

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

Interim Financial Report
31 March 2024

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

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income
For The First Quarter and 3-Month Period Ended 31 March 2024**

	1st Quarter Ended		3-Month Period Ended		
	31.3.2024	31.3.2023	31.3.2024	31.3.2023	
	RM'000	RM'000	RM'000	RM'000	
Revenue	313,479	347,353	313,479	347,353	
Cost of sales	(178,387)	(226,220)	(178,387)	(226,220)	
Gross profit	135,092	121,133	135,092	121,133	
Other income	40,206	18,324	40,206	18,324	
Other operating expenses	(10,060)	(25,098)	(10,060)	(25,098)	
Administrative and distribution expenses	(17,163)	(15,537)	(17,163)	(15,537)	
Profit from operations	148,075	98,822	148,075	98,822	
Finance costs	(16,339)	(9,130)	(16,339)	(9,130)	
Share of results in equity accounted investments, net of tax	(13,915)	2,311	(13,915)	2,311	
Profit before tax	117,821	92,003	117,821	92,003	
Income tax expense	(9,775)	(14,828)	(9,775)	(14,828)	
Profit after tax for the period	108,046	77,175	108,046	77,175	
Other comprehensive income	49,499	10,585	49,499	10,585	
Total comprehensive income for the period	157,545	87,760	157,545	87,760	
Profit after tax attributable to:					
- Owners of the Company	95,464	70,548	95,464	70,548	
- Non-controlling interests	12,582	6,627	12,582	6,627	
	108,046	77,175	108,046	77,175	
Total comprehensive income attributable to:					
- Owners of the Company	144,815	79,226	144,815	79,226	
- Non-controlling interests	12,730	8,534	12,730	8,534	
	157,545	87,760	157,545	87,760	
EPS - Basic (sen)	B11	10.13	7.46	10.13	7.46

The notes set out on pages 7 to 28 form an integral part and should be read in conjunction with this interim financial report.

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2024

	Unaudited As At 31.3.2024 RM'000	Audited As At 31.12.2023 RM'000
ASSETS		
Non-Current Assets		
Service concession asset	1,972,271	1,940,046
Property, plant and equipment	566,422	531,945
Investment properties	244,108	168,746
Right of use assets	115,544	116,312
Investment in quoted shares	122,486	133,278
Inventories	40,166	40,166
Joint ventures and associates	152,759	166,674
Development expenditures	238,066	203,048
Goodwill on consolidation	54,673	54,673
Other assets	669	669
Deferred tax asset	43	2,932
	3,507,207	3,358,489
Current Assets		
Inventories	136,277	131,737
Receivables and prepayments	550,648	490,098
Short-term investments	19,500	19,500
Bank balances and deposits	531,759	508,587
	1,238,184	1,149,922
TOTAL ASSETS	4,745,391	4,508,411
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	743,121	743,121
Treasury shares	(45,517)	(45,517)
Reserves	2,464,125	2,359,304
	3,161,729	3,056,908
Non-Controlling Interests	171,388	167,110
Total Equity	3,333,117	3,224,018
Non-Current Liabilities		
Long-term borrowings	509,030	466,128
Deferred tax liabilities	128,845	126,954
Put option liability	71,641	70,759
Lease and hire purchase liabilities	9,901	9,943
Payables	600	588
	720,017	674,372
Current Liabilities		
Payables and accruals	206,515	168,823
Short-term borrowings	480,718	435,203
Lease and hire purchase liabilities	5,024	5,995
	692,257	610,021
Total Liabilities	1,412,274	1,284,393
TOTAL EQUITY AND LIABILITIES	4,745,391	4,508,411
Net Assets Per Ordinary Share (RM)	3.35	3.24

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Unaudited Condensed Consolidated Statement of Changes in Equity
For the 3-month period ended 31 March 2023

	← Non-Distributable				→ Distributable			Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000			
Balance at 1.1.2023	743,121	(37,261)	77,088	92,331	27,394	(88,556)	1,936,530	2,750,647	440,379	3,191,026
Total comprehensive income for the period	-	-	6,114	2,564	-	-	70,548	79,226	8,534	87,760
Total transactions with owners										
- Dividends to shareholders of the Company	-	-	-	-	-	-	(36,394)	(36,394)	-	(36,394)
Balance at 31.3.2023	743,121	(37,261)	83,202	94,895	27,394	(88,556)	1,970,684	2,793,479	448,913	3,242,392

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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 3-month period ended 31 March 2024

