

**Mega First Corporation Berhad
(Company No. 6682-V)
(Incorporated in Malaysia)**

**Interim Financial Report
31 March 2018**

Mega First Corporation Berhad
(Co. No. 6682-V)

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 3-month period ended 31 March 2018

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 1st Quarter 31.3.2018 RM'000	Preceding Year Corresponding 1st Quarter 31.3.2017 RM'000	Current Year To Date 31.3.2018 RM'000	Preceding Year Corresponding Period 31.3.2017 RM'000
Continuing operations					
Revenue		215,188	207,161	215,188	207,161
Cost of sales		(161,797)	(154,737)	(161,797)	(154,737)
Gross profit		53,391	52,424	53,391	52,424
Other (expenses)/income, net		(1,407)	5,135	(1,407)	5,135
Operating expenses		(5,847)	(11,705)	(5,847)	(11,705)
Profit from operations		46,137	45,854	46,137	45,854
Finance costs		(3,615)	(1,309)	(3,615)	(1,309)
Share of results in joint venture, net of tax		403	-	403	-
Profit before tax		42,925	44,545	42,925	44,545
Income tax expense		(6,988)	(7,984)	(6,988)	(7,984)
Profit after tax from continuing operations		35,937	36,561	35,937	36,561
Discontinued operations					
Profit after tax from discontinued operations	A7	-	8,802	-	8,802
Profit after tax for the period		35,937	45,363	35,937	45,363
Other comprehensive (expenses)/income		(39,830)	5,076	(39,830)	5,076
Total comprehensive (expenses)/income for the period		(3,893)	50,439	(3,893)	50,439
Profit after tax attributable to:					
Owners of the Company		31,504	37,377	31,504	37,377
Non-controlling interests		4,433	7,986	4,433	7,986
		35,937	45,363	35,937	45,363
Total comprehensive (expenses)/income attributable to:					
Owners of the Company		(6,492)	43,056	(6,492)	43,056
Non-controlling interests		2,599	7,383	2,599	7,383
		(3,893)	50,439	(3,893)	50,439
EPS - Basic (sen)					
- Continuing operations	B11	8.07	8.42	8.07	8.42
- Discontinued operations		-	1.38	-	1.38
		8.07	9.80	8.07	9.80
EPS - Diluted (sen)					
- Continuing operations	B11	7.45	8.05	7.45	8.05
- Discontinued operations		-	1.32	-	1.32
		7.45	9.37	7.45	9.37

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim financial report.

**Mega First Corporation Berhad
(Co. No. 6682-V)**

**Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2018**

	Unaudited As At 31.3.2018 RM'000	Audited As At 31.12.2017 RM'000 Restated
ASSETS		
Non-Current Assets		
Property, plant and equipment	263,236	260,495
Investment in joint venture	403	-
Investment in quoted shares	50,382	56,909
Investment in unquoted shares	335	335
Land use rights	17,246	17,327
Investment properties	167,662	167,662
Inventories	45,696	45,696
Intangible asset	1,057,376	941,796
Deferred tax asset	170	170
Goodwill on consolidation	10,812	10,812
	1,613,318	1,501,202
Current Assets		
Inventories	45,107	42,280
Financial derivative assets	1,219	-
Receivables	148,113	152,040
Bank balances and deposits	139,155	138,750
	333,594	333,070
TOTAL ASSETS	1,946,912	1,834,272
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	524,317	524,005
Treasury shares	(30,046)	(30,046)
Reserves	726,164	732,733
	1,220,435	1,226,692
Non-Controlling Interests	136,356	133,757
Total Equity	1,356,791	1,360,449
Non-Current Liabilities		
Payables	6,846	7,083
Long-term borrowings	184,115	112,741
Deferred tax liabilities	58,584	54,145
	249,545	173,969
Current Liabilities		
Payables	219,578	188,708
Short-term borrowings	120,621	108,436
Financial derivative liabilities	-	2,351
Taxation	377	359
	340,576	299,854
Total Liabilities	590,121	473,823
TOTAL EQUITY AND LIABILITIES	1,946,912	1,834,272
Net Assets Per Ordinary Share (RM)	3.13	3.14

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim financial report.

Mega First Corporation Berhad
(Co. No. 6682-V)

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 3-month period ended 31 March 2018

	← Non-Distributable					→ Distributable					Total Equity RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Option Reserve RM'000	Employees' Share	Translation Reserve 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
Balance at 1.1.2017	401,900	(30,046)	99,856	4,120	90,571	5,681	15,550	18,571	-	580,849	1,187,052	156,688	1,343,740
Total comprehensive income for the period	-	-	-	-	(5,198)	10,877	-	-	-	37,377	43,056	7,383	50,439
Contributions by and distributions to owners of the Company :-	-	-	-	5,147	-	-	-	-	-	-	5,147	-	5,147
ESOS options granted	-	-	-	(53)	-	-	-	-	-	53	-	-	-
ESOS options lapsed	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares arising from:	-	-	-	-	-	-	-	-	-	-	-	-	-
- Conversion of Warrants	2	-	-	1	-	-	-	-	-	-	3	-	3
Total transactions with owners of the Company	2	-	-	5,094	-	-	-	-	-	53	5,150	-	5,150
Net accretion of interests in subsidiaries	-	-	-	-	-	-	-	-	-	302	302	(583)	(281)
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	400	400
Realisation of capital reserve	-	-	-	-	-	-	69	-	-	(116)	(47)	(29)	(76)
Balance at 31.3.2017	401,902	(30,046)	99,857	9,214	85,373	16,558	15,619	18,571	-	618,465	1,235,513	163,859	1,399,372

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim report.

