 15.5% rise from RM156.5 million recorded in the same period the previous year. This growth was primarily driven by an increase in sales volume of lime products, supported by strong local and regional demand.

Pre-tax profit for the nine months to September 2024 surged by 138%, reaching RM40.7 million, compared to RM17.1 million in the corresponding period of 2023. This significant increase was attributed to higher revenue, improvements in production efficiency, and a favorable change in the sales mix.

Packaging Division

Despite a challenging operating environment marked by industry overcapacity and weak consumer spending, the Division managed to achieve a modest revenue increase of 1.1%, from RM302.0 million to RM305.3 million.

However, pre-tax profit saw a slight decline to RM25.2 million, 1.1% down from RM25.5 million recorded in the same period last year. This decrease was primarily attributed to intensified price competition.

B2. Performance review - 9M2024 vs 9M2023 (Cont’d)

(a) Assets and Liabilities as at 30 September 2024

Changes in key assets and liabilities since 31 December 2023 are explained below:

| Asset/Liability Items | As At 30.09.2024 RM'000 | As At 31.12.2023 RM'000 | Changes RM'000 | Explanation |
|---------------------------------------|--|--|---------------------------|--|
| Service concession asset | 1,682,160 | 1,940,046 | (257,886) | The decrease was due to RM190.3 million translation loss and amortisation charge of RM67.6 million for the current period. |
| Property, plant and equipment (“PPE”) | 983,199 | 531,945 | 451,254 | The increase was primarily due to: (a) RM354.8 million transfer from Development Expenditures, representing cumulative costs incurred for the 5 th turbine upon successful commissioning; (b) RM108.1 million CAPEX, comprising mainly: i. RM80.6 million for the Packaging Division on construction of new factories and restoration of manufacturing facilities damaged by fire; ii. RM17.7 million for Food Security Division; and, iii. RM5.4 million for Renewable Energy Division. (c) RM80.2 million from the effect of CSC consolidation. partly offset by translation loss of RM56.9 million and RM34.2 million depreciation charge for the current period. |
| Development expenditures | 20,209 | 203,048 | (182,839) | The decrease was mainly due to the transfer of the 5 th turbine’s cumulative costs upon its commissioning to PPE. The balance represents the cumulative costs incurred for the construction of 11.4MW solar power plants in the Republic of Maldives. |
| Investment properties | 268,114 | 168,746 | 99,368 | The increase was due to the RM75.4 million acquisition of a 688-acre land for solar and food security projects, and the effect of CSC’s consolidation (+RM24.0 million). |

B2. Performance review - 9M2024 vs 9M2023 (Cont’d)

(a) Assets and Liabilities as at 30 September 2024 (Cont’d)

Changes in key assets and liabilities since 31 December 2023 are explained below (Cont’d):

| Asset/Liability Items | As At 30.09.2024 RM'000 | As At 31.12.2023 RM'000 | Changes RM'000 | Explanation |
|---------------------------------|--|--|---------------------------|---|
| Right-Of-Use (“ROU”) assets | 116,164 | 116,312 | (148) | No significant movement during the period. |
| Joint ventures and associates | 135,559 | 166,674 | (31,115) | The decrease represents the Group’s share of loss in the current period. |
| Investment in quoted shares | 93,549 | 133,278 | (39,729) | The decrease was mainly due to fair value loss of marketable securities. |
| Inventories (current) | 152,353 | 131,737 | 20,616 | The increase was largely due to higher stockholding of raw materials held by 2 segments of the Packaging Division to cater for future sales demand and as a result of increase in materials price. |
| Receivables and Prepayments | 465,121 | 490,098 | (24,977) | The decrease was mainly due to a 16.4% or RM53.3 million reduction in receivable from Électricité du Laos (“EDL”), partly offset by higher trade receivable in the Group’s manufacturing segments and effects of CSC consolidation. |
| Deferred tax liabilities | 128,326 | 126,954 | 1,372 | The increase was mainly due to the effect of CSC consolidation (+RM9.9 million), offset by RM8.5 million translation gain. |
| Payables and accruals (current) | 255,689 | 168,823 | 86,866 | The increase was mainly due a RM42.4 million dividend payable, the effect of CSC consolidation (+RM29.7 million) and accrual of development costs for the 5 th turbine. |