	← Non-Distributable				→ Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2024	743,121	(45,517)	139,813	73,620	27,394	(88,556)	2,207,033	3,056,908	167,110	3,224,018
Total comprehensive income for the period	-	-	61,343	(11,992)	-	-	95,464	144,815	12,730	157,545
Total transactions with owners:										
- Dividend to shareholders of the Company	-	-	-	-	-	-	(40,067)	(40,067)	-	(40,067)
Dividend by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Effect on accretion of interest in a subsidiary	-	-	-	-	-	-	73	73	(6,452)	(6,379)
Balance at 31.3.2024	743,121	(45,517)	201,156	61,628	27,394	(88,556)	2,262,503	3,161,729	171,388	3,333,117

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Unaudited Condensed Consolidated Statement of Cash Flows
For the 3-month period ended 31 March 2024

	3-Month Period Ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	117,821	92,003
Adjustments for non-cash flow - Non-cash items	28,677	33,922
- Non-operating items	12,242	4,779
Operating profit before working capital changes	158,740	130,704
Changes in working capital - Net change in assets	(39,533)	11,588
- Net change in liabilities	(9,313)	17,170
Cash from operations	109,894	159,462
Income tax paid	(3,738)	(3,543)
Net cash from operating activities	106,156	155,919
Cash flows for investing activities		
Cash outflow for Don Sahong Hydropower Project	(29,425)	(21,901)
Dividends received	174	229
Interest received	4,702	5,086
Investment in joint ventures and associates	-	(2,713)
Payments for purchase of:		
- property, plant and equipment	(41,194)	(11,344)
- right of use assets	-	(70)
- quoted shares	(1,200)	-
- short-term investment	-	(5,000)
- investment properties	(75,362)	-
Proceeds from disposal of:		
- property, plant and equipment	207	57
Subscription of additional shares in a subsidiary	(6,379)	-
Net cash for investing activities	(148,477)	(35,656)

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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 3-month period ended 31 March 2024

	3-Month Period Ended	
	31.3.2024	31.3.2023
	RM'000	RM'000
Cash flows from/(for) financing activities		
Finance costs paid	(16,247)	(9,130)
Net drawdown/(repayment) of:		
- Revolving credits, trade financing and loans	35,981	(11,112)
- Hire Purchase liabilities	(1,593)	(1,889)
- Term loans	35,484	(30,230)
Withdrawal of deposits pledged with licensed banks or with original maturity period of more than 3 months	114	461
Net cash from/(for) financing activities	<u>53,739</u>	<u>(51,900)</u>
Effect of foreign exchange translation	10,630	2,594
Net increase in cash and cash equivalents	<u>22,048</u>	<u>70,957</u>
Cash and cash equivalents at beginning of the period	<u>462,934</u>	<u>482,773</u>
Cash and cash equivalents at end of the period	<u><u>484,982</u></u>	<u><u>553,730</u></u>

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

Bank balances and deposits	531,759	563,514
Bank overdrafts	(1,238)	(764)
	<u>530,521</u>	<u>562,750</u>
Less:		
- Deposits with original maturity period of more than three months	(14,225)	(5,755)
- Bank deposits pledged with licensed banks	(31,314)	(3,265)
	<u>484,982</u>	<u>553,730</u>

The notes set out on pages 7 to 28 form an integral part and should be read in conjunction with this interim financial report.

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

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

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

- (a) The accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2023, except for the following new accounting standards and interpretations (including the consequential amendments) which were adopted at the beginning of the financial year ending 31 December 2024. These pronouncements are either not relevant or do not have any material impact on the Group’s financial statements for the current financial year.

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

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

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

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ending 31 December 2024:

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

Effective Date

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 121: Lack of Exchangeability

1 January 2025

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

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's principal business operations were not significantly affected by seasonal or cyclical factors other than its Renewable Energy Division where hydropower generation is subject to seasonal fluctuation of the water level. Normally, the water level will peak between June and November during the wet season. More detailed commentary is set out in Notes B3 and B4 to these financial statements.

A4. Unusual item

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

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 March 2024 / 31 December 2023	988,352	(45,593)	743,121	(45,517)

Of the total 988,352,102 issued ordinary shares as at 31 March 2024, 45,592,600 ordinary shares were held as treasury shares by the Company. Accordingly, the number of outstanding ordinary shares in issue as at 31 March 2024 was 942,759,502.