Mega First Corporation Berhad
(Co. No. 6682-V)

Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 3-month period ended 31 March 2018

	← Non-Distributable					→ Distributable					Total Equity RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Option Reserve RM'000	Employees' Share Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000		Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000
Balance at 1.1.2018, previously reported	524,005	(30,046)	-	17,746	(27,490)	22,255	475	16,221	(2,351)	715,132	1,235,947	133,757	1,369,704
Effects of MFRS adoption	-	-	-	-	-	-	(475)	-	-	(8,780)	(9,255)	-	(9,255)
Balance at 1.1.2018, restated	524,005	(30,046)	-	17,746	(27,490)	22,255	-	16,221	(2,351)	706,352	1,226,692	133,757	1,360,449
Total comprehensive (expenses)/ income for the period	-	-	-	-	(35,038)	(6,528)	-	-	3,570	31,504	(6,492)	2,599	(3,893)
Contributions by and distributions to owners of the Company :-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOS options granted	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOS options lapsed	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares arising from:	-	-	-	-	-	-	-	-	-	-	-	-	-
- Conversion of Warrants	1	-	-	-	-	-	*	-	-	-	1	-	1
- Exercise of ESOS options	311	-	-	(77)	-	-	-	-	-	-	234	-	234
Total transactions with owners of the Company	312	-	-	(77)	-	-	-	-	-	-	235	-	235
Balance at 31.3.2018	524,317	(30,046)	-	17,669	(62,528)	15,727	-	16,221	1,219	737,856	1,220,435	136,356	1,356,791

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 3-month period ended 31 March 2018

	Current Year To Date 31.3.2018 RM'000	Preceding Year Corresponding Period 31.3.2017 RM'000
Cash flows from/(for) operating activities		
Profit before tax		
- Continuing operations	42,925	44,545
- Discontinued operations	-	11,952
Adjustments for non-cash flow - Non-cash items	(37,902)	(25,031)
- Non-operating items	2,980	(233)
Operating profit before working capital changes	8,003	31,233
Changes in working capital - Net change in assets	256	(30,684)
- Net change in liabilities	1,417	3,768
Cash from operations	9,676	4,317
Income tax paid	(3,476)	(10,878)
Net cash from/(for) operating activities	6,200	(6,561)
Cash flows for investing activities		
Interest received	626	1,406
Dividend received	9	6
Cash outflow for development project	(79,497)	(84,914)
Proceeds from disposal of property, plant and equipment	13	50
Purchase of property, plant and equipment	(7,361)	(12,033)
Purchase of land use rights	-	(9)
Proceeds from disposal of quoted shares	-	570
Purchase of quoted shares	-	(674)
Acquisition of additional equity interest in a subsidiary	-	(281)
Net cash for investing activities	(86,210)	(95,879)

The notes set out on pages 7 to 32 form an integral part and should be read in conjunction with this interim financial report.

Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 3-month period ended 31 March 2018

	Current Year To Date 31.3.2018 RM'000	Preceding Year Corresponding Period 31.3.2017 RM'000
Cash flows from financing activities		
Interest paid	(3,615)	(1,311)
Net drawdown/(repayment) of:		
- Revolving credits and bankers' acceptances	(4,949)	(551)
- Hire purchase payables	(410)	(155)
- Term loans	80,548	15,610
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	234	3
- Exercise of Warrants	1	-
Proceeds from issuance of shares by a subsidiary to non-controlling interests	-	400
Withdrawal of deposits pledged to licensed banks or with original maturity period of more than three months	45	26,500
Net cash from financing activities	71,854	40,496
Effect of foreign exchange translation	646	8,487
Net decrease in cash and cash equivalents	(7,510)	(53,457)
Cash and cash equivalents at beginning of the period	129,348	263,142
Cash and cash equivalents at end of the period	121,838	209,685
Cash and cash equivalents included in the statement of cash flows comprise the following amounts:		
<u>Continuing operations</u>		
Bank balances and deposits	139,155	198,857
Bank overdrafts	(14,162)	(3,330)
<u>Discontinued operations</u>		
Bank balances and deposits	-	15,842
	124,993	211,369
Deposits pledged to licensed banks or with original maturity period of more than three months	(3,155)	(1,684)
	121,838	209,685

The notes set out on pages 7 to 32 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 FRS 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 Securities”) and Issuers Communication No. 1/2017 - Guidance on Disclosures in Notes to Quarterly Report issued by Bursa Securities.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

These are the Group’s first set of interim financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board. In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards (“FRSs”).

The transition to MFRSs is accounted for in accordance with MFRS 1 ‘First-time Adoption of Malaysian Financial Reporting Standards’, with 1 January 2017 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note A1(c) below. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from FRSs to MFRSs are disclosed below:-.

(a) Adoption of MFRS 9 - Financial Instruments

MFRS 9 introduces new requirements with impacts mainly relating to classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

MFRS 9 simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“FVOCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. . Investments in equity instruments are measured at FVPL with the irrevocable option at inception to present changes in FVOCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

MFRS 9 introduces an expected credit loss (“ECL”) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

A1. Basis of preparation (Cont'd)

(a) Adoption of MFRS 9 - Financial Instruments (Cont'd)

The Group applied the simplified approach and calculated expected credit losses based on life time expected losses on its trade receivables. The Group established a provision matrix that is based on its historical credit loss experience with trade receivables of similar credit risk characteristics, adjusted for forward-looking factors (whichever applicable) specific to the category of debtors and the economic environment.

On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group's financial assets and financial liabilities, except that receivables which has decreased by RM10.34 million and deferred tax has decreased by RM2.03 million as at 1 January 2018 as a result of applying the ECL model on trade and other receivables. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus these adjustments were recognised in the opening retained earnings of the current period

(b) Adoption of MFRS 15 - Revenue from Contracts with Customers

The Group has adopted MFRS 15 in the current period. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

MFRS15 establishes a new five-step model that will apply to revenue arising from contracts with customers under which an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

In adopting MFRS 15, the Group has adopted the standard using partial retrospective (with practical expedient) approach where the cumulative impact arising from the adoption will be recognised in retained earnings as at 1 January 2018 and comparatives will not be restated.

