

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

**Interim Financial Report**  
**31 March 2021**

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

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other  
Comprehensive Income  
For The 3-Month Period Ended 31 March 2021**

	1st Quarter Ended 31.3.2021	1st Quarter Ended 31.3.2020	3-Month Period Ended 31.3.2021	3-Month Period Ended 31.3.2020
Note	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	193,718	160,687	193,718	160,687
Cost of sales	(94,776)	(77,827)	(94,776)	(77,827)
Gross profit	98,942	82,860	98,942	82,860
Other income/(expenses)	2,888	(1,693)	2,888	(1,693)
Operating expenses	(10,043)	(7,185)	(10,043)	(7,185)
Profit from operations	91,787	73,982	91,787	73,982
Finance costs	(4,883)	(7,489)	(4,883)	(7,489)
Profit before tax	86,904	66,493	86,904	66,493
Income tax expense	(1,227)	(1,245)	(1,227)	(1,245)
Profit after tax from continuing operations	85,677	65,248	85,677	65,248
<b>Discontinued operations</b>				
Loss after tax from discontinued operation	A7 (91)	(349)	(91)	(349)
Profit after tax for the period	85,586	64,899	85,586	64,899
Other comprehensive income	104,481	45,606	104,481	45,606
Total comprehensive income for the period	190,067	110,505	190,067	110,505
Profit after tax attributable to:				
Owners of the Company	73,343	57,403	73,343	57,403
Non-controlling interests	12,243	7,496	12,243	7,496
	85,586	64,899	85,586	64,899
Total comprehensive income attributable to:				
Owners of the Company	172,705	97,270	172,705	97,270
Non-controlling interests	17,362	13,235	17,362	13,235
	190,067	110,505	190,067	110,505
EPS - Basic (sen)				
	B11			
- Continuing operations	15.49	13.37	15.49	13.37
- Discontinued operations	(0.01)	0.12	(0.01)	0.12
	15.48	13.49	15.48	13.49

The notes set out on pages 7 to 27 form an integral part and should be read in conjunction with this interim financial report.

**Unaudited Condensed Consolidated Statement of Financial Position**  
As at 31 March 2021

	Unaudited As At 31.3.2021 RM'000	Audited As At 31.12.2020 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Intangible asset	1,973,947	1,932,044
Property, plant and equipment	285,485	250,229
Investment properties	177,212	177,212
Right of use assets	104,361	104,298
Investment in quoted shares	152,499	98,790
Inventories	43,443	43,443
Associate	3,988	3,988
Investment in unquoted shares	524	524
Goodwill on consolidation	8,357	8,357
	2,749,816	2,618,885
<b>Current Assets</b>		
Inventories	62,843	61,802
Receivables	272,680	306,995
Contract assets	385	404
Assets classified as held for sale	4	3
Bank balances and deposits	215,656	93,607
	551,568	462,811
<b>TOTAL ASSETS</b>	<b>3,301,384</b>	<b>3,081,696</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners Of The Company</b>		
Share capital	743,121	743,121
Treasury shares	(30,046)	(30,046)
Reserves	1,359,119	1,214,435
	2,072,194	1,927,510
Non-Controlling Interests	256,026	238,102
<b>Total Equity</b>	<b>2,328,220</b>	<b>2,165,612</b>
<b>Non-Current Liabilities</b>		
Long-term borrowings	568,706	534,404
Deferred tax liabilities	102,871	100,536
Lease liabilities	9,982	9,004
Payables	504	492
	682,063	644,436
<b>Current Liabilities</b>		
Payables	167,085	126,063
Short-term borrowings	103,213	123,471
Lease liabilities	4,153	5,464
Liabilities classified as held for sale	16,650	16,650
	291,101	271,648
<b>Total Liabilities</b>	<b>973,164</b>	<b>916,084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,301,384</b>	<b>3,081,696</b>
<b>Net Assets Per Ordinary Share (RM)</b>	<b>4.37</b>	<b>4.07</b>

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Unaudited Condensed Consolidated Statement of Changes in Equity  
For the 3-month period ended 31 March 2021

	Non-Distributable					Distributable					Total Equity RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Warrant Reserve RM'000	Hedge Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000		Non- Controlling Interests RM'000
Balance at 1.1.2020	593,586	(30,046)	16,452	(19,011)	(9,539)	12,867	9,254	(4,391)	966,074	1,535,246	176,642	1,711,888
Total comprehensive income for the period	-	-	-	60,912	(16,111)	-	-	(4,934)	57,403	97,270	13,235	110,505
Contributions by and distributions to owners of the Company:-												
Issuance of ordinary shares arising from:												
- conversion of Warrants	50,929	-	-	-	-	-	(5,630)	-	-	45,299	-	45,299
- exercise of ESOS options	3,213	-	(743)	-	-	-	-	-	-	2,470	-	2,470
Total transactions with owners of the Company	54,142	-	(743)	-	-	-	(5,630)	-	-	47,769	-	47,769
Transfer to legal reserve	-	-	-	-	-	4,171	-	(3,337)	834	(834)	-	-
Balance at 31.3.2020	647,728	(30,046)	15,709	41,901	(25,650)	17,038	3,624	(9,325)	1,020,140	1,681,119	189,043	1,870,162