B2. Performance review – 9M2024 vs 9M2023 (Cont’d)

(b) Group borrowings and debt securities

The Table below sets out the salient information on the Group’s bank borrowings:

| | Long-term | | Short-term | | Total | |
|--------------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| | Foreign Currency ('000) | RM ('000) | Foreign Currency ('000) | RM ('000) | Foreign Currency ('000) | RM ('000) |
| As at 30 September 2024 | | | | | | |
| Secured | | | | | | |
| Trade financing and loans | - | - | - | 61,528 | - | 61,528 |
| Term loans | - | 230,317 | - | 48,910 | - | 279,227 |
| Term loan (USD) ^ | 22,917 | 94,462 | 18,333 | 75,570 | 41,250 | 170,032 |
| Revolving credit | - | - | - | 136,000 | - | 136,000 |
| | | <u>324,779</u> | | <u>322,008</u> | | <u>646,787</u> |
| Unsecured Loan | | | | | | |
| Term loan | - | 20,202 | - | - | - | 20,202 |
| Term loan (USD) ^ | 30,000 | 123,660 | 40,000 | 164,880 | 70,000 | 288,540 |
| Revolving credit | - | - | - | 18,000 | - | 18,000 |
| | | <u>143,862</u> | | <u>182,880</u> | | <u>326,742</u> |
| Total Borrowings | | <u>468,641</u> | | <u>504,888</u> | | <u>973,529</u> |
| As at 31 December 2023 | | | | | | |
| Secured | | | | | | |
| Trade financing and loans | - | - | - | 38,710 | - | 38,710 |
| Term loans | - | 114,228 | - | 26,724 | - | 140,952 |
| Term loan (USD) * | 36,667 | 168,300 | 18,333 | 84,150 | 55,000 | 252,450 |
| Revolving credit | - | - | - | 97,019 | - | 97,019 |
| | | <u>282,528</u> | | <u>246,603</u> | | <u>529,131</u> |
| Unsecured Loan | | | | | | |
| Term loan (USD) * | 40,000 | 183,600 | 40,000 | 183,600 | 80,000 | 367,200 |
| Revolving credit | - | - | - | 5,000 | - | 5,000 |
| | | <u>183,600</u> | | <u>188,600</u> | | <u>372,200</u> |
| Total Borrowings | | <u>466,128</u> | | <u>435,203</u> | | <u>901,331</u> |

^ - translated at exchange rate of 4.12 as at 30 September 2024

* - translated at exchange rate of 4.59 as at 31 December 2023

B2. Performance review – 9M2024 vs 9M2023 (Cont’d)

(b) Group borrowings and debt securities (Cont’d)

At 30 September 2024, total borrowings (excluding hire purchase liabilities) amounted to RM973.5 million, an increase of RM72.2 million from RM901.3 million at 31 December 2023. The increase was mainly due to:

- (i) Net loans drawdown of RM95.6 million to part finance the purchase of PPE, investment properties and ROU assets, as detailed in Note B2(a); and
- (ii) RM26.7 million term loans assumed during the acquisition of CSC.

Partially reduced by RM50.1 million translation gain on USD-denominated loans.

The Group’s borrowings are predominantly floating in nature as at 30 September 2024 and none of the borrowings denominated in foreign currencies are hedged to RM.

The Group has not issued any debt securities at end of the reporting period.

(c) Cash flow analysis for the 9-month period ended 30 September 2024

During the nine-month period ended 30 September 2024, the Group generated RM459.0 million in post-tax cash from operating activities, received RM25.7 million in insurance claims and RM22.2 million in net investment receipts. Together with RM95.6 million in new loans, a total of RM602.5 million in funds were made available to the Group during this period.

