MANAGEMENT DISCUSSION AND ANALYSIS

1.0 GROUP FINANCIAL PERFORMANCE

Financial Year Ended 31 December	2024 RM'000	2023 RM'000	Changes RM'000	Changes %
Revenue	1,741,879	1,317,635	424,244	32.2
Other income	101,107	108,118	(7,011)	-6.5
Other expenses	(39,426)	(84,894)	45,468	-53.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	757,578	638,930	118,648	18.6
Operating profit	637,744	530,467	107,277	20.2
Profit before tax	509,319	476,788	32,531	6.8
Profit after tax	491,018	451,640	39,378	8.7
Profit after tax attributable to owners of the Company	459,178	383,708	75,470	19.7
Revenue				
Renewable Energy	649,002	605,894	43,108	7.1
Resources	223,621	202,893	20,728	10.2
Packaging	399,167	402,341	(3,174)	-0.8
Sub-total	1,271,790	1,211,128	60,662	5.0
Construction revenue arising from concession service arrangements	383,248	-	383,248	n.a
Investment Holding and Others	86,841	106,507	(19,666)	-18.5
Total revenue	**1,741,879**	**1,317,635**	**424,244**	**32.2**
Profit Before Tax				
Renewable Energy	463,510	437,557	25,953	5.9
Resources	47,322	23,297	24,025	103.1
Packaging	29,282	33,600	(4,318)	-12.9
Sub-total	540,114	494,454	45,660	9.2
Construction profit arising from concession service arrangements	36,639	-	36,639	n.a
Investment Holding and Others	(67,434)	(17,666)	(49,768)	281.7
Total profit before tax	**509,319**	**476,788**	**32,531**	**6.8**
Significant income/(expense) items:				
Share of loss in equity accounted investments	(66,242)	(13,600)	(52,642)	387.1
Insurance income recognised for/(Write-offs of) assets damaged by fire incident in 2023	31,826	(26,936)	58,762	n.m
Fair value gain on put option liability	1,539	13,943	(12,404)	-89.0
Fair value (loss)/gain on investment properties	(7,994)	3,543	(11,537)	n.m
(Loss)/Gain on foreign exchange	(4,134)	32,048	(36,182)	n.m
Income tax penalty	-	(5,697)	5,697	-100.0

n.a - not applicable
n.m- not meaningful.

In 2024, the Group's revenue increased by 32.2% year-on-year to RM1,741.9 million, up from RM1,317.6 million in 2023. This was primarily driven by RM383.2 million in construction revenue from service concession agreements with the Government of Laos for the Don Sahong 5th turbine expansion and the Maldivian government for an 11.4 MWp solar farm. Revenue from core divisions also rose by 5%, reaching RM1,271.8 million from RM1,211.1 million, alongside a maiden contribution of RM50.6 million from CSC Agriculture Holdings Sdn Bhd and its subsidiaries (CSC Group). This growth was partially offset by the absence of RM71.0 million in revenue from the Tawau power plant, which was disposed of in 2023.

The three core divisions collectively reported a 9.2% increase in pre-tax profit to RM540.1 million, up from RM494.5 million. This was supported by a 5.9% rise in profit from the Renewable Energy Division to RM463.5 million and a 103.1% surge in profit from the Resources Division to RM47.3 million, which more than compensated for a 12.9% decline in the Packaging Division to RM29.3 million.

Overall, the Group's pre-tax profit rose by 6.8% to RM509.3 million from RM476.8 million. This included RM36.6 million in construction profit (none recorded in 2023), though this was offset by higher losses in the Investment Holding & Others Division.

The Investment Holding & Others Division reported a RM67.4 million loss, widening from RM17.7 million in 2023, mainly due to a RM66.2 million share of loss from associates and joint ventures (up from RM13.6 million), an RM8.0 million fair value loss on investment properties (versus a RM3.5 million gain previously) and a RM4.1 million foreign exchange loss (down from a RM32.0 million gain in 2023). These losses were partially mitigated by RM31.8 million in insurance income (compared to a RM26.9 million asset write-off in 2023) and a smaller RM1.5 million fair value gain on put option liability (down from RM13.9 million).