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**Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)**  
**For the 3-month period ended 31 March 2021**

	← Non-Distributable			→ Distributable			Total Equity RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve/ (Deficit) RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000		Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000
Balance at 1.1.2021	743,121	(30,046)	(52,790)	33,955	27,394	1,205,876	1,927,510	238,102	2,165,612
Total comprehensive income for the period	-	-	45,277	54,085	-	73,343	172,705	17,362	190,067
Contributions by and distributions to owners of the Company:									
- Dividends declared to shareholders of the Company	-	-	-	-	-	(30,789)	(30,789)	-	(30,789)
Gain on accretion of interest in a subsidiary	-	-	-	-	-	2,768	2,768	(2,768)	-
Subscription of shares in subsidiaries by non-controlling interest	-	-	-	-	-	-	-	3,330	3,330
Gain arising from disposal of equity investments recycled to retained profits	-	-	-	385	-	(385)	-	-	-
Balance at 31.3.2021	743,121	(30,046)	(7,513)	88,425	27,394	1,250,813	2,072,194	256,026	2,328,220

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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 2021**

	<b>3-Month Period Ended</b>	
	<b>31.3.2021</b>	<b>31.3.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax		
- Continuing operations	86,904	66,493
- Discontinued operations	(36)	199
- Total	<u>86,868</u>	<u>66,692</u>
Adjustments for non-cash flow - Non-cash items	24,095	26,833
- Non-operating items	2,896	7,005
Operating profit before working capital changes	<u>113,859</u>	<u>100,530</u>
Changes in working capital - Net change in assets	39,217	(91,349)
- Net change in liabilities	6,716	6,340
Cash from operations	<u>159,792</u>	<u>15,521</u>
Income tax paid	(1,617)	(1,381)
<b>Net cash from operating activities</b>	<u>158,175</u>	<u>14,140</u>
<b>Cash flows for investing activities</b>		
Cash outflow for Don Sahong Hydropower Project	(6,073)	(3,738)
Dividends received	27	13
Interest received	312	471
Payments for purchase of:		
- property, plant and equipment	(24,265)	(5,381)
- right of use assets	(180)	(2,049)
- quoted shares	(26)	-
Proceeds from disposal of:		
- property, plant and equipment	17	-
- quoted shares	402	-
<b>Net cash for investing activities</b>	<u>(29,786)</u>	<u>(10,684)</u>

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**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 2021**

	<b>3-Month Period Ended</b>	
	<b>31.3.2021</b>	<b>31.3.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows for financing activities</b>		
Finance costs paid	(4,883)	(7,489)
Net (repayment)/drawdown of:		
- Revolving credits and bankers' acceptances	(2,680)	(35,303)
- Lease liabilities	(1,520)	87
- Term loans	(3,740)	(7,151)
Proceeds from issuance of shares arising from:		
- Exercise of ESOS options	-	2,470
- Conversion of Warrants	-	45,299
Proceeds from issuance of shares by subsidiaries to non-controlling interests	3,330	-
Placement of short-term deposits pledged with banks	478	(3)
<b>Net cash for financing activities</b>	<u>(9,015)</u>	<u>(2,090)</u>
<b>Effect of foreign exchange translation</b>	2,039	1,056
<b>Net increase in cash and cash equivalents</b>	<u>121,413</u>	<u>2,422</u>
<b>Cash and cash equivalents at beginning of the period</b>	89,949	87,954
<b>Cash and cash equivalents at end of the period</b>	<u>211,362</u>	<u>90,376</u>

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

**Continuing operations**

Bank balances and deposits	215,105	73,221
Bank overdrafts	(1,114)	(1,680)

**Discontinued operations**

Bank balances and deposits	551	20,493
	<u>214,542</u>	<u>92,034</u>

Less:

- Deposits pledged to licensed banks	(3,180)	(1,658)
	<u>211,362</u>	<u>90,376</u>

The notes set out on pages 7 to 27 form an integral part and should be read in conjunction with this interim financial report.

**Notes to the interim financial report**

**A EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A1. Basis of preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Issuers Communication No. 1/2017 - Guidance on Disclosures in Notes to Quarterly Report issued by Bursa Malaysia.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

- (a) During the current quarter ended 31 March 2021, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

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

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

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

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

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ending 31 December 2021:

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

**Effective Date**

MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 17 - Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2020.