The Group has assessed the effects of applying the new standards on the financial statements and the impacts of adopting MFRS 15 is detailed in Note A1(c) below.

A1. Basis of preparation (Cont'd)

(c) Restatement of Comparatives - Opening statement of financial position

In summary, the impacts of adopting MFRS 9 and MFRS 15 to opening balances are as follows:

Statement of financial position (Extract)

	As previously reported RM'000	After adjustments for MFRS 9 MFRS 15 RM'000 RM'000		As restated RM'000
<u>1 January 2018</u>				
<u>Non-current assets</u>				
Property, plant and equipment	262,151	-	(1,656)	260,495
Land held for property development	45,095	-	(45,095)	-
Project development expenditure	601	-	(601)	-
Inventories	-	-	45,696	45,696
<u>Current assets</u>				
Receivables	161,787	(10,338)	591	152,040
<u>Equity</u>				
Reserves	741,988	(8,307)	(948)	732,733
<u>Non-current liabilities</u>				
Deferred tax liabilities	56,176	(2,031)	-	54,145
<u>Current liabilities</u>				
Payables	188,825	-	(117)	188,708

**Mega First Corporation Berhad
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A1. Basis of preparation (Cont'd)

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 2018:

MFRSs and/or IC Interpretations (including the Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendment to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14 Regulatory Deferral Accounts	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 119 (Plan Amendment, Curtailment or Settlement)	1 January 2019
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) Defer until) further notice
Annual Improvements to MFRS standards 2015 – 2017 Cycles	1 January 2019

A1. Basis of preparation (Cont'd)

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 2017.

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2017 was not subject to any qualification.

A3. Seasonal or cyclical factors

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

A4. Unusual item

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

A5. Nature and amount of changes in estimates

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

A6. Debt and equity securities

	Number of Ordinary Shares		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 1.1.2018	410,786	(20,497)	524,005	(30,046)
New ordinary shares issued arising from:				
- Exercise of ESOS options	117	-	311	-
- Conversion of Warrants	*	-	1	-
At 31.3.2018	<u>410,903</u>	<u>(20,497)</u>	<u>524,317</u>	<u>(30,046)</u>

* - represents 324 shares converted from Warrants

During the 3-month period ended 31 March 2018, the Company has issued new ordinary shares as follows:-

	<u>Issue Price</u>	<u>No. of Shares</u>
Exercise of ESOS options	RM2.00	117,123
Conversion of Warrants	RM2.22	342

As at 31 March 2018, the total number of warrants which remained unexercised was 58,788,342 (31.12.2017: 58,788,684).

Of the total 410,903,091 (31.12.2017 : 410,785,626) issued ordinary shares as at 31 March 2018, 20,497,300 (31.12.2017 : 20,497,300) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue as at 31 March 2018 was therefore 390,405,791 (31.12.2017 : 390,288,326).

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

A7. Discontinued operations

An analysis of the results of the discontinued operations for 3-month period ended 31 March 2017 was as follows:-

	Current	Preceding	Current	Preceding
	Period	Year	Period	Year
	1st Quarter	Corresponding	1st Quarter	Corresponding
	31.3.2018	1st Quarter	31.3.2018	1st Quarter
	RM'000	31.3.2017	RM'000	31.3.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	-	71,593	-	71,593
Cost of sales	-	(57,867)	-	(57,867)
Gross profit	-	13,726	-	13,726
Other income, net	-	759	-	759
Operating expenses	-	(2,531)	-	(2,531)
Profit from operations	-	11,954	-	11,954
Finance costs	-	(2)	-	(2)
Profit before tax	-	11,952	-	11,952
Income tax expense	-	(3,150)	-	(3,150)
Profit after tax for the period	-	8,802	-	8,802
Other comprehensive expenses	-	(1,003)	-	(1,003)
Total comprehensive income for the period	-	7,799	-	7,799
Profit after tax attributable to:				
Owners of the Company	-	5,281	-	5,281
Non-controlling interests	-	3,521	-	3,521
	-	8,802	-	8,802
Total comprehensive income attributable to:				
Owners of the Company	-	4,679	-	4,679
Non-controlling interests	-	3,120	-	3,120
	-	7,799	-	7,799

The following amounts were included in arriving at profit before tax of the discontinued operations for the 3-month period ended 31 March 2017:-

	Current Quarter		Year-To-Date	
	31 March		31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
After crediting:				
Interest income	-	27	-	27
After charging:				
Amortisation of land use rights	-	(57)	-	(57)
Depreciation of property, plant and equipment	-	(4,888)	-	(4,888)
Interest expense	-	(2)	-	(2)
Write-off of plant and equipment	-	(37)	-	(37)
After other comprehensive expenses:				
Foreign currency translation difference for foreign operations:	-	(1,003)	-	(1,003)

A8. Segment information for the 3-month period ended 31 March 2018

GROUP 31.3.2018	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	161,037	37,181	2,099	14,871	-	215,188
- Discontinued operations	-	-	-	-	-	-
	161,037	37,181	2,099	14,871	-	215,188
Inter-segment revenue	-	-	-	10,399	(10,399)	-
Consolidated revenue	161,037	37,181	2,099	25,270	(10,399)	215,188
Results						
Profit from operations						
- Continuing operations	41,856	6,687	1,501	6,361	(10,268)	46,137
- Discontinued operations	-	-	-	-	-	-
	41,856	6,687	1,501	6,361	(10,268)	46,137
Finance costs						(3,615)
Share of loss in associate						403
Profit before tax						42,925
Income tax expense						(6,988)
Profit after tax						35,937
Total assets						
At 31.3.2018						
- Continuing operations	1,247,883	302,020	296,823	981,779	(881,593)	1,946,912