The larger losses from joint ventures and associates were mainly due to Edenor Technology Sdn Bhd and its subsidiaries (Edenor), which continued facing capacity constraints from ongoing repairs and upgrades, alongside market weaknesses, excess global capacity, volatile commodity prices and impairment charges.

The Group's normalised pre-tax profit i.e. excluding contributions from associates and joint ventures, construction profits and non-operating items, increased by 5.7% to RM513.6 million from RM485.6 million, reflecting strong core business performance.

Profit after tax and non-controlling interests (PATNCI) rose by 19.7% to RM459.2 million from RM383.7 million. On a normalised basis, excluding associates, joint ventures, construction profits and non-operating items, PATNCI surged by 25.3% to RM480.8 million from RM383.8 million, reflecting strong core earnings growth and the positive impact of acquiring an additional 15% effective equity interest in Don Sahong Power Company Ltd (DSPC).

2.0 RENEWABLE ENERGY DIVISION

2.1 PERFORMANCE IN 2024

In 2024, the Renewable Energy Division's revenue increased by 7.1%, reaching RM649.0 million, compared to RM605.9 million in 2023. Hydro energy sales rose by 6.9%, climbing from RM597.5 million to RM638.8 million, while solar energy sales grew a significant 20.7%, reaching RM10.2 million.

The growth in hydro energy revenue was primarily driven by a 7.7% increase in hydro energy volume following the commissioning of the fifth turbine in July 2024. This growth was partially offset by a slight decline in the weighted average tariff rate. The average exchange rate for the Ringgit against the US Dollar was stable at around RM4.57/USD in both periods.

In 2024, the Group added 4.3 MWp of generation capacity to its solar portfolio, bringing the cumulative installed capacity to 31.3 MWp by the end of the year, up from 27.0 MWp on December 31, 2023.

The Division reported a year-on-year improvement in pre-tax profit of 5.9%, rising to RM463.5 million from RM437.6 million in 2023. This increase in profit was driven by higher revenue and lower net finance charges, although it was partly offset by increased amortisation charges and higher operating and maintenance costs due to the commissioning of the fifth turbine and associated overhaul expenses.

	COMPLETED CAPACITY AS AT 31 DECEMBER 2023	CAPACITY INSTALLED IN 2024	REMAINING CAPACITY SECURED/ UNDER CONSTRUCTION	TOTAL CAPACITY
Hydropower (MW)	260.0	65.0	-	325.0
Solar (MW)	27.0	4.3	63.2	94.5
Total (MW)	**287.0**	**69.3**	**63.2**	**419.5**

KEY PERFORMANCE METRICS	2022	2023	2024
Revenue (RM million)	596.9	605.9	649.0
Profit before Tax (RM million)	419.7	437.6	463.5
Hydropower Energy Availability Factor	94.6%	91.4%	87.1%
Power generated from for sale:			
- Hydropower (GWh)	2,155.32	2,082.87	2,243.08
- Solar (GWh)	22.74	28.23	34.32
Power generated for own consumption			
- Hydropower (GWh)	16.29	15.00	17.90
- Solar (GWh)	0.67	2.82	3.90

2.1.1 HYDROPOWER

The Don Sahong Hydropower Plant (DSHP) recorded an average Energy Availability Factor (EAF) of 87.1% in 2024, a drop from 91.4% in 2023, as expected. This decline was due to the extra 25% capacity that was added on from July 2024 following the commissioning of the fifth turbine and the shutdown of one of the existing four turbines in early December 2024 for a scheduled major overhaul. The commissioning of the fifth turbine had also lowered the overall water head when all five units were operating during the wet season which would have contributed to the overall reduction in EAF.