**A2. Qualification of financial statements**

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

The Group's principal business operations were not significantly affected by seasonal or cyclical factors other than its Renewable Energy Division where hydropower generation is subject to seasonal fluctuation of the water level. Normally, the water level will peak between June to November during the wet season. More detailed commentary is set out in B3 to these financial statements.

**A4. Unusual item**

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

**A5. Nature and amount of changes in estimates**

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

**A6. Debt and equity securities**

	Number of Ordinary Shares		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 31.12.2020/31.3.2021	494,176	(20,497)	743,121	(30,046)

The Company did not issue any new ordinary shares during the current quarter ended 31 March 2021. Of the total 494,176,051 issued ordinary shares as at 31 March 2021, 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 2021 was therefore 473,678,751.

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**

The discontinued operations relate to the power plant in Tawau, Sabah operated by 51%-owned Serudong Power Sdn Bhd (“SPSB”). The Power Purchase Agreement (“PPA”) expired on 2 December 2017.

Accordingly, the Group has presented and disclosed in these financial statements (including comparative information) the results of SPSB under discontinued operations in accordance to MFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), separately from continuing operations. The results of discontinued operations for the current quarter ended 31 March 2021 are presented as follows:

	<b>1st Quarter Ended 31.3.2021 RM'000</b>	<b>1st Quarter Ended 31.3.2020 RM'000</b>	<b>3-Month Period Ended 31.3.2021 RM'000</b>	<b>3-Month Period Ended 31.3.2020 RM'000</b>
Revenue	-	-	-	-
Cost of sales	(7)	(15)	(7)	(15)
Gross loss	(7)	(15)	(7)	(15)
Other income	209	444	209	444
Operating expenses	(238)	(230)	(238)	(230)
(Loss)/Profit from operations	(36)	199	(36)	199
Finance costs	-	-	-	-
(Loss)/Profit before tax	(36)	199	(36)	199
Income tax expense	(55)	(548)	(55)	(548)
Loss after tax for the period	(91)	(349)	(91)	(349)
Other comprehensive expenses	-	-	-	-
Total comprehensive expenses for the period	(91)	(349)	(91)	(349)
Loss after tax attributable to:				
Owners of the Company	(39)	509	(39)	509
Non-controlling interests	(52)	(858)	(52)	(858)
	(91)	(349)	(91)	(349)
Total comprehensive expenses attributable to:				
Owners of the Company	(39)	509	(39)	509
Non-controlling interests	(52)	(858)	(52)	(858)
	(91)	(349)	(91)	(349)

The following amounts have been included in arriving at profit/(loss) before tax of the discontinued operations:

	<b>1st Quarter Ended 31 March</b>		<b>3-Month Period Ended 31 March</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
<b>After crediting:</b>				
Interest income:				
- External parties	2	16	2	16
- Intra-group of companies	207	423	207	423

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**A8. Segment information**

Financial Year Ended 31 March 2021	Renewable			Investment Holding & Others	Eliminations RM'000	Consolidated RM'000
	Energy RM'000	Resources RM'000	Packaging RM'000	RM'000		
<b>Revenue</b>						
External revenue						
- Continuing operations	114,235	44,564	30,680	4,239	-	193,718
- Discontinued operations	-	-	-	-	-	-
	<u>114,235</u>	<u>44,564</u>	<u>30,680</u>	<u>4,239</u>	<u>-</u>	<u>193,718</u>
Inter-segment revenue	-	-	-	3,445	(3,445)	-
Consolidated revenue	<u>114,235</u>	<u>44,564</u>	<u>30,680</u>	<u>7,684</u>	<u>(3,445)</u>	<u>193,718</u>
<b>Results</b>						
Profit from operations						
- Continuing operations	82,171	9,946	3,143	(109)	(3,364)	91,787
- Discontinued operations	-	-	-	(36)	-	(36)
	<u>82,171</u>	<u>9,946</u>	<u>3,143</u>	<u>(145)</u>	<u>(3,364)</u>	<u>91,751</u>
Finance costs						(4,883)
Profit before tax						86,868
Income tax expense						(1,282)
Profit after tax						<u>85,586</u>
<b>Total assets</b>						
At 31 March 2021	2,389,385	328,793	120,947	612,694	(150,435)	3,301,384
<b>Financial Year Ended 31 March 2020</b>						
Financial Year Ended 31 March 2020	Energy RM'000	Resources RM'000	Packaging RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External revenue						
- Continuing operations	103,263	34,469	19,242	3,713	-	160,687
- Discontinued operations	-	-	-	-	-	-
	<u>103,263</u>	<u>34,469</u>	<u>19,242</u>	<u>3,713</u>	<u>-</u>	<u>160,687</u>
Inter-segment revenue	-	-	-	29,442	(29,442)	-
Consolidated revenue	<u>103,263</u>	<u>34,469</u>	<u>19,242</u>	<u>33,155</u>	<u>(29,442)</u>	<u>160,687</u>
<b>Results</b>						
Profit from operations						
- Continuing operations	70,834	4,708	1,102	27,346	(30,008)	73,982
- Discontinued operations	-	-	-	199	-	199
	<u>70,834</u>	<u>4,708</u>	<u>1,102</u>	<u>27,545</u>	<u>(30,008)</u>	<u>74,181</u>
Finance costs						(7,489)
Profit before tax						66,692
Income tax expense						(1,793)
Profit after tax						<u>64,899</u>
<b>Total assets</b>						
At 31 December 2020	2,256,923	322,119	101,281	562,729	(161,356)	3,081,696