A8. Segment information for the 3-month period ended 31 March 2017

GROUP 31.3.2017	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue						
- Continuing operations	167,783	24,947	2,733	11,698	-	207,161
- Discontinued operations	71,593	-	-	-	-	71,593
	239,376	24,947	2,733	11,698	-	278,754
Inter-segment revenue	-	-	-	7,222	(7,222)	-
Consolidated revenue	239,376	24,947	2,733	18,920	(7,222)	278,754
Results						
Profit from operations						
- Continuing operations	41,507	4,915	4,218	2,070	(6,854)	45,856
- Discontinued operations	11,952	-	-	-	-	11,952
	53,459	4,915	4,218	2,070	(6,854)	57,808
Finance costs						(1,311)
Profit before tax						56,497
Income tax expense						(11,134)
Profit after tax						45,363
Total assets						
At 31.12.2017						
- Continuing operations	1,182,965	295,120	295,982	905,253	(845,048)	1,834,272

A9. Dividend paid

No dividend was paid during the 3-month period ended 31 March 2018.

A10. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the period reported up to 21 May 2018, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A11. Significant events during the reporting period

There was no significant event during the period reported up to 21 May 2018, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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

Teratai ANR Sdn Bhd ("TASB") was set up as a joint venture company between Teratai Kembara Sdn Bhd ("TKSB")(90%), a 77.8% indirect subsidiary of the Company, and Amanjaya Natural Resources Sdn Bhd ("ANR")(10%).

TASB is a 70% indirect subsidiary of the Company. ANR is an indirect wholly owned subsidiary of Menteri Besar Incorporated (Perak) ("MBI").

TASB was intended to undertake mining activities on a piece of land located in Mukim Belanja, Daerah Kinta in the state of Perak Darul Ridzuan pursuant to a Joint Venture Agreement dated 31 December 2012 ("JVA 2012") and a Supplementary Agreement dated 15 December 2014 ("SA I") between TKS, ANR and MBI, and a Mining Agreement ("MA") dated 16 December 2014 between TASB and MBI.

However, after exploration of the land, the land was found not to be commercially viable for mining. TASB and MBI wish to explore to develop the land instead.

On 8 May 2018, the following agreements were entered into:-

1. A Second Supplementary Agreement ("SA II") between TKS, ANR and MBI to vary the terms of the JVA 2012 to change the purpose of the joint venture from mining activities to mixed development.
2. A Memorandum of Rescission and Revocation between TASB and MBI to rescind the MA.

A12. Significant event subsequent to the end of the reporting period (Cont'd)

3. An Option Agreement between TASB and MBI (hereinafter referred to as “the Parties”) whereby:
 - a) TASB is appointed to carry out feasibility studies on the proposed development of a 99-year leasehold land measuring a total of approximately 772 acres located in Mukim Belanja, Daerah Kinta in the state of Perak Darul Ridzuan for a period of not more than 2 years from the date the Option Agreement;
 - b) MBI shall grant to TASB an irrevocable Option for a period of 15 years (“Option Period”) from the completion of variation of the Land to either 1) enter into Development Rights Agreement (“DRA”) and/or 2) enter into sale and purchase agreements for the acquisition of the land or any part thereof;
 - c) TKSB shall cause and procure that MBI be issued with such number of shares in TASB such that MBI’s shareholdings in TASB shall be increased to comprise 15% of the total shareholdings in TASB with TKSB holding the remaining 85% of shareholdings in TASB; and
 - d) The aggregate value of the Land is agreed at RM63,300,000 based on the agreed value per square feet for each development category as guided by the existing housing policies of the relevant authorities.

Other than as discussed above, there was no other significant event subsequent to the end of the period reported up to 21 May 2018, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A13. Changes in composition of the Group

There was no change in the composition of the Group for the 3-month period ended 31 March 2018.

A14. Changes in contingent liabilities and assets

(a) Contingent liability

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

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

There will be a 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 on 28 October 2016 and will defend its position vigorously. The appeals have been fixed for hearing on 25 and 26 July 2019.

On 16 February 2017, IHSB was served with a Notification of Civil Proceedings by the IRBM (Unit Pungutan Syarikat) under Section 106 of the Income Tax Act 1967. In the Notification, the IRBM has informed IHSB that IRBM has commenced civil proceedings against IHSB for an amount of RM26,329,278.35 (inclusive of late payment penalty of RM3,533,366.35 under Section 103/103A of the Income Tax Act 1967) as an income tax debt due to the Government for YAs 2009 to 2010.

A14. Changes in contingent liabilities and assets

(a) Contingent liability (Cont'd)

On 20 September 2017, IHSB was served with a Writ of Summon and Statement of Claim by the Government of Malaysia ("GOM") (the "Main Suit"). The Writ of Summon was issued by the IRBM for and on behalf of the GOM. The claims are as follows:

- (i) The amount of RM26,329,278.35 as an income tax debt due to the Government for YAs 2009 - 2010;
- (ii) Interest of 5% per annum on RM26,329,278.35 from the date of judgement until the date of realisation;
- (iii) Costs; and
- (iv) Such further or other reliefs as the Court deems fit and proper to grant.

On 12 October 2017, IHSB filed its application for stay of proceedings. On 17 January 2018, the Court dismissed such application with costs of RM2,000.

On 1 November 2017, the Court has directed parties to commence trial preparations and to file the relevant cause papers for the Main Suit.

On 7 November 2017, IHSB was served with GOM's application for summary judgment. Subsequently, after attended several case management, the Court gave directions for both parties to file written submissions on 23 February 2018. The hearing of the application was heard on 5 March 2018.

On 14 May 2018, the Court dismissed GOM's application for summary judgment. The Court accepted IHSB's submissions and ordered for costs of RM3,000 to be paid by GOM to IHSB.

The Court gave directions for both parties to file pre-trial documents by 29 June 2018 and has fixed the date for case management on 29 June 2018.