Despite the lower EAF, revenue grew 6.9% to RM638.8 million in 2024 due to a 7.7% increase in hydro energy volume following the commissioning of the fifth turbine in July 2024. This growth was marginally offset by a slight decline in the weighted average tariff rate. PBT rose 6.6% to RM462.9 million driven by higher revenue and lower net finance charges, although it was partly offset by increased amortisation charges and higher operating and maintenance costs due to the commissioning of the fifth turbine and overhaul expenses.

2.2 KEY INITIATIVES

2.2.1 HYDROPOWER

The commercial operation of the fifth turbine in July 2024 has increased DSHP's total generation capacity to 325 MW.

One of the reasons DSPC constructed the fifth turbine is to ensure a consistent long-term supply of power to Electricite du Laos (EDL), which will enable EDL to meet its energy export obligations to Cambodia's Eletricite du Cambodge (EDC). The fifth turbine was also a crucial addition to DSHP due to the scheduled major overhaul of the other four turbines that began in December 2024. With each unit estimated to shutdown for three and half months, the fifth turbine ensures that DSPC will have at least four turbines available throughout the year.

As an incentive for building the fifth turbine, the Government of Lao PDR (GOL) extended the concession period of the DSHP by four years and three months. At the same time, the tax concession will be extended until the end of 2025 and the tax rate will be reduced for the subsequent four years (from 2026 to 2029) before increasing to the standard rate of 24% in 2030 and thereafter. All the new concession terms are captured in the Supplemental Concession Agreement (SCA) which was executed in December 2024.

Under the SCA, DSPC has also agreed to pay USD82.5 million to the GOL for the water rights for the period from January 1, 2024 to December 31, 2049. This payment replaces the annual royalty obligations and secures the rights for the annual generation of 2,140 GWh of energy, exempting DSPC from paying royalties on energy generation up to this threshold. For energy generation exceeding 2,140 GWh, royalty payments will continue to apply at the rates specified in the SCA.

In December 2024, DSPC also executed a Supplemental Power Purchase Agreement (SPPA) with EDL where the levelised tariff remains unchanged at the previous rate of 6.15 US cents per kWh. However, the starting tariff will reset to 6.00 US cents per kWh in 2025 and increase progressively to 6.20 US cents per kWh by 2029 and will remain at this rate until the end of the concession period on 31 December 2049.

The operation of the fifth turbine together with the execution of the SCA and SPPA will enhance the long-term sustainability of DSPC's earnings and cashflow.

2.2.2 SOLAR POWER

The Solar Division continues to build its portfolio in 2024 by installing capacity of 4.3 MW for its C&I customers. To date, 31.3 MW has been commissioned and energised. Revenue increased to RM10.2 million with PBT of RM0.6 million mainly due to the progressive installation of the new solar capacities.

The Group is also in the midst of executing other larger scale solar projects, including:

- 51.0 MW solar farm project in Malaysia under the Corporate Green Power Programme by the Energy Commission, expected to be commercially operational in 2025; and
- 11.4 MW solar farm project with a state utility company in the Republic of Maldives, expected to be completed in 2025.

2.3 KEY TRENDS, RISKS AND OPPORTUNITIES

2.3.1 CURRENCY FLUCTUATIONS

As MFCB's presentation currency is in Malaysian Ringgit, the translation of hydro business results which are USD-denominated into the Group's reporting currency would have an impact on the Group's financial position and performance. Accordingly, the Group's net assets at end of 2024 were negatively influenced by 2.5% depreciation of the US Dollar against the Ringgit while profit was positively impacted by the 0.32% appreciation of the US Dollar against the Ringgit as compared to 2023.

2.3.2 OPERATIONAL RISK

Operational risk from the downtime of our hydro turbines is a risk that we need to manage and minimise even though the loss of revenue from potential downtime is insured. The original four turbines which went into operation in early 2020, have been operating at 90% of the time over the past five years, which is equivalent to almost 40,000 running hours. To ensure continuous supply of energy to EDL and minimise the risk of forced outages, we embarked on the first scheduled major overhaul of the first turbine on 10 December 2024.