**A9. Dividend paid**

No dividend was paid during the current quarter ended 31 March 2021.

**A10. Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment during the period reported up to 20 May 2021, 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**

(a) Proposed Share Split

On 26 February 2021, the Company via Maybank Investment Bank Berhad announced a proposal to undertake a share split involving the subdivision of every 1 existing ordinary share in the Company held into 2 subdivided Company's Shares ("Proposed Share Split") on an entitlement date to be determined and announced at a later date. The Proposed Share Split is aimed at:-

- (i) enhancing the marketability and trading liquidity of the Company's shares on the Main Market of Bursa Securities, thus potentially appealing to a wider group of public investors to participate in the growth of the Company; and
- (ii) enabling the entitled shareholders to hold a larger number of MFCB Shares at no cost while maintaining their percentage of equity interest in the Company.

Based on the Company's 494,176,051 (including 20,497,300 MFCB Shares held as treasury shares) issued ordinary shares and upon completion of the Proposed Share Split, the resultant issued share capital of the Company will increase to 988,352,102 Subdivided Shares.

The Proposed Share Split was conditionally approved by Bursa Malaysia Securities Berhad on 9 April 2021 and pending approval from Shareholders of the Company at an extraordinary general meeting which will be convened on 27 May 2021.

(b) Termination of Assets Sale Agreement

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

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

**A11. Significant events during the reporting period (Cont'd)**

(c) Voluntary Winding Up of Subsidiary

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

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

The Coronavirus Disease 2019 ("COVID-19") outbreak and the various governmental measures to contain the spread of the virus in Malaysia and elsewhere in the world did not have an adverse material impact to the earnings of the Group in the current quarter ended 31 March 2021, as detailed in B1 and B3 to these financial statements.

**A12. 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 20 May 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

The ongoing COVID-19 outbreak and governmental measures are not expected to have a material impact to the overall earnings of the Group.

**A13. Changes in composition of the Group**

The change in the composition of the Group for current quarter ended 31 March 2021 is disclosed in Note A11(c) above.

**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 totaling 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").

**A14. Changes in contingent liabilities and assets (Cont'd)**

(a) Contingent liability (Cont'd)

There will be additional late payment penalty imposition of up to 15.5% on the above unpaid taxes and penalties.

The abovementioned taxes and penalties imposed by IRBM are in relation to a joint venture entered into by IHSB as the landowner with a property developer for the construction of an office and residential property known as PJ8 pursuant to an agreement dated 23 April 2004.

The IRBM has taken the view that there is a deemed disposal of the PJ8 property by IHSB which is subject to income tax. This transaction was treated by IHSB as a capital transaction which was liable to Real Property Gains Tax in Year 2004. IHSB is a property investment company and has not disposed of any of its PJ8 properties since completion.

Based on advice from both its tax consultants and solicitors, IHSB is of the view that the assessment raised by IRBM are statute barred and erroneous in law. IHSB has filed its appeals against the assessments to the Special Commissioners of Income Tax ("SCIT") on 28 October 2016.

On 1 September 2020, SCIT has dismissed IHSB's appeals. IHSB has been advised by its solicitors that there are strong and valid grounds for an appeal to be made against the SCIT's decision. IHSB has registered the appeal with the High Court on 15 September 2020. The Court has fixed the next hearing on 21 June 2021.

By virtue of the consent judgment with the Government dated 5 October 2018, IHSB does not have to pay the taxes imposed by IRBM under the Assessments until IHSB's appeal to the High Court (and any appeal to the Court of Appeal, if any) has been finally determined.

Other than as disclosed above, there was no material contingent liability as at 20 May 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 20 May 2021, 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 2021, the Group has the following capital commitments:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not provided for:	
- Contracted	58,899
- Non-contracted	1,194
	<hr/>
	60,093
	<hr/>

**A16. Significant related party transactions**

There was no significant related party transaction during the current quarter ended 31 March 2021.