Other than as disclosed above, there was no material contingent liability as at 21 May 2018, 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 21 May 2018, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A15. Capital commitments

As at 31 March 2018, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	28,150
Not contracted	3,976
	<hr/>
	32,126
	<hr/>
Don Sahong Hydropower Project	
Authorised but not provided for:	
Contracted	606,158
Not contracted	61,301
	<hr/>
	667,459
	<hr/>
Total	699,585
	<hr/>

A16. Significant related party transactions

	RM'000
Sales of lime products to a joint venture company	2,882
	<hr/>

Other than disclosed above, there was no other significant related party transaction during the 3-month period ended 31 March 2018.

A17. Derivative financial instruments

	31.3.2018	31.12.2017
	RM'000	RM'000
<u>Derivative financial assets/(liabilities)</u>		
Interest rate swap	1,219	(2,351)

The Interest Rate Swap (“IRS”) is executed with credit-worthy financial institution in order to hedge against potential increases in the LIBOR arising from the club deal facilities (“Facilities), which are obtained for for the purpose of financing the construction of the Don Sahong Hydropower Project. With the IRS, it effectively swaps out the LIBOR with a fixed interest rate of 2.5% per annum.

As at the end of the reporting period, the Group has utilised IRS of US\$26.0 million (31.12.2017: US\$13.3 million). The IRS has the same maturity terms as the Facilities and is settled every 3 months which is consistent to Facilities’ interest repayment schedule.

The Group apply hedge accounting for the hedging instrument of IRS as the hedge is considered to be highly effective based on the following considerations:

- a) The critical terms of the IRS and the hedged item (i.e. the Facilities) such as notional contract amount, settlement dates, underlying and currency of cash flows are exactly match; and
- b) The fair value of the hedging instrument at inception is nil.

The Group will continue to assess the hedge relationship to ensure that it has actually been highly effective retrospectively.

The IRS is measured at fair value based on bank quote. The fair value changes on the effective portion of the IRS which qualify as cash flow hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss.

During the 3-month period ended 31 March 2018, a gain of RM3.57 million is recognised in other comprehensive income and no ineffective hedge is recognised in profit or loss in respect of the hedge.

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

B1. Performance review - Current quarter/year-to-date 2018 against the corresponding quarter/year-to-date 2017

Continuing Operations

	1Q 2018	1Q 2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue	215,188	207,161	8,027	3.9%
Other (expenses)/income, net	(1,407)	5,135	(6,542)	-127.4%
Operating profit	46,157	45,854	303	0.7%
Profit before interest and tax	46,270	45,856	414	0.9%
Profit before tax	42,925	44,545	(1,620)	-3.6%
Profit after tax	35,937	36,561	(624)	-1.7%
Profit after tax attributable to owners of the Company	31,504	32,096	(592)	-1.8%

Revenue

Power	161,037	167,783	(6,746)	-4.0%
Resources	37,181	24,947	12,234	49.0%
Property	2,099	2,733	(634)	-23.2%
Sub-total	200,317	195,463	4,854	2.5%
Investment holding & others	14,871	11,698	3,173	27.1%
Total revenue	215,188	207,161	8,027	3.9%

Profit before tax

Power	41,854	41,502	352	0.8%
Resources	6,778	4,578	2,200	48.1%
Property	1,029	4,217	(3,188)	-75.6%
Sub-total	49,661	50,297	(636)	-1.3%
Investment holding & others	(6,736)	(5,752)	(984)	17.1%
Total profit before tax	42,925	44,545	(1,620)	-3.6%

Significant income/(expense) items:

Construction revenue	161,037	144,887	16,150	11.1%
Construction profit	42,931	38,424	4,507	11.7%
ESOS expense	-	(5,147)	5,147	-100.0%
Fair value gain on investment properties	-	2,816	(2,816)	-100.0%
Gain from quoted investments	9	120	(111)	-92.5%
Gain/(Loss) on foreign exchange	(1,974)	923	(2,897)	-313.9%

B1. Performance review - Current Quarter/Year-To-Date 2018 against the Corresponding Quarter/Year-To-Date 2017 (Cont'd)

Group revenue from continuing operations rose 3.9% in 1Q2018 to RM215.2 million from RM207.2 million a year ago. The increase was mainly attributable to an 11.1% increase in construction revenue from the Don Sahong Hydropower Project (“Don Sahong”) to RM161.0 million (1Q2017: RM144.9 million) and a 49% increase in revenue contribution from the Resources Division to RM37.2 million (1Q2017: RM24.9 million), partially offset by the absence of revenue from the Tawau power plant (1Q2017: RM22.9 million). The Tawau power plant has stopped supplying energy to Sabah Electricity Sdn Bhd (“SESB”) since the expiry of the Power Purchase Agreement (“PPA”) on 2 December 2017. Management is still waiting for a final decision by the Energy Commission on the proposed extension of the PPA.

Pre-tax profit for the Group declined 3.6% to RM42.9 million (1Q2017: RM44.5 million) due mainly to RM0.8 million operating loss from Tawau as compared to a profit of RM2.7 million a year ago, and lower profit contribution from the Property Division (RM1.0 million versus RM4.2 million in 1Q2017), partially offset by higher construction profit (+RM4.5 million to RM42.9 million) and a 48.1% increase in Resources Division’s pre-tax profit to RM6.8 million (1Q2017: RM4.6 million).

Power Division (Don Sahong)

Physical completion of Don Sahong during the period was 8.2% as compared to 6.5% in 1Q2017. This brought the cumulative physical completion to 54.7% as of 31 March 2018 (31 March 2017: 23.0%). The higher percentage completion during the current quarter was partly offset by an 11.9% appreciation of the Malaysia Ringgit against the US Dollar, resulting in only an 11.1% increase in construction revenue to RM161.0 million and an 11.7% increase in construction profit to RM42.9 million.