DSPC is committed to minimising forced outages by ensuring that scheduled maintenance and overhauls are carried out on time and as scheduled. The completion of the fifth turbine prior to the first scheduled major overhaul has minimised loss of generation and also ensured that we can continue to run four turbines despite the ongoing overhaul.

2.3.3 RE OPPORTUNITIES

The National Energy Transition Roadmap (NETR) continues to drive the development of Malaysia's RE industry and we expect it to open more investment opportunities for the Group in the RE sector. We hope to continue to participate in new schemes that will be introduced by the Energy Commission.

2.4 DIVISION'S OUTLOOK

2.4.1 HYDROPOWER

The earnings of Don Sahong are expected to remain relatively stable in 2025, with several offsetting factors at play. On the positive side, the full-year operation of the fifth turbine is projected to increase energy sales volume by 3%. Additionally, the investment in water rights announced in December 2024 will significantly reduce the net royalty expense starting from 1 January,2025. Lower amortisation charges of concession assets are also expected following the extension of the concession period in accordance with the terms of the SCA executed in December 2024.

However, these benefits will be largely offset by a lower energy tariff, as the tariff has been reset to 6.0 US cents per kWh in 2025, which is the first year of the revised concession period, compared to a weighted average tariff of 6.22 US cents in 2024. Furthermore, there will be higher operation and maintenance expenses following the commissioning of the fifth turbine and the scheduled overhaul costs.

The revenue and earnings of DSPC are very much dependent of the energy availability of DSHP. With the completion of the fifth unit, the average annual energy availability predicted by the long term simulation has increased from 2,028 GWh to 2,264 GWh. Since the commercial operation of the original four units in January 2020, the annual energy availability of DSHP has been consistently above 2,028 GWh. With the addition of the fifth turbine, we expect the annual energy availability to hover around 2,280-2,300 GWh and on an annual basis, the availability may vary about 2% around this mean, provided there are no prolonged forced outages. When considering these factors together with the new concession and power purchase terms in the SCA and SPPA, we anticipate a relatively stable revenue and earnings profile over the next 25 years.

2.4.2 SOLAR POWER

We anticipate continued growth in our solar earnings, driven by the progressive installation of secured solar capacities. Currently, 31.3 MWp of solar generation facilities are operational, with an additional 63.2 MWp expected to commence commercial operations in 2025. Upon completion of these projects, our cumulative solar portfolio will reach a total capacity of 94.5 MWp by the end of 2025.

Management will continue to explore new solar development opportunities under the NETR launched in August 2023. This includes two newly announced programmes which are the Battery Energy Storage Scheme (BESS) and the Corporate Renewable Energy Scheme (CRESS).

3.0 PACKAGING DIVISION

3.1 PERFORMANCE IN 2024

In the year under review, the Division's subsidiaries, Hexachase Group and Stenta, generally observed weaker demand or downtrading in certain consumer segments. The industry has had to contend with industry-wide overcapacity and intense competition, amidst an inflationary environment which has dampened overall consumer sentiment.

Despite this challenging environment, revenue was only slightly impacted as we recorded a decline of 0.8% to RM399.2 million in 2024 from RM402.3 million in 2023. Profit before tax declined by 12.9% to RM29.3 million from RM33.6 million in 2023, primarily attributed to overall margin pressure from price competition and a rising operating cost environment.

KEY PERFORMANCE METRICS	2022	2023	2024
Revenue (RM million)	399.0	402.3	399.2
Profit before Tax (RM million)	33.5	33.6	29.3

As an export-oriented manufacturer, we have seen demand as a whole reflecting the moderate global economic growth in 2024. Consequently, while demand could generally be considered stable, we observed downtrading in certain consumer segments, given the high inflationary environment present throughout most of 2024.

Nevertheless, the packaging business recorded moderate sales growth due to our solid track record and ability to secure new customers. Flexipack's sales revenue was affected due to soft customer demand in the second and third quarter.