**A17. Derivative financial instruments**

The Group does not have any outstanding derivative financial instruments as at 31 March 2021.

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

**B1. Performance review - Current quarter ended 31 March 2021 ("1Q2021") versus ("vs") the corresponding quarter ended 31 March 2020 ("1Q2020")**

**Continuing Operations**

	<b>1Q2021</b>	<b>1Q2020</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	193,718	160,687	33,031	20.6%
Other income/(expenses), net	2,888	(1,693)	4,581	270.6%
Operating profit	91,787	73,982	17,805	24.1%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	114,987	98,739	16,248	16.5%
Profit before tax	86,904	66,493	20,411	30.7%
Profit after tax	85,677	65,248	20,429	31.3%
Profit after tax attributable to owners of the Company	73,382	56,894	16,488	29.0%
<b>Revenue</b>				
Renewable Energy	114,235	103,263	10,972	10.6%
Resources	44,564	34,469	10,095	29.3%
Packaging	30,680	19,242	11,438	59.4%
Sub-total	189,479	156,974	32,505	20.7%
Investment holding & others	4,239	3,713	526	14.2%
<b>Total revenue</b>	<b>193,718</b>	<b>160,687</b>	<b>33,031</b>	<b>20.6%</b>
<b>Profit before tax</b>				
Renewable Energy	78,178	64,678	13,500	20.9%
Resources	5,990	4,292	1,698	39.6%
Packaging	2,597	479	2,118	442.2%
Sub-total	86,765	69,449	17,316	24.9%
Investment holding & others	139	(2,956)	3,095	104.7%
<b>Total profit before tax</b>	<b>86,904</b>	<b>66,493</b>	<b>20,411</b>	<b>30.7%</b>



**B1. Performance review - 1Q2021 vs 1Q2020 (Cont'd)**

**Continuing Operations**

Group revenue in the current quarter rose 20.6% to RM193.7 million (1Q2020: RM160.7 million), underpinned by higher sales contribution across all three core divisions. Notably, the Renewable Energy Division's revenue grew 10.6% to RM114.2 million, while that of the Resources Division and the Packaging Division increased 29.3% to RM44.6 million and 59.4% to RM30.7 million, respectively.

Pre-tax profit improved 30.7% to RM86.9 million (1Q2020: RM66.5 million) largely due to a 20.9% increase in profit contribution from Renewable Energy to RM78.2 million (1Q2020: RM64.7 million) and higher profit contribution from both the Resources Division (up 39.6% to RM6.0 million) and the Packaging Division (up 442.2% to RM2.6 million). Investment Holding & Others Division's pre-tax profit also improved year-on-year mainly on foreign exchange gain.

**Renewable Energy Division**

Revenue came in 10.6% higher at RM114.2 million, driven by higher hydro-energy sales in Laos. The dry season in the current quarter witnessed a higher average water levels when compared to the same period last year. Together with an improved water flow management system and a more effective power distribution plan following the completion of EDL's 500KV transmission line from Ban Hut substation to the Cambodian border in 4Q2020, the Don Sahong power plant delivered a significantly higher Energy Availability Factor ("EAF") of 81.2% in the current quarter, against 70.7% recorded a year ago.

Energy sales from the Group's first 1.4 MW C&I roof top solar project was insignificant, contributing only RM0.1 million (1Q2020: nil) to revenue in the current quarter.

Pre-tax profit advanced 20.9% to RM78.2 million (1Q2020: RM64.7 million) on higher energy sales in Laos and lower interest expense.

**B1. Performance review - 1Q2021 vs 1Q2020 (Cont'd)**

**Resources Division**

The Resources Division registered sales growth of 29.3% year-on-year from RM34.5 million to RM44.6 million, led by a 26.0% increase in sales of lime products to RM39.8 million (1Q2020: RM31.6 million). Revenue contribution from the other products (including calcium carbonate powder, quarry by-products and cement bricks) rose 62.1% from RM2.9 million to RM4.7 million.

Growth in revenue was underpinned by a low base effect (1Q2020 demand was adversely affected by the Movement Control Order to curb the spread of COVID-19 in 1Q2020) and continuous orders from a large overseas customer secured in 2Q2020. Sales volume of lime products for the current quarter rose 34.4% year-on-year.

The average selling price ("ASP") of lime products was 6.2% lower year-on-year due to a change in the customer sales mix.

Pre-tax profit improved 39.6% to RM6.0 million, against RM4.3 million recorded a year ago on higher customer demand and lower unit production cost (resulting from improved plant utilisation rate), partially offset by higher freight and logistic costs in the current quarter.