Of this total, RM406.8 million was allocated as follows :

- (i) RM289.0 million for capital expenditure, comprising:
 - RM107.3 million for net purchases of PPE and ROU assets;
 - RM84.7 million for the construction of the 5th turbine;
 - RM75.4 million for land acquisition; and
 - RM21.6 million for the development of 11.4MW solar power plants in the Republic of Maldives.
- (ii) RM55.0 million in dividends paid;
- (iii) RM50.6 million in finance costs paid to lenders and for hire purchase liabilities;
- (iv) RM6.4 million for the purchase of additional equity stake in a subsidiary;
- (v) RM5.1 million in net cash outflow from the acquisition of subsidiaries in the food security and automotive segments; and
- (vi) RM0.7 million in repurchased own shares

The unutilised balance amounted to RM195.7 million. After accounting for a RM61.6 million translation loss on USD-denominated cash and bank balances, the Group’s cash reserve increased from RM508.6 million on 31 December 2023 to RM642.7 million as of 30 September 2024.

Furthermore, the Group's net debt position improved by 15.8%, decreasing from RM392.7 million on 31 December 2023 to RM330.9 million on 30 September 2024. This represents a reduction in the net gearing ratio from 12.2% to 10.3%.

B3. Variation of Current Quarter (“3Q2024”) versus (“vs”) Preceding Quarter (“2Q2024”)

| | 3Q2024 | 2Q2024 | Changes | |
|---|---------------|---------------|----------------|-----------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 372,005 | 331,950 | 40,055 | 12.1% |
| Other income | 22,950 | 20,211 | 2,739 | 13.6% |
| Other expenses | (26,707) | (11,728) | (14,979) | 127.7% |
| Earning before interest, tax, depreciation and Amortisation (“EBITDA”) | 180,740 | 171,036 | 9,704 | 5.7% |
| Operating profit | 149,470 | 143,705 | 5,765 | 4.0% |
| Profit before tax | 126,764 | 118,286 | 8,478 | 7.2% |
| Profit after tax | 123,945 | 112,461 | 11,484 | 10.2% |
| Profit after tax attributable to owners of the Company | 116,644 | 105,355 | 11,289 | 10.7% |
| Revenue | | | | |
| Renewable Energy | 183,859 | 156,142 | 27,717 | 17.8% |
| Resources | 60,308 | 56,672 | 3,636 | 6.4% |
| Packaging | 98,226 | 104,220 | (5,994) | -5.8% |
| Sub-total | 342,393 | 317,034 | 25,359 | 8.0% |
| Investment Holding & Others | 29,612 | 14,916 | 14,696 | 98.5% |
| Total revenue | 372,005 | 331,950 | 40,055 | 12.1% |
| Profit before tax | | | | |
| Renewable Energy | 130,545 | 110,241 | 20,304 | 18.4% |
| Resources | 13,619 | 12,646 | 973 | 7.7% |
| Packaging | 7,520 | 9,124 | (1,604) | -17.6% |
| Sub-total | 151,684 | 132,011 | 19,673 | 14.9% |
| Investment Holding & Others | (24,920) | (13,725) | (11,195) | 81.6% |
| Total profit before tax | 126,764 | 118,286 | 8,478 | 7.2% |
| Significant income/(expense) items: | | | | |
| 1 Share of loss in equity accounted investments | (7,663) | (9,537) | 1,874 | -19.6% |
| 2 Insurance income recognised for assets damaged by fire incident in 2023 | 7,235 | 2,491 | 4,744 | 190.4% |
| 3 (Loss)/Gain on foreign exchange | (18,368) | 147 | (18,515) | -12595.2% |

Group revenue for the current quarter improved by 12.1%, from RM331.9 million in the previous quarter to RM372.0 million. This increase was largely due to a 17.8% jump in energy income from the Renewable Division, higher sales contributions from the Resources Division (+6.4%), and a contribution of RM20.8 million from CSC's maiden full quarter sales (up from RM7.0 million in 2Q2024, which reflected only one month of consolidation). However, this growth was partially offset by a 5.8% decline in the Packaging Division’s revenue to RM98.2 million.

The combined PBT of the three core divisions grew by 14.9% to RM151.7 million. This was primarily driven by increased profits from both the Renewable Division (+18.4%) and the Resources Division (+7.7%), which was partly offset by a 17.6% drop in profit from the Packaging Division.