3.2 KEY INITIATIVES

3.2.1 HEXACHASE

In 2024, Hexachase Packaging focused on enhancing its supply chain within Southeast Asia to reduce dependency on international suppliers and improve turnaround times. One key initiative was encouraging local newspaper papermills to diversify into producing food-grade packaging materials. While recycled food-grade paper is more common in the U.S. and Europe, it is still relatively rare in Southeast Asia, presenting challenges in sourcing. By fostering a local supply chain, we aim to reduce shipping costs and lead times, ensuring more efficient operations. Additionally, we continued to prioritise the customisation of packaging solutions, seeking a balance between commoditised volume products and tailored, higher-value offerings.

Flexipack has been actively working with customers, particularly multinational corporations, to transition from non-sustainable packaging to more sustainable structures. Many of these companies have set timelines for achieving their sustainability goals and Flexipack is committed to working with them to meet those objectives. By collaborating on this shift, the company is capturing growth opportunities and contributing to the global sustainability movement and also strengthening long-term customer relationships.

3.2.2 STENTA

With Stenta being further upstream in the packaging value chain, it observed a slight decline in demand due to economic uncertainties and shifts in consumer preference.

KEY PERFORMANCE METRICS	2022	2023	2024
Revenue (RM million)	215.3	214.0	215.2
Profit before Tax (RM million)	23.3	24.2	24.3

In 2024, Stenta focused on strategic expansion, particularly by increasing its LLDPE production capacity. This expansion was driven by a forward-looking approach, where Stenta builds capacity in anticipation of market demand, rather than responding solely to current customer requirements. This resilient strategy ensures the company is well-prepared to meet broader market needs as they arise.

The completion of our third and fourth LLDPE blown film lines is expected to increase production capacity and better economies of scale, ultimately leading to higher revenue and improved profitability. The added capacity positions Stenta to capitalise on growing market opportunities while strengthening its competitive edge through cost efficiency and expanded output.

3.3 KEY TRENDS, RISKS AND OPPORTUNITIES

The Packaging Division is well-positioned to capitalise on the growing demand for environmentally friendly solutions, particularly in the area of paper bags. As the global focus on sustainability increases, paper bags have emerged as a competitive advantage due to their eco-friendly nature. This demand is supported by a projected compound annual growth rate (CAGR) of 4.3% from 2024 to 2034, with the global market size expected to grow from USD 5.6 billion to USD 8.7 billion.

Flexipack is also advancing in sustainability by collaborating with brand owners to develop multi-layer mono-material packaging, which enables recycling and supports higher recycling rates. This aligns with the global trend toward sustainable packaging solutions, which are increasingly sought after by both consumers and regulators.

Stenta is leading the way in mono-material applications, with a portfolio focused on fully recyclable polyolefin plastics such as PP and LLDPE, which are versatile, economical and energy-efficient. By continuing to innovate in this space, Stenta reinforces its position as a leader in sustainable flexible packaging solutions, contributing positively to environmental efforts.

However, the division faces external risks that could impact operations and costs. As an export-oriented business, currency fluctuations are a key factor affecting profitability. As of early 2025, escalating trade tensions and the anticipation of new U.S. tariff measures have introduced significant uncertainty to the region and Malaysia's economy.

3.4 DIVISION'S OUTLOOK

The packaging industry is expected to remain resilient, driven by ongoing urbanisation and population growth, which underscores its essential role in daily life. In the long term, there is strong potential to expand into the U.S. market, particularly as the shift to environmentally friendly paper bags gains momentum in grocery stores and department stores. Supermarkets are identified as a key sector for growth, as inflation encourages consumers to cook at home, further boosting the demand for paper packaging solutions.

Flexipack is poised for continued growth, especially as the trend toward sustainable, recyclable packaging intensifies, with regulatory support further advancing this shift. Concurrently, demand for paper-based packaging for primary applications is expected to rise. Stenta's short- to medium-term focus will be on expanding its mono-material applications, both in terms of breadth and depth, while scaling up production capacity to align with long-term market demand.