**Packaging Division**

The Packaging Division's revenue surged 59.4% to RM30.7 million (1Q2020: RM19.2 million) in the current quarter, underpinned by increased orders of flexible plastic and paper packaging products from both the domestic and overseas customers.

Consequently, the Division's pre-tax profit jumped five-fold to RM2.6 million from RM0.5 million posted a year ago, on higher turnover, improved plant efficiency and lower wastage.

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

(a) Assets and Liabilities

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

<b>Asset/Liability Items</b>	<b>As At 31.3.2021 RM'000</b>	<b>As At 31.12.2020 RM'000</b>	<b>Changes RM'000</b>	<b>Explanation</b>
Intangible asset	1,973,947	1,932,044	41,903	The increase was due to RM61.6 million translation gain, partially offset by RM19.7 million amortisation charge for the current quarter.
Property, plant and equipment ("PPE")	285,485	250,229	35,256	The increase was due to RM37.7 million CAPEX and RM1.5 million translation gain, partially offset by RM4.0 million depreciation charge.  CAPEX for the period comprised mainly the following:  (a) RM19.8 million to expand the production capacity of Packaging Division; (b) RM13.5 million on solar photovoltaic power projects; and (c) RM 3.5 million on plantation development in Cambodia.
Right-Of-Use ("ROU") assets	104,361	104,298	63	No significant movement in the current quarter
Investment properties	177,212	177,212	-	No movement in the current quarter.
Inventories (non-current)	43,443	43,443	-	No movement in the current quarter.

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

(a) Assets and Liabilities (Cont'd)

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

<b>Asset/Liability Items</b>	<b>As At 31.3.2021 RM'000</b>	<b>As At 31.12.2020 RM'000</b>	<b>Changes RM'000</b>	<b>Explanation</b>
Investment in quoted shares	152,499	98,790	53,709	The increase was primarily due to fair value gain of quoted securities during the current quarter.
Inventories (current)	62,843	61,802	1,041	There was no significant change in inventory level.
Receivables	272,680	306,995	(34,315)	The decrease was mainly due improved trade receivable collection from EDL. Trade receivable turnover of EDL has normalised to about four months at the end of the reporting period.
Deferred tax liabilities	102,871	100,536	2,335	The increase was due to translation loss.
Payables (current)	167,085	126,063	41,022	The increase was mainly due to provision for dividend payable of RM30.8 million and CAPEX payable

**B2. Performance Review of Assets, Liabilities and Cash Flow as at 31 March 2021 (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
	USD RM'000	RM RM'000	USD RM'000	RM RM'000	As at 31.3.2021 RM'000
<b>Secured</b>					
Bankers' acceptance	-	-	-	15,013	15,013
Term loans	-	46,310	-	12,458	58,768
Bank overdrafts	-	-	-	1,114	1,114
	-	46,310	-	28,585	74,895
<b>Unsecured Loan</b>					
Term loans	522,396	-	74,628	-	597,024
<b>Total Borrowings</b>	<b>522,396</b>	<b>46,310</b>	<b>74,628</b>	<b>28,585</b>	<b>671,919</b>

At 31 March 2021, total borrowings (exclude lease liabilities) amounted to RM671.9 million, a RM14.0 million increase from RM657.9 million at the beginning of the year. The increase was due to translation loss of USD-denominated loan, partly offset by RM6.4 million loan repayment (excluded lease payments).

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

The Group has no debt securities as at 31 March 2021.

(c) Cash flow analysis for the current quarter ended 31 March 2021

The Group generated RM158.2 million after-tax cash from its operating activities during the 3-month period ended 31 March 2021, a ten-fold increase from RM14.1 million reported in the corresponding period last year. The sharp increase in net cash from operating activities was primarily due to collection of energy sale revenue from EDL.

During the period, the Group spent RM29.8 million on investing activities, comprising mainly:

1. RM24.4 million on CAPEX, as explained above; and
2. RM6.1 million on Don Sahong, representing partial payment of remaining outstanding trade payable to the EPCC.

In the same period, RM12.8 million was used to pay interest and repay loan principal.

Consequently, Group net debt decreased by RM108.0 million from RM564.3 million at the beginning of the year to RM456.3 million at the end of the reporting period.