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

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A7. Segment information

3-Month Period Ended	Renewable	Resources	Packaging	Investment	Eliminations	Consolidated
31 March 2024	Energy	RM'000	RM'000	Holding &	RM'000	RM'000
	RM'000	RM'000	RM'000	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	137,685	63,763	102,819	9,212	-	313,479
Inter-segment revenue	-	-	-	63,262	(63,262)	-
Consolidated revenue	137,685	63,763	102,819	72,474	(63,262)	313,479
Results						
Profit from operations	101,225	14,639	10,893	84,967	(63,649)	148,075
Finance costs						(16,339)
Share of loss in equity accounted investments						(13,915)
Profit before tax						117,821
Income tax expense						(9,775)
Profit after tax						108,046
Total assets						
At 31 March 2024	2,897,024	385,540	577,070	1,083,155	(197,398)	4,745,391

3-Month Period Ended	Renewable	Resources	Packaging	Investment	Eliminations	Consolidated
31 March 2023	Energy	RM'000	RM'000	Holding &	RM'000	RM'000
	RM'000	RM'000	RM'000	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	128,467	55,811	103,525	59,550	-	347,353
Inter-segment revenue	-	-	-	564	(564)	-
Consolidated revenue	128,467	55,811	103,525	60,114	(564)	347,353
Results						
Profit from operations	94,591	5,971	9,173	(9,806)	(1,107)	98,822
Finance costs						(9,130)
Share of profit in equity accounted investments						2,311
Profit before tax						92,003
Income tax expense						(14,828)
Profit after tax						77,175
Total assets						
At 31 December 2023	2,936,080	368,284	503,807	882,775	(182,535)	4,508,411

A8. Dividend paid

Details of dividend declared and paid during the current quarter and 3-month ended 31 March 2024 are disclosed in Note B9 to these financial statements.

A9. Valuation of property, plant and equipment

There was no revaluation of property, plant and equipment during the period reported up to 14 May 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A10. Significant event during the reporting period

There was no significant event during the reporting period.

A11. Significant event subsequent to the end of the reporting period

Proposed Subscription of 13,551,072 Ordinary Shares in CSC Agriculture Holdings Sdn Bhd ("CSCAH")

A wholly-owned subsidiary of the Company, Mega First Agrotech Sdn Bhd (formerly known as Lifestyle Wellness Sdn Bhd) had on 8 May 2024 entered into a Share Subscription Agreement with CSCAH and the existing shareholders of CSCAH to subscribe for 13,551,072 ordinary shares in CSCAH, representing 64% equity interest in CSCAH, for a total consideration of RM25.0 million ("**Proposed Subscription**").

CSCAH is an investment holding company, with subsidiaries primarily involved in the plantation (using developed modern and innovative techniques as well as automation of planting processes) and wholesale of fruits and vegetables.

Upon completion of the Proposed Subscription, CSCAH and its subsidiaries will become the indirect subsidiaries of the Group. The Proposed Subscription is expected to complete by end of May 2024.

Other than the above, there was no significant event subsequent to the end of the period reported up to 14 May 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A12. Changes in composition of the Group

Change in the composition of the Group during the current quarter and 3-month period ended 31 March 2024 is disclosed as follows:

1. On 22 January 2024, the Company acquired 10,000 ordinary shares representing 100% equity interest in Grand Ascent Sdn Bhd (“GASB”) for RM1,500. GASB has not commenced any business since incorporation. Accordingly, GASB become indirect wholly-owned subsidiary of the Company; and
2. Two of the Company’s indirect wholly-owned dormant subsidiaries, namely Mega First Power Services Sdn Bhd (“MFPS”) and Bayangan Sutera Sdn Bhd (“BSSB”) have on 19 March 2024 commenced members’ voluntary liquidation. Accordingly, the financial results of MFPS and BSSB have been deconsolidated from the Company’s group accounts starting from the aforesaid date.

A13. Changes in contingent liabilities and assets

(a) Contingent liability

The Group has no contingent liability as at 14 May 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 14 May 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A14. Capital commitments

As at 31 March 2024, the Group has the following capital commitments:

	RM’000
Property, plant and equipment	
Approved and contracted for	235,651

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and 3-month period ended 31 March 2024 other than the following transactions made by the Company:

	1st Quarter Ended 31 March 2024 RM'000	1st Quarter Ended 31 March 2023 RM'000
Term loan repaid	47,234	30,741
Interest expense	6,865	5,511
	<hr/>	<hr/>
	31.3.2024 RM'000	31.12.2023 RM'000
Corporate guarantees given to lenders and supplier of joint ventures and associates	334,303	285,360
	<hr/>	<hr/>

A16. Derivative financial instruments

	31.3.2024 RM'000	31.12.2023 RM'000
<u>Derivative liability</u>		
Put option liability over shares of a subsidiary held by non-controlling interest	71,641	70,759
	<hr/>	<hr/>

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

The obligation by the Company to purchase Stenta Group 's equity interest held by the minority shareholders is initially recognised as put option liability with a corresponding charge direct to equity (classified as "Other Reserve"). Subsequent to the initial recognition, the put option will be remeasured at fair value and any changes in fair value is recognised in profit or loss.