4.0 RESOURCES DIVISION

4.1 PERFORMANCE IN 2024

The overall demand for lime products in the region has remained stable, although uncertainties such as the conflict in the Middle East, particularly in the Red Sea region, has raised global shipping and logistic costs. Sluggish growth in China has also prompted their producers to look beyond their domestic markets, likely creating an overcapacity issue that may pressure prices.

Given these challenges, we have strived to keep our costs low to maintain our competitive edge as well as defended and grown the markets we are in. We continue to provide consistent and timely supply to our clients with robust product quality at a reasonable price in what is essentially a commoditised business.

Revenue in 2024 increased by 10.2% year-on-year to RM223.6 million from RM202.9 million in 2023 due to an increase in sales volume of lime products, supported by strong local and regional demand. This was partially offset by a decline in revenue from non-lime products, mainly due to the cessation of brick product operations. Profit before tax (PBT) surged to RM47.3 million, more than double the RM23.3 million recorded in 2023. This was attributed to improvements in production and cost efficiency as well as a favourable shift in the sales mix.

KEY PERFORMANCE METRICS	2022	2023	2024
Revenue (RM million)	206.3	202.9	223.6
Profit before Tax (RM million)	17.4	23.3	47.3

4.2 KEY INITIATIVES

We continue to look for ways to optimise plant operations while gradually growing revenue as we seek to balance profitability against our fixed costs. Given the nature of our industry, maintaining economies of scale is key as input costs of resources such as limestone, fuel and electricity make up a significant amount of variable costs.

In the year under review, we have studied the potential of using rail transport and are in the midst of planning to install a solar panel farm to offset electricity costs.

4.3 KEY TRENDS, RISKS AND OPPORTUNITIES

Higher logistics costs, currency volatility as well as events that constrain global shipping capacity remain as significant risks to our business. Other factors that are not entirely within our span of control include the tariffs that other countries impose on our products.

Nevertheless, we continue to see opportunities as we are now one of the largest commercial players in Southeast Asia with potential for long-term growth. While growth is generally slow, it is steady and the market will continue to offer various pockets of opportunities that are linked to both economic and population growth.

4.4 DIVISION'S OUTLOOK

The demand for lime products in the region is expected to remain strong and we will continue to focus on actively expanding the customer base in the region while closely monitoring market dynamics. We are also prepared to make necessary adjustments to pricing and distribution channels to sustain business growth.

In terms of potential growth areas, in Malaysia we see the possibility of entering markets such as flue gas and wastewater treatment. We will also continue to promote our products for road infrastructure projects, where lime would act as a stronger and more resilient alternative to cement. In addition, the plantation sector also offers opportunities where our lime product can neutralise soil that has become too acidic following excessive application of fertilisers over the years.

5.0 GROUP FINANCIAL POSITION

5.1 ASSETS AND LIABILITIES

Changes in key assets and liabilities during the financial year ended 2024 are explained below:

ASSET/LIABILITY ITEMS	AS AT 31.12.2024 RM'000	AS AT 31.12.2023 RM'000	CHANGES RM'000	EXPLANATION
Service concession asset	2,175,656	1,940,046	235,610	The increase was due to 5th turbine addition, partly offset by RM88.9 million amortisation charge and RM54.8 million translation loss.
Property, plant and equipment (PPE)	775,791	531,945	243,846	The increase was primarily due to: (a) RM212.6 million CAPEX, comprising mainly: i. RM114.9 million for the Packaging Division on construction of new factories, and restoration of manufacturing facilities damaged by fire; ii. RM45.7 million for acquisition of land designated for medical centre development; iii. RM29.1 million for agricultural development; iv. RM11.9 million for Renewable Energy Division; and v. RM7.6 million for Resources Division. (b) RM80.2 million from the effect of new subsidiaries acquired during the year. Partly offset by annual depreciation charge of RM50.9 million.
Water rights	337,515	-	337,515	Represents investment for 25-year water rights at Don Sahong site.
Receivable and other asset (non-current)	246,445	-	246,445	Comprises mainly interest-bearing term loan (non-current portion) receivable from EDL.
Development expenditures	884	203,048	(202,164)	The decrease mainly due to the commissioning of the 5th turbine.
Investment properties	261,679	168,746	92,933	The increase was due to land acquisition and effect of CSC's consolidation (+RM24.2 million), partly offset by recognition of RM8.0 million fair value loss.