**B3. Variation of Current Quarter ("1Q2021") versus ("vs") Preceding Quarter ("4Q2020")**

**Continuing Operations**

	<b>1Q2021</b>	<b>4Q2020</b>	<b>Changes</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	193,718	213,971	(20,253)	-9.5%
Other income/(expenses), net	2,888	(7,504)	10,392	138.5%
Operating profit	91,787	121,514	(29,727)	-24.5%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	-	-		
	114,987	144,817	(29,830)	-20.6%
Profit before tax	86,904	116,138	(29,234)	-25.2%
Profit after tax	85,677	109,875	(24,198)	-22.0%
Profit after tax attributable to owners of the Company	73,382	93,181	(19,799)	-21.2%
<b>Revenue</b>				
Renewable Energy	114,235	139,008	(24,773)	-17.8%
Resources	44,564	40,660	3,904	9.6%
Packaging	30,680	28,805	1,875	6.5%
Sub-total	189,479	208,473	(18,994)	-9.1%
Investment holding & others	4,239	5,498	(1,259)	-22.9%
<b>Total revenue</b>	<b>193,718</b>	<b>213,971</b>	<b>(20,253)</b>	<b>-9.5%</b>
<b>Profit before tax</b>				
Renewable Energy	78,178	111,374	(33,196)	-29.8%
Resources	5,990	5,446	544	10.0%
Packaging	2,597	3,824	(1,227)	-32.1%
Sub-total	86,765	120,644	(33,879)	-28.1%
Investment holding & others	139	(4,506)	4,645	103.1%
<b>Total profit before tax</b>	<b>86,904</b>	<b>116,138</b>	<b>(29,234)</b>	<b>-25.2%</b>

Group turnover declined 9.5% quarter-to-quarter from RM214.0 million to RM193.7 million, attributable mainly to lower energy sales in Laos, partially offset by higher revenue contribution from the Resources Division (up 9.6%) and the Packaging Division (up 6.5%). The lower energy generation was in turn due to the onset of dry season since December 2020 resulting in lower water levels.

Group pre-tax profit declined 25.2% to RM86.9 million (4Q2020: 116.1 million), primarily attributable to a decline in profit contribution from Renewable Energy Division (down 29.8%) and the Packaging Division (down 32.1%), partially offset by an increase in pre-tax profit of the Resources Division and higher gain on foreign exchange.

**B3. Variation of 1Q2021 vs 4Q2020 (Cont'd)**

**Renewable Energy Division**

Revenue fell 17.8% to RM114.2 million (4Q2020: RM139.0 million) on lower energy sales to EDL following the onset of the dry season in December 2020. The lower water level resulted in a lower EAF registered at 81.2% in the current quarter, compared to 95.5% in 4Q2020.

Accordingly, pre-tax profit decreased 29.8% to RM78.2 million (4Q2020: RM111.4 million) in the current quarter on lower revenue and absence of project cost over-accrual as recorded in previous quarter.

**Resources Division**

Despite the ongoing container shortages and port congestions, the Resources Division's revenue grew 9.6% sequentially to RM44.6 million on improved sales performance of lime products in both the export and domestic markets.

The average selling price of lime products declined 3.3% quarter-to-quarter as a result of a change in the customer sales mix and the strengthening of Ringgit Malaysia ("RM") against the United States Dollar ("USD").

Pre-tax profit grew 10.0% sequentially to RM6.0 million on higher sales revenue.

**Packaging Division**

Despite operating challenges caused by port congestions and container shortages, the Packaging Division delivered a 6.5% sequential growth in revenue to RM30.7 million (4Q2020: RM28.8 million) as demand for the Group's flexible packaging products and paper bags remained strong.

However, pre-tax profit declined 32.1% from RM3.6 million in previous quarter to RM2.4 million as margins were squeezed by sharp increases in the cost of key raw materials, notably paper and plastic resins.

**B4. Prospects**

**Renewable Energy Division**

Hydropower - Don Sahong

In 2021, the raining season in Laos has come earlier than expected with water levels rising progressively since mid-March compared to mid-April normally. Given the higher water availability, we expect higher Energy Availability Factor (“EAF”) in the second quarter compared to the same period last year. Management expects Don Sahong to perform better in 2021 compared to last year.

While we hope to start construction of the 5<sup>th</sup> unit before the end of 2021, the COVID-19 pandemic and current lockdown in Laos is posing some uncertainties to our plans.

Solar - Commercial & Industrial (“C&I”) Projects

Earning contribution from the solar C&I investments will increase significantly in 2021. In addition to the completion of 1.5 MW project for a multinational company in Penang in August 2020, another 12 MW rooftop and carport solar project for a large automobile plant was completed in May this year. Management is confident of securing a few more projects before the end of this year.

**Resources Division**

Rising fuel costs, protracted high freight charges and increasing cost of packaging materials are expected to post significant challenges to the Resources Division in terms of sales volume and margins. The persistently high freight rates have effectively eroded the competitiveness of the division in a couple of export markets. While management has taken numerous measures to tighten cost, adjust selling price and divert export volumes to less affected markets, the aforesaid factors are expected to weigh on the overall sales and profitability of the division in the remaining quarters of this year.