B3. Variation of 3Q2024 vs 2Q2024 (Cont’d)

Losses in the Investment Holding & Others segment widened from RM13.7 million to RM24.9 million, mainly due to an RM18.4 million loss on foreign exchange resulting from the sharp appreciation of the Ringgit against the US Dollar. This loss was partially mitigated by a reduction in the share of losses from joint ventures and associates, which decreased from RM9.5 million in 2Q2024 to RM7.7 million, as well as an increase in income from insurance claims (up from RM2.5 million to RM7.2 million).

As a result, the Division's PATNCl increased by 10.7%, from RM105.4 million to RM116.7 million.

Renewable Energy Division

Revenue rose by 17.8%, from RM156.1 million in 2Q2024 to RM183.9 million in the current quarter. This growth was driven by a 29.2% increase in hydro energy volume, following the commissioning of the fifth turbine and rising water levels. However, this increase was partially offset by a lower average hydro tariff, which decreased by 8.5% in Ringgit terms attributed to a 5% appreciation of the Ringgit against the US Dollar and a lower tariff for power generated by the fifth turbine, as mentioned in Note B1.

Pre-tax profit expanded by 18.4% to RM130.5 million, largely driven by the increase in hydro energy income.

Resources Division

Revenue increased by 6.4% quarter-over-quarter to RM60.3 million (up from RM56.7 million in 2Q2024), primarily driven by a 5.6% rise in sales of lime products despite challenges of fluctuating freight rates and intense competition in several export markets.

As a result, pre-tax profit experienced a sequential growth of 7.7% to RM13.6 million, from RM12.6 million in the previous quarter, attributed to higher revenue and a favorable shift in the sales mix.

Packaging Division

Revenue decreased by 5.8% to RM98.2 million, from RM104.2 million in the previous quarter, primarily due to weak consumer demand and intense competition. Additionally, the strengthening of the Ringgit eroded export competitiveness, contributing to both sales revenue and profit margin decline. Consequently, pre-tax profit contracted by 17.6% to RM7.5 million from RM9.1 million in the preceding quarter.

B4. Prospects

In the nine months of 2024, the Group achieved a 21.3% increase in profit after tax and non-controlling interest (PATNCI), rising from RM261.7 million in 9M2023 to RM317.5 million in 9M2024. Excluding the share of results from joint ventures and associates, as well as one-off non-operational items from both periods, the Group's normalised PATNCI showed a strong 16.4% growth, increasing from RM286.5 million in 9M2023 to RM333.4 million in 9M2024.

This substantial growth in normalised PATNCI was attained despite incurring a RM13.6 million foreign exchange loss (net of non-controlling interest) in the current nine-month period, compared to a forex gain of RM6.8 million (excluding one-off forex gain of RM8.4 million and net of non-controlling interest) during the same period last year. This underscores the resilience of the Group's core businesses and reflects the positive impact of increasing our effective ownership of Don Sahong Power Company Ltd (DSPC) from 80% to 95% at the end of 2023.

With the additional hydro generation capacity provided by the fifth turbine, we are confident that the growth momentum achieved in normalised PATNCI during 9M2024 will be sustained throughout the final quarter of this year. Furthermore, since the Ringgit reached a three-year peak against the US Dollar at RM4.12/USD on 30 September 2024, it has since relinquished half of its recent gains, suggesting that the total forex losses for the year will be narrower than the RM13.6 million recorded in the nine months of 2024.

In the nine months of 2024, the Group incurred a share of loss of RM31.1 million from joint ventures and associates, primarily due to its oleochemical joint venture, Edenor. Edenor faced significant capacity losses due to both scheduled and unscheduled plant shutdowns for repairs and major upgrades, which took longer than anticipated to resolve. Nevertheless, management at Edenor remains optimistic, believing that the company is nearing the completion of its rectification efforts. Once plant reliability is restored and production resumes smoothly, Edenor's management expects a recovery in earnings by 2025.

For 9M2024, results from the Food Security Division were reported under the Investment Holding & Other segment, which generated sales revenue of RM27.9 million with a pre-tax loss of RM3.7 million. While we do not anticipate any substantial profit contribution from the Food Security Division in the near term, management is optimistic that the division's earnings will significantly improve over the next five years. This growth is expected to be driven by increasing mature acreage and tree maturity of long-term crops planted in Cambodia and Malaysia, as well as the expansion of greenhouse farming in Malaysia.