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

B1. Performance review - Current quarter ended 31 March 2024 (“1Q2024”) versus (“vs”) the corresponding quarter ended 31 March 2023 (“1Q2023”)

	1Q2024	1Q2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	313,479	347,353	(33,874)	-9.8%
Other income/(expenses), net	30,146	(6,774)	36,920	N.M.
Earning before interest, tax, depreciation and amortisation (“EBITDA”)	176,766	125,330	51,436	41.0%
Operating profit	148,075	98,822	49,253	49.8%
Profit before tax	117,821	92,003	25,818	28.1%
Profit after tax	108,046	77,175	30,871	40.0%
Profit after tax attributable to owners of the Company	95,464	70,548	24,916	35.3%
Revenue				
Renewable Energy	137,685	128,467	9,218	7.2%
Resources	63,763	55,811	7,952	14.2%
Packaging	102,819	103,525	(706)	-0.7%
Sub-total	304,267	287,803	16,464	5.7%
Investment Holding & Others	9,212	59,550	(50,338)	-84.5%
Total revenue	313,479	347,353	(33,874)	-9.8%
Profit before tax				
Renewable Energy	88,778	88,539	239	0.3%
Resources	14,440	5,769	8,671	150.3%
Packaging	8,595	7,311	1,284	17.6%
Sub-total	111,813	101,619	10,194	10.0%
Investment Holding & Others	6,008	(9,616)	15,624	N.M.
Total profit before tax	117,821	92,003	25,818	28.1%
Included in PBT of Investment and Others Division consist of:				
1 Share of (loss)/profit in equity accounted inve	(13,915)	2,311	(16,226)	N.M.
2 Insurance income recognised (partial) for assets damaged by fire incident in 2023	22,389	-	22,389	na
3 Gain on foreign exchange	3,305	5,786	(2,481)	-42.9%
4 Income tax penalties	-	(14,900)	14,900	na

Excluding revenue of Tawau power plant (disposed in May 2023), Group revenue registered a 5.6% year-on-year increase to RM313.5 million (1Q2023: RM296.9 million) underpinned mainly by higher sales contribution from the Renewable Energy Division (+7.2% to RM137.7 million) and the Resources Division (+14.2% to RM63.8 million).

B1. Performance review - 1Q2024 vs 1Q2023 (Cont'd)

Group's PBT grew 28.1% to RM117.8 million (1Q2023: RM92.0 million). All core divisions recorded PBT improvements especially the Resources Division which posted a 150.3% increase to RM14.4 million. PBT of the Renewable Energy Division rose 0.3% to RM88.8 million, while that of the Packaging Division expanded by 17.6% to RM8.6 million.

Investment Holding & Others Division swung from RM9.6 million loss to a profit of RM6.0 million. In the current quarter, the Group recognised a RM22.4 million income from insurance claim (1Q2023: nil) relating to the September 2023 fire incident in the Packaging Division and a RM13.9 million share of loss from joint venture and associates (1Q2023: RM2.3 million share of profit). The loss in the same quarter last year was mainly due to a RM14.9 million income tax penalty (1Q2024: nil).

The RM13.9 million share of loss from joint venture and associates was primarily contributed by Edenor. In the current quarter, Edenor experienced significant capacity loss from plant stoppage for maintenance cum repair and upgrading works amid a challenging operating environment.

Group's profit after tax and non-controlling interest ("PATNCI") rose 35.3% from RM70.5 million to RM95.5 million. "Normalised" Group PATNCI (by excluding share of joint ventures and associates' results, and non-operational one-off items) grew 22.4% from RM79.5 million to RM97.4 million.

Renewable Energy Division

Revenue came in 7.2% higher at RM137.7 million (1Q2023: RM128.5 million), underpinned by a 6.5% increase in hydro energy sales to RM134.9 million and a 53.1% increase in solar energy sales to RM2.8 million.

Hydro energy sales revenue was bolstered by a 7.6% currency gain and a 1% hydro tariff adjustment on 1 October 2023, partly offset by a 2.1% decline in energy sales volume. The average Equivalent Availability Factor ("EAF") registered a 2.6%-point decrease from 81.9% to 79.3% due mainly to lower water levels witnessed as compared to last year. Higher solar sales revenue was achieved on the back of higher installed solar capacity of 28.3 MWp (1Q2023: 20.5 MWp).