Nonetheless, management expects the Resources Division to perform satisfactorily in 2021 when compared to 2020.



**B4. Prospects (Cont'd)**

**Packaging Division**

Higher cost of raw materials as a result of a sharp increase in resin and paper prices, coupled with a dramatic increase in freight charges are expected to continue to exert pressure on profit margins of the Packaging Division. The supply chain disruptions caused by incessant port congestions and container shortages are also expected to pose challenges in raw material imports and finished good shipments to overseas customers.

While demand for the Group's packaging products, which are considered environmentally more friendly and sustainable, is projected to remain robust for the remaining period of 2021, the resulting difficult operating environment is expected to crimp the projected top line growth rate and operating margin.

The on-going plant expansion to triple the paper bags production capacity and double that of flexible packaging products by the end of third quarter this year is progressing as scheduled.

Barring unforeseen circumstances, the Group expects earnings performance this year to be better than the previous year.

**B5. Profit forecast**

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

**B6. Income tax expense**

	1st Quarter Ended 31 March		3 Months Period Ended 31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>				
- Malaysian	1,227	1,245	1,227	1,245
<b><u>Discontinued operations</u></b>				
- Malaysian	55	548	55	548
	<u>1,282</u>	<u>1,793</u>	<u>1,282</u>	<u>1,793</u>

The Group's effective tax rate for the current quarter ended 31 March 2021 was significantly lower than the Malaysia's statutory tax rate of 24% 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 5<sup>th</sup> anniversary of Don Sahong Plant's commercial operation date ("COD").

**B7. Status of corporate proposal**

Other than as disclosed in Note A11, there was no corporate proposal announced but not completed at 20 May 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**B8. Material litigations**

GOM vs IHSB

Details of this tax dispute are disclosed in Note A14(a).

Other than as disclosed above, there was no material litigation as at 20 May 2021, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**B9. Dividends**

A final single-tier dividend of 6.5 sen per ordinary share for the financial year ended 31 December 2020 was declared on 26 February 2021, and was paid on 19 April 2021 to the Depositors who are registered in the Record of Depositors on 8 April 2021. The aforesaid dividend has been included as a liability in these financial statements.

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

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

	1st Quarter Ended 31 March		3-Month Period Ended 31 March	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b><u>Continuing Operations</u></b>				
<b>After crediting:</b>				
Dividend income	27	13	27	13
Gain on disposal of:				
- property, plant and equipment	17	-	17	-
Gain on foreign exchange:				
- realised	-	270	-	250
- unrealised	1,807	-	1,807	-
Interest income	1,941	455	1,941	455
<b>After charging:</b>				
Allowance for impairment losses on:				
- receivables, net	(749)	(208)	(321)	(208)
Amortisation of intangible asset	(19,746)	(20,307)	(19,746)	(20,307)
Depreciation of:				
- property, plant and equipment	(4,011)	(3,709)	(4,011)	(3,709)
- right-of-use assets	(1,384)	(1,196)	(1,384)	(1,196)
Finance costs	(4,883)	(7,489)	(4,883)	(7,489)
Loss on foreign exchange:				
- realised	(23)	-	(23)	-
- unrealised	-	(56)	-	(56)
<b>After other comprehensive income/(expenses)</b>				
Foreign currency translation difference for foreign operations	50,396	66,651	50,396	66,651
Fair value changes of equity investments	54,085	(16,111)	54,085	(16,111)
Interest rate swap:				
- Fair value changes during the period	-	(4,934)	-	(4,934)

**B11. Earnings per share**

	1st Quarter Ended		3-Month Period Ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company:				
- Continuing operations	73,382	56,894	73,382	56,894
- Discontinued operations	(39)	509	(39)	509
	<u>73,343</u>	<u>57,403</u>	<u>73,343</u>	<u>57,403</u>
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	494,176	438,342	494,176	438,342
Effect of treasury shares held	(20,497)	(20,497)	(20,497)	(20,497)
Effect of new ordinary shares issued pursuant to:				
- ESOS options	-	578	-	578
- Warrants	-	7,039	-	7,039
	<u>473,679</u>	<u>425,462</u>	<u>473,679</u>	<u>425,462</u>
Basic earnings per share (sen):				
- Continuing operations	15.49	13.37	15.49	13.37
- Discontinued operations	(0.01)	0.12	(0.01)	0.12
- Total	<u>15.48</u>	<u>13.49</u>	<u>15.48</u>	<u>13.49</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 current quarter ended 31 March 2021, excluding treasury shares held by the Company.

The diluted earnings per share is equal to the basic earnings per share as there is no outstanding potentially dilutive equity instruments issued by the Company as at 31 March 2021.

**B12. Authorised for issue**

These interim financial statements were authorised for issue by the Board of Directors on 27 May 2021.