B4. Prospects (Cont’d)

Renewable Energy Division

Hydro (Don Sahong)

In the fourth quarter of 2024, we anticipate a year-on-year increase of approximately 12% in hydro energy sales volume, driven by enhanced generation capacity following the commissioning of the fifth turbine on July 4, 2024. However, this revenue growth is expected to be partially offset by a reduction in hydro tariffs in the second half of 2024, which are projected to be about 4% lower than the previous year due to tariff for the fifth turbine at 80% of the existing Power Purchase Agreement (PPA) tariff rate until the implementation of the new Concession Agreement (CA) and PPA. Additionally, some currency translation losses are anticipated due to a stronger Ringgit compared to the average RM4.685/USD during the fourth quarter of 2023.

Profit Before Tax (PBT) in Ringgit terms is expected to remain flat, as increased revenue is likely to be counterbalanced by higher net interest expenses related to additional loans secured for acquiring a 20% stake in DSPC, along with higher amortization charge as well as operational and maintenance costs associated with the fifth turbine.

Nonetheless, the increase in effective ownership of DSPC from 80% to 95% in late 2023 is projected to result in double-digit year-on-year growth in PATNCI contribution to the Group.

We expect the new CA and PPA for the five turbines to be finalised by the end of this year. The Company will disclose the key terms of these agreements to Bursa Malaysia upon formal execution.

Solar

We forecast continued growth in our solar earnings, driven by the progressive installation of secured solar capacities. Currently, 28.8 MWp of solar generation facilities are operational, with an additional 65.9 MWp expected to commence commercial operations substantially in 2025. Upon completion of these projects, our cumulative solar portfolio will reach a total capacity of 94.7 MWp.

The National Energy Transition Roadmap (NETR), launched in August 2023, is anticipated to significantly boost the development of Malaysia’s renewable energy (RE) sector and create further investment opportunities for the Group over the next two decades. In line with the Group’s strategy to expand its RE portfolio, management has submitted a bid for 60 MWac under the 5th Large-Scale Solar (LSS5) program, with the Energy Commission set to announce the winning bids later this year.

B4. Prospects (Cont’d)

Resources Division

Although we expect overall firm demand for lime products in this region, the outlook for our export sales in the last quarter is less clear, impacted by increased competition from overcapacity, and changing competitive factors stemming from significant fluctuations in transport costs and foreign exchange rate. Our management team will be vigilant in assessing these market trends and will implement necessary adjustments in pricing and distribution strategies to defend our market share. We anticipate that earnings in the fourth quarter will be satisfactory.

Packaging Division

The packaging industry is projected to continue face weak consumer sentiment and increased competition fuelled by global overcapacity. Additionally, the upcoming commercialisation of Stenta's two new Linear Low-Density Polyethylene (LLDPE) production lines in the fourth quarter of 2024 and in the first quarter of 2025 along with Hexachase's new flexible packaging facilities set to launch in 1st quarter of 2025, are likely to place short-term pressure on the Packaging Division's margins.

On a brighter note, the recent decline of the Ringgit from RM4.12 to RM4.45/USD will offer some relief to export sales and their associated margins.

In spite of these challenges, we remain dedicated to providing innovative, value-added packaging solutions at competitive prices. Our commitment to high-quality service, coupled with a focus on operational efficiency and cost-effectiveness, will be crucial for sustaining growth and establishing a competitive advantage in both local and international markets.

B5. Profit forecast

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

B6. Income tax expense

| | 3rd Quarter Ended | | 9-Month Period Ended | |
|---|-------------------|--------------|----------------------|---------------|
| | 30 September | | 30 September | |
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax expense for current period | 2,819 | 4,428 | 18,419 | 13,317 |
| Additional tax assessment for final settlement of tax dispute between Idaman Harmoni Sdn Bhd and Inland Revenue Board | - | - | - | 11,400 |
| | <u>2,819</u> | <u>4,428</u> | <u>18,419</u> | <u>24,717</u> |

The Group’s effective tax rate for the current quarter and 9-month period ended 30 September 2024 was significantly lower than the Malaysia’s statutory tax rate of 24% mainly because the profit derived from energy sales in the Lao People’s Democratic Republic (“Lao PDR”) is exempted from income tax during the period until the end of the 5th anniversary of Don Sahong Plant’s commercial operation date (“COD”) of 1 October 2020.