5.1 ASSETS AND LIABILITIES (CONT'D)

ASSET/LIABILITY ITEMS	AS AT 31.12.2024 RM'000	AS AT 31.12.2023 RM'000	CHANGES RM'000	EXPLANATION
Right-Of-Use (ROU) assets	117,549	116,312	1,237	No significant movement during the year.
Joint ventures and associates	173,432	166,674	6,758	The increase due to investment in new associate, Apex and additional investment in joint venture, offset by Group's share of loss of RM66.2 million in the current year.
Investment in quoted shares	87,351	133,278	(45,927)	The decrease was mainly due to fair value loss of marketable securities.
Inventories (current)	185,896	131,737	54,159	The increase was largely due to higher inventories in the Packaging Division and Resources Division, as well as increase in spare parts and consumables of Don Sahong.
Receivables and other current assets	391,774	490,098	(98,324)	The decrease was mainly due to lower receivable from EDL, partly offset by development costs associated with solar projects.
Deferred tax liabilities	133,853	126,954	6,899	The increase was mainly because of CSC consolidation.
Payables and accruals (current)	214,530	168,823	45,707	The increase was mainly because of accrual for remaining costs of the 5th turbine and CSC consolidation.

6.0 CASH FLOW ANALYSIS

During the financial year ended 31 December 2024, the Group generated RM479.4 million in after-tax cash from operating activities, received RM27.8 million in insurance claims and RM33.6 million in net investment receipts. Together with RM228.7 million in net drawdown of loans, a total of RM769.5 million in funds were made available to the Group in current year.

During the year, a total of RM1,004.2 million was deployed for the following purposes:

(i) RM832.9 million for investing activities, comprising mainly:
   1. RM494.6 million for Renewable Energy Division;
   2. RM110.6 million for Packaging Division;
   3. RM105.1 million for acquisition of two parcels of land;
   4. RM73.0 million for associates and joint venture;
   5. RM31.0 million for Food Security Division;
   6. RM6.6 million for Resources Division; and
   7. RM12.0 million for Other Division.

(ii) RM97.5 million for dividends paid;

(iii) RM72.8 million in finance costs paid to lenders and for hire purchase/lease liabilities; and

(iv) RM1.0 million share-buyback of the Company's shares.

The cash shortfall from the above was funded via internal funds, which together with RM5.7 million in translation loss, resulted in the decrease of the Group's cash reserve from RM508.6 million on 31 December 2023 to RM268.3 million as of 31 December 2024.

7.0 CAPITAL STRUCTURE AND RESOURCES MANAGEMENT

	GROUP	
	2024 RM'000	**2023** RM'000
Total Bank Borrowings, excluding hire purchase liabilities	1,146,440	901,331
Less: Bank balances and deposits	(268,320)	(508,587)
Net debt	878,120	392,744
Total equity	3,544,454	3,224,018
Debt-to-equity ratio (times)	0.25	0.12

As at 31 December 2024, Group's net debts increased to RM878.1 million from RM392.7 million posted a year ago and this represents an increase in net gearing ratio from 12.2% to 24.8% which is considered optimal. The Group's approach to capital management is to maintain a strong credit rating for its borrowings and healthy capital ratios in order to support its businesses.