Resources Division

The Resources Division recorded a 49.0% increase in revenue to RM37.2 million, bolstered by 55.5% increase in sales of lime products to RM34.2 million. Sales volume of lime products grew 56.9% year-on-year from 67,961 tonnes to 106,631 tonnes. Revenue contribution from other products namely Calcium Carbonate powder, limestones and cement bricks were flat year-on-year at RM3.0 million.

The average selling price of lime products declined marginally from RM324 to RM321 per tonne mainly due to a stronger Malaysia Ringgit, which negatively impacted US Dollar-denominated export selling price in Ringgit term. Export sales volume of lime products rose 121% to 60,053 tonnes on stronger sales to India, Indonesia, Australia and Taiwan. Domestic sales volume of lime products grew 14% to 46,578 tonnes.

Pre-tax profit improved 48.1% to RM6.8 million on higher sales volume. Efficiency gains from higher plant utilisation and sales volume was negated by higher petcoke prices and transport costs, and lower export prices resulting from a stronger Malaysia Ringgit.

Property Division

Revenue from the Property Division declined 23.2% to RM2.1 million as there was no development income recognised during the current quarter (1Q2017 development income: RM0.7 million). Rental income of RM2.1 million was flat year-on-year.

Pre-tax profit fell 75.6% to RM1.0 million largely due to the absence of fair value gain from investment properties (1Q2017: RM2.8 million).

B2. Review of Factors Underlying Financial Position and Cash Flows for the 3-month period ended 31 March 2018

(a) Assets and Liabilities

Significant changes in key assets and liabilities during the 3-month period ended 31 March 2018 are explained below:

Asset/Liability Items	As At 31.3.2018 RM'000	As At 31.12.2017 RM'000	Changes RM'000	Explanation
Property, plant and equipment ("PPE")	263,236	260,495	2,741	PPE increased by RM2.7 million mainly due to capital expenditures of RM4.9 million and RM1.8 million incurred for kiln expansion and expansion of flexible packaging production capacity, respectively.
Investment in quoted shares	50,382	56,909	(6,527)	Depreciation for the current quarter was RM3.93 million. The decrease was due to decline in market values of quoted securities which were recognised as "fair value changes of available-for-sale financial assets" in Other Comprehensive Income.
Investment properties	167,662	167,662	-	There was no change during the period.
Inventories (non-current) [^]	45,696	45,696	-	There was no change during the period.
Intangible asset	1,057,376	941,796	115,580	Intangible asset represented the cumulative construction revenue recognised for the Don Sahong Hydropower.
Inventories (current)	45,107	42,280	2,827	The slight increase in inventories was mainly attributable to an increase in stock level for the Resources Division
Receivables	148,113	152,040	(3,927)	Receivables decreased mainly attributed to lower receivables in the Resources Division
Deferred tax liabilities	58,584	54,145	4,439	The increase mainly related to deferred tax provision for construction profit.
Payables – current	219,578	188,708	30,870	The increase was mainly due to accruals associated with the construction of the Don Sahong Hydropower Project

[^] - represents assets previously classified under land held for property development and project development expenditure in accordance with MFRS 15.

B2. Review of Factors Underlying Financial Position and Cash Flows for the 3-month period ended 31 March 2018 (Cont'd)

(b) Group borrowings and debt securities

As at 31 March 2018, the total amount outstanding under long-term and short-term borrowings (excluding hire purchase payables) was RM304.74 million. The Table below sets out the salient information on the Group's bank borrowings:

	Type	Long-term		Short-term		Total Borrowings	
		Foreign Currency	RM	Foreign Currency	RM	Foreign Currency	RM
Secured							
Bankers' acceptance	Floating	-	-	-	7,453	-	7,453
Term loans	Floating	172,719	11,396	-	23,006	172,719	34,402
Bank overdrafts	Floating	-	-	-	1,049	-	1,049
Revolving credits	Floating	-	-	-	66,000	-	66,000
		<u>172,719</u>	<u>11,396</u>	<u>-</u>	<u>97,508</u>	<u>172,719</u>	<u>108,904</u>
Unsecured							
Bank overdrafts	Floating	-	-	-	13,113	-	13,113
Revolving credits	Floating	-	-	-	10,000	-	10,000
		<u>-</u>	<u>-</u>	<u>-</u>	<u>23,113</u>	<u>-</u>	<u>23,113</u>
		<u>172,719</u>	<u>11,396</u>	<u>-</u>	<u>120,621</u>	<u>172,719</u>	<u>132,017</u>

The interest on foreign currency term loan has been partially hedged by an interest rate swap as disclosed in Note A17.

The Group has no debt securities as at 31 March 2018.

(c) Cash flow analysis for the financial period ended 31 March 2018

The Group generated RM6.2 million cash from its operating activities during the 3-month period ended 31 March 2018.

In the same period, the Group spent RM84.3 million on investing activities comprising mainly RM77.5 million on Don Sahong Hydropower Project and RM7.4 million to increase kiln capacity by the Resources Division and flexible packaging production capacity. These investments were funded mainly by external borrowings. Consequently, the Group's bank borrowings (excluding bank overdrafts) increased RM75.6 million to RM290.6 million (31.12.2017: RM215.0 million) while cash and cash equivalents decreased RM7.5 million to RM121.8 million.