B7. Status of corporate proposal

There was no corporate proposal announced but not completed at 14 November 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B8. Material litigations

The Group has no material litigation as at 14 November 2024, 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 4.25 sen per ordinary share for the financial year ended 31 December 2023 was declared on 28 February 2024 and paid to entitled shareholders on 19 April 2024;
- (b) An interim single-tier dividend of 4.50 sen per ordinary share for the financial year ending 31 December 2024 was declared on 22 August 2024 and paid to entitled shareholders on 18 October 2024. This interim dividend has been accounted for in these financial statements; and
- (c) Total dividend declared to-date for the current financial year is 4.50 sen (30.9.2023: 4.00 sen) per ordinary share.

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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 | |
|--|-----------------------------------|----------------|--------------------------------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| After crediting: | | | | |
| Dividend income | 400 | 297 | 1,089 | 1,040 |
| Gain on disposal of: | | | | |
| - a subsidiary | - | - | - | 1,020 |
| - property, plant and equipment | 347 | - | 479 | 77 |
| Gain on foreign exchange: | | | | |
| - realised | - | 2,720 | - | 14,453 |
| - unrealised | - | - | - | 712 |
| Interest income | 6,445 | 6,587 | 17,822 | 16,913 |
| Write-back of: | | | | |
| - impairment loss on receivables | (23) | - | 10 | 470 |
| Bad debts covered | 163 | - | 163 | - |
| Insurance claims income | 7,235 | - | 32,115 | - |
| After charging: | | | | |
| Amortisation of: | | | | |
| - service concession asset | (21,624) | (22,483) | (67,558) | (65,811) |
| - other intangible asset | (123) | (127) | (369) | (381) |
| Fair value loss on put option liability | (883) | (1,021) | (2,648) | (3,062) |
| Depreciation of: | | | | |
| - property, plant and equipment | (14,928) | (8,832) | (34,235) | (25,971) |
| - right-of-use assets | (1,040) | (1,581) | (2,952) | (4,772) |
| Finance costs | (15,043) | (10,331) | (47,264) | (28,343) |
| Impairment losses on: | | | | |
| - receivables, net | (6,680) | (6,941) | (20,862) | (20,319) |
| Inventories written down | (4) | (21) | (24) | (30) |
| Inventories written off | - | - | - | (3,276) |
| Loss on foreign exchange: | | | | |
| - realised | (4,986) | - | (4,852) | - |
| - unrealised | (13,382) | (1,857) | (10,064) | - |
| Loss on deconsolidation of subsidiaries | - | - | (99) | - |
| Plant and equipment written off | - | - | (4) | (3) |
| Tax penalties | - | - | - | (14,929) |
| After other comprehensive income/(expenses): | | | | |
| Foreign currency translation difference for foreign operations | | | | |
| - changes in current period | (321,249) | 15,519 | (260,469) | 150,868 |
| Fair value changes of equity investments | (44,570) | (8,229) | (40,929) | (26,464) |

Except for those disclosed above, there were no gain or loss on disposal of quoted or unquoted investments.

B11. Earnings per share

| | 3rd Quarter Ended 30 September | | Financial Year Ended 30 September | |
|---|-----------------------------------|----------------|--------------------------------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Profit after tax attributable to owners of the Company | 116,644 | 102,531 | 317,463 | 261,688 |
| Weighted average number of ordinary shares ('000): | | | | |
| Issued ordinary shares outstanding at beginning of the period | 988,352 | 988,352 | 988,352 | 988,352 |
| Effect of treasury shares held | (45,671) | (45,212) | (45,619) | (43,935) |
| | 942,681 | 943,140 | 942,733 | 944,417 |
| Basic earnings per share (sen) | 12.37 | 10.87 | 33.67 | 27.71 |

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 2024, excluding treasury shares held by the Company.

The diluted earnings per share is equal to the basic earnings per share as there are no outstanding potentially dilutive equity instruments issued by the Company as at 30 September 2024.

B12. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 21 November 2024.

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