Despite recording higher revenue, the pre-tax profit only saw a marginal increase of 0.3% to RM88.8 million compared to RM88.5 million in 1Q2023, primarily due to elevated net interest expenses. The rise in interest expenses was attributed to the additional loan procured in December 2023 to fund the acquisition of an additional 20% stake in Don Sahong Power Company Ltd ("DSPC"). However, the effect of higher interest expenses was negated by the increase in profit attributable to the additional equity stake in DSPC which resulted in PATNCI contribution from the Renewable Energy Division surged by 15.9% from RM74.1 million to RM85.8 million.

B1. Performance review - 1Q2024 vs 1Q2023 (Cont'd)

Resources Division

Revenue surged 14.2% from RM55.8 million to RM63.8 million primarily driven by a 9.0% increase in sales volume of lime products and a 7.6% gain in export currency. While the regional demand for lime products remained firm, the sales volume in the current quarter was further lifted by delayed deliveries from the previous quarter. Conversely, sales of non-lime products, which include calcium carbonate powder and quarry by-products, experienced a decline of 12.6% to RM4.7 million (compared to RM5.4 million in 1Q2023).

Pre-tax profit soared by 150.3% to RM14.4 million (compared to RM5.8 million in 1Q2023), primarily driven by increased revenue and enhanced cost efficiency.

Packaging Division

Despite facing a challenging operating environment and operational disruptions stemming from the fire incident in September 2023, revenue only experienced a marginal decline of 0.7% to RM102.8 million (compared to RM103.5 million in 1Q2023), attributed to the expansion of our customer base.

Excluding income from insurance claim, pre-tax profit however grew 17.6% to RM8.6 million (1Q2023: RM7.3 million) on improved cost efficiency.

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B2. Performance review - Year-to-date 31 March 2024 versus (“vs”) 31 December 2023

(a) Assets and Liabilities as at 31 March 2024

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

Asset/Liability Items	As At 31.3.2024 RM'000	As At 31.12.2023 RM'000	Changes RM'000	Explanation
Service concession asset	1,972,271	1,940,046	32,225	The increase was due to translation gain of RM55.1 million, offset by RM22.9 million amortisation charge.
Property, plant and equipment (“PPE”)	566,422	531,945	34,477	The increase was mainly due to RM41.2 million CAPEX, partly offset by RM9.4 million depreciation charge. About 86% of CAPEX was incurred by the Packaging Division for new plant construction and restoration of plant and machinery damaged by fire in September 2023.
Investment properties	244,108	168,746	75,362	The increase was due to acquisition of 688 acres of land for the purposes of future development within the Renewable Energy Division and the Food Security Division.
Right-Of-Use (“ROU”) assets	115,544	116,312	(768)	
Development expenditures	238,066	203,048	35,018	The increase was attributable to progressive development of Don Sahong 5 th turbine expansion project.
Joint ventures and associates	152,759	166,674	(13,915)	The decrease was due to share of losses (as explained in Notes B1 and B3) for the current period.

B2. Performance review – 31.3.2024 vs 31.12.2023 (Cont'd)

(a) Assets and Liabilities as at 31 March 2024 (Cont'd)

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

Asset/Liability Items	As At 31.3.2024 RM'000	As At 31.12.2023 RM'000	Changes RM'000	Explanation
Investment in quoted shares	122,486	133,278	(10,792)	The decrease was mainly due to fair value loss of quoted securities.
Inventories (non-current)	40,166	40,166	-	
Inventories (current)	136,277	131,737	4,540	The increase was immaterial, in line with operational requirements.
Receivables and prepayments	550,648	490,098	60,550	The increase was mainly due to insurance claim receivable and prepaid capex recorded by Packaging Division and a 4.5% increase in USD receivable from Électricité du Laos ("EDL").
Deferred tax liabilities	128,845	126,954	1,891	
Payables and accruals (current)	206,515	168,823	37,692	The increase was mainly due to accrual of RM40.1 million final dividend for financial year 2023

B2. Performance review – 31.3.2024 vs 31.12.2023 (Cont'd)

(b) Group borrowings and debt securities

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

	Long-term		Short-term		Total	
	Foreign Currency (^{'000})	RM (^{'000})	Foreign Currency (^{'000})	RM (^{'000})	Foreign Currency (^{'000})	RM (^{'000})
As at 31 March 2024						
Secured						
Trade financing and loans	-	-	-	58,671	-	58,671
Term loans	-	215,966	-	27,407	-	243,373
Term loan (USD) ^	32,083	151,449	18,333	86,543	50,416	237,992
Revolving credit	-	-	-	113,039	-	113,039
Bank overdrafts	-	-	-	1,238	-	1,238
		<u>367,415</u>		<u>286,898</u>		<u>654,313</u>
Unsecured Loan						