B3. Variation of Current Quarter against Preceding Quarter

Continuing Operations

	1Q 2018	4Q 2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue	215,188	236,364	(21,176)	-9.0%
Other (expenses)/income, net	(1,407)	204	(1,611)	-789.7%
Operating profit	46,157	53,244	(7,087)	-13.3%
Profit before interest and tax	46,270	53,363	(7,093)	-13.3%
Profit before tax	42,925	51,041	(8,116)	-15.9%
Profit after tax	35,937	41,269	(5,332)	-12.9%
Profit after tax attributable to owners of the Company	31,504	32,520	(1,016)	-3.1%
<hr/>				
Revenue				
Power	161,037	180,157	(19,120)	-10.6%
Resources	37,181	37,395	(214)	-0.6%
Property	2,099	2,120	(21)	-1.0%
Sub-total	200,317	219,672	(19,355)	-8.8%
Investment holding & others	14,871	16,692	(1,821)	-10.9%
Total revenue	215,188	236,364	(21,176)	-9.0%
<hr/>				
Profit before tax				
Power	41,854	46,383	(4,529)	-9.8%
Resources	6,778	5,295	1,483	28.0%
Property	1,029	6,036	(5,007)	-83.0%
Sub-total	49,661	57,714	(8,053)	-14.0%
Investment holding & others	(6,736)	(6,673)	(63)	0.9%
Total profit before tax	42,925	51,041	(8,116)	-15.9%
<hr/>				
Significant income/(expense) items:				
Construction revenue	161,037	166,118	(5,081)	-3.1%
Construction profit	42,931	45,437	(2,506)	-5.5%
Writeback of development expenditure	-	2,258	(2,258)	-100.0%
Fair value gain on investment properties	-	3,500	(3,500)	-100.0%
Gain/(Loss) from quoted investments	9	(1,059)	1,068	-100.8%
Loss on foreign exchange	(1,974)	(2,905)	931	-32.0%

B3. Variation of Current Quarter against Preceding Quarter (Cont'd)

Compared to the preceding quarter, Group revenue from continuing operations declined 9.0% from RM236.4 million in 4Q2017 to RM215.2 million in the current quarter. The decline was mainly due to the absence of Tawau revenue contribution (4Q2017: RM14 million) and lower construction revenue (-RM5.1 million). Revenue contributions from the Resources Division and Property Division were stable quarter-on-quarter.

Pre-tax profit declined 15.9% to RM42.9 million due to lower construction profit (-RM2.5 million), operating losses from Tawau amounting to RM0.8 million compared to a gain of RM1.3 million in 4Q2017 and a RM5.0 million reduction in profit contribution from the Property Division, partially offset by a 28.0 % increase in Resources Division's pre-tax profit to RM6.8 million.

Power Division (Don Sahong)

Percentage physical completion for the current quarter of 8.2% was marginally higher than the 8.0% registered in the preceding quarter. However, the higher percentage completion was more than offset by a stronger Malaysia Ringgit which has appreciated 8.7% when compared to the preceding quarter. Consequently, despite a slightly higher completion, construction revenue fell 3.1% to RM161.0 million.

Construction profit declined 5.5% to RM42.9 million on lower construction revenue and the absence of a positive RM1.4 million one-off adjustment in 4Q2017 following the downward project cost revision from US\$417 million to US\$401 million.

Resources Division

Revenue of the Resources Division was stable quarter-on-quarter at RM37.2 million. The 5% increase in sales revenue of lime products to RM34.2 million was offset by lower sales of limestones. Sales volume of lime products increased 9.6% sequentially to 106,631 tonnes. The volume increase was however negated by a 4.2% decrease in the average selling price from RM335 to RM321 per tonne which was adversely affected by the stronger Malaysia Ringgit.

Pre-tax profit rose 28% to RM6.8 million compared to RM5.3 million in 4Q2017 on higher sales revenue of lime products, better plant utilisation rate and lower administrative expenses, which more than offset the negative effects from a stronger Ringgit.

Property Division

Property Division's revenue was flat quarter-on-quarter at RM2.1 million. There was no development income recognised in both quarters and revenue was derived from rental income. Pre-tax profit however declined sharply from RM6.0 million in 4Q2017 to RM1.0 million in the current quarter mainly due to the absence of fair value gain on investment property (4Q2017: RM3.5 million) and the absence of one-off positive adjustments from development costs amounting to RM0.7 million.

B4. Prospects

Don Sahong

Construction of the powerhouse and embankment, channel and inlet excavation work, and offsite fabrication of the turbine and generator components are progressing smoothly. Construction of the transmission line and substation is on schedule and is expected to be completed on time.

As at 31 March 2018, physical completion has reached 54.7% and the Group is on track to achieve 80% completion by the end of 2018. This would translate into a 33.5% physical completion for the year 2018 as compared to 30% recorded in 2017 resulting in higher construction revenue and profit in US Dollar terms. However, contribution in Malaysian Ringgit is expected to be affected due to Ringgit's appreciation against the US Dollar. The US Dollar has weakened about 8% when compared to the average RM:USD rate of 4.30 in 2017.

Tawau Power Plant

Serudong Power Sdn Bhd ("SPSB"), a 51% owned subsidiary of the Group, has since 2 December 2017 ceased energy supply to SESB following the expiry of the PPA.

Management of SPSB is of the opinion that there is a high chance that the PPA will not be extended due to SESB's disagreement to the energy rates approved by the Energy Commission and the Ministry of Energy, Green Technology and Water. In the event the PPA is not extended, the Group is expected to make impairment charges on the assets (total book value stands at approximately RM14 million, including spare parts), of which RM7.1 million would be attributable to shareholders of the Company. In such event, Management also expects SPSB to incur incidental expenses relating to staff retrenchment and plant decommissioning.

Resources Division

Management is optimistic of the demand outlook for lime products in Malaysia and the region. Sales volume of lime products currently hovers around 35,000 tonnes per month, translating into average kiln capacity utilisation rate of about 80%. To support future growth, construction of Kiln 8 and lime crushing facility at an estimated cost of RM28.7 million is currently underway and is expected to be commissioned by end 2018.

To mitigate the effects of a stronger Ringgit, management has revised prices upwards for new export customer quotations. Cost pressures from higher fuel and transportation costs have stabilised. Management is hopeful that margins will improve through efficiency gains from higher sales volume and better plant utilisation rate.