7.1 GROUP BORROWINGS AND DEBT SECURITIES

	Long-term		**Short-term**		**Total**	
	Foreign Currency ('000)	**RM** ('000)	**Foreign Currency** ('000)	**RM** ('000)	**Foreign Currency** ('000)	**RM** ('000)
As at 31 December 2024						
Secured						
Trade financing and loans	-	-	-	50,926	-	50,926
Term loans	-	294,406	-	36,136	-	330,542
Term loans (USD)^	18,333	82,051	18,333	82,051	36,666	164,102
Revolving credit	-	-	-	156,883	-	156,883
		376,457		325,996		702,453
Unsecured Loan						
Term loan	-	20,202	-	-	-	20,202
Term loan (USD)^	30,000	134,265	40,000	179,020	70,000	313,285
Revolving credit	-	-	-	110,500	-	110,500
		154,467		289,520		443,987
Total Borrowings		530,924		615,516		1,146,440
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
		282,528		246,603		529,131
Unsecured Loan						
Term loan (USD)*	40,000	183,600	40,000	183,600	80,000	367,200
Revolving credit	-	-	-	5,000	-	5,000
		183,600		188,600		372,200
Total Borrowings		466,128		435,203		901,331

^ - *translated at exchange rate of 4.48 as at 31 December 2024*

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

7.1 GROUP BORROWINGS AND DEBT SECURITIES (CONT'D)

In 2024, total borrowings (excluding hire purchase liabilities) increased to RM1,146.4 million, this represents an increase of RM245.1 million from RM901.3 million at 31 December 2023, mainly due to:

(i) Net loans drawdown of RM228.7 million to part finance the purchase of PPE, investment properties and ROU assets; and

(ii) RM27.5 million term loans assumed from acquisition of new subsidiaries.

Partially reduced by RM11.1 million translation gain on USD-denominated loans.

The Group's borrowings (excluding hire purchase liabilities) as at 31 December 2024 are predominantly floating in nature 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.

8.0 CAPITAL EXPENDITURE REQUIREMENTS

The major capital expenditure requirements contracted for the upcoming years amounted to approximately RM190.4 million which is primarily earmarked for 63.2 MWp solar photovoltaic projects of RM131.8 million and RM50.3 million to complete ongoing capital expansion plan within Packaging Division.

9.0 FOREIGN CURRENCY EXPOSURE

As the Group operates in numerous international markets, it engages in transactions involving multiple currencies (mainly US dollar). Consequently, the Group is subject to foreign currency risk, which can affect financial performance due to fluctuations in exchange rates.

9.1 IMPACT ON GROUP'S FINANCIAL STATEMENTS

(a) **Revenue and Costs:** A significant portion of our revenue and costs are either from Group's foreign operations (where their functional currencies are not Ringgit Malaysia) or denominated in foreign currencies. Fluctuations in exchange rates can lead to variations in reported revenues and expenses when converted to the Company's reporting currency. In 2024, yearly average exchange rate between US Dollar and Ringgit Malaysia remains consistent from previous year.

The amount of revenue derived from foreign operations and currencies registered at RM1,417 million, representing 81.4% of Group's annual turnover for 2024. In the same year, the Group spent RM355.3 million on expenses from foreign operations and currencies.

(b) **Assets and Liabilities:** Our balance sheet includes assets and liabilities denominated in foreign currencies. Changes in exchange rates can affect the value of these assets and liabilities, resulting in

1. Foreign exchange gains or losses recognised in statement of profit or loss, for non-foreign operations. As at 31 December 2024, the non-foreign operations have a net exposure in financial assets (after setting off financial liabilities) of 79.8% denominated in foreign currencies. Further details are provided in Note 40.1(a)(i) of the Financial Statements 2024.

2. Foreign currency translation gains or losses recognised outside profit or loss (i.e. in the statement of other comprehensive income) for foreign operation where 2.5% depreciation of US dollar against Malaysia Ringgit observed during the financial year.

In maintaining stability and predictability of the Group's financial performance, the Group mitigates its foreign currency risk exposure by aligning revenue and expenses in the same currency to reduce exposure (i.e. natural hedging) whilst continuously monitoring its currency exposure and market conditions and adjusts its risk management strategy accordingly.

The Group remains committed to robust risk management practices to navigate the complexities of the global market.