B5. Profit forecast

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

B6. Income tax expense

	Current Quarter 31 March		Year-To-Date 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Continuing operations</u>				
- Malaysian	846	3,347	846	3,347
- Overseas	6,142	4,637	6,142	4,637
	6,988	7,984	6,988	7,984
<u>Discontinued operations</u>				
- Overseas	-	3,150	-	3,150
	6,988	11,134	6,988	11,134

The effective tax rate of the Group for the current quarter and 3 month period ended 31 March 2018 was lower than the Malaysian statutory tax rate of 24% mainly due to lower effective tax rate for construction profit from the Don Sahong Hydropower Project.

B7. Status of corporate proposal

There was no corporate proposal announced but not completed at 21 May 2018, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B8. Material litigations**SPSB vs SESB**

On 15 November 2013, Serudong Power Sdn Bhd (“SPSB”) commenced arbitration proceedings against Sabah Electricity Sdn Bhd (“SESB”) at the Kuala Lumpur Regional Centre for Arbitration. SPSB’s claim in the arbitration is in relation to the recovery of the inflationary adjustments to the capacity and energy payments pursuant to the Power Purchase Agreement dated 13 April 1995 entered into between SPSB and SESB.

On 5 June 2015, SPSB submitted the statement of claim for the outstanding capacity and energy payments ranging from RM24.1 million to RM25.8 million due to the adjustment of the Fixed Operating Rate (“FOR”) and Variable Operating Rate (“VOR”) for the period from December 2000 to March 2015, as well as interest at 1.5% above the base lending rate as provided for in the Power Purchase Agreement.

On 21 April 2016, SPSB received the Partial Award from the Tribunal declaring that SESB shall pay SPSB the sum of RM7.7 million in relation to shortfall in energy payments and capacity payments for the period between 15 November 2007 and 31 December 2015, without prejudice to SPSB’s claims in the Arbitration. The remaining claim remains in dispute in the arbitration.

The final oral arguments were heard before the Tribunal on 3 July 2017. The Tribunal is expected to deliver its decision by June 2018.

B8. Material litigations (Cont'd)

GOM vs IHSB

Details of this lawsuit are disclosed in Note A14.

Other than as disclosed above, there was no material litigation as at 21 May 2018, 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 tax-exempt dividend of 2.0 sen per ordinary share for the financial year ended 31 December 2017 was approved by the shareholders at the Annual General Meeting held on 28 May 2018. This dividend is payable on 6 July 2018 to entitled shareholders as at 22 June 2018 and has not been included as a liability in these financial statements
- (b) No dividend has been proposed or declared for the 3-month period ended 31 March 2018.

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

	Current Quarter 31 March		Year-To-Date 31 March	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<u>Continuing Operations</u>				
After crediting:				
Dividend income	9	6	9	6
Fair value gain on investment properties	-	2,816	-	2,816
Gain on disposal of:				
- property, plant and equipment	13	30	13	30
- quoted shares	-	102	-	102
Gain on foreign exchange:				
- realised	-	2,537	-	2,537
Interest income	626	1,379	626	1,379
Write-back of:				
- impairment loss on quoted shares	-	12	-	12
After charging:				
Depreciation of property, plant and equipment	(3,930)	(4,083)	(3,930)	(4,083)
Interest expense	(3,615)	(1,309)	(3,615)	(1,309)
Loss on foreign exchange:				
- realised	(840)	-	(840)	-
- unrealised	(1,134)	(1,614)	(1,134)	(1,614)
Write-down in value of inventories	104	(5)	104	(5)
Write-off of plant and equipment	(3)	-	(3)	-
After other comprehensive (expenses)/income				
Foreign currency translation difference for foreign operations	(36,872)	(4,798)	(36,872)	(4,798)
Fair value changes of available- for-sale financial assets	(6,528)	10,877	(6,528)	10,877

B11. Earnings per share

	Quarter ended		Period ended	
	31 March		31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(a) Basic earnings per share				
Profit after tax attributable to owners of the Company:				
- Continuing operations	31,504	32,096	31,504	32,096
- Discontinued operations	0	5,281	0	5,281
	<u>31,504</u>	<u>37,377</u>	<u>31,504</u>	<u>37,377</u>
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	410,786	401,900	410,786	401,900
Effect of treasury shares held	(20,497)	(20,497)	(20,497)	(20,497)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	101	-	101	-
- Warrants	-	1	-	1
	<u>390,390</u>	<u>381,404</u>	<u>390,390</u>	<u>381,404</u>
Basic earnings per share (sen):				
- Continuing operations	8.07	8.42	8.07	8.42
- Discontinued operations	-	1.38	-	1.38
- Total	<u>8.07</u>	<u>9.80</u>	<u>8.07</u>	<u>9.80</u>

The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the 3-month period ended 31 March 2018 excluding treasury shares held by the Company.

B11. Earnings per share (Cont'd)

	Quarter ended		Period ended	
	31 March		31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
(b) Diluted earnings per share				
Profit after tax attributable to owners of the Company:				
- Continuing operations	31,504	32,096	31,504	32,096
- Discontinued operations	-	5,281	-	5,281
	<u>31,504</u>	<u>37,377</u>	<u>31,504</u>	<u>37,377</u>
Weighted average number of ordinary shares ('000)	390,390	381,404	390,390	381,404
Weighted average number of shares under options and warrants ('000)	83,370	91,957	83,370	91,957
Weighted average number of shares that would have been issued at average market price ('000)	(51,071)	(74,562)	(51,071)	(74,562)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>422,689</u>	<u>398,799</u>	<u>422,689</u>	<u>398,799</u>
Diluted earnings per share (sen):				
- Continuing operations	7.45	8.05	7.45	8.05
- Discontinued operations	-	1.32	-	1.32
- Total	<u>7.45</u>	<u>9.37</u>	<u>7.45</u>	<u>9.37</u>

The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all dilutive outstanding options granted pursuant to the ESOS and dilutive outstanding warrants are exercised.

B12. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 28 May 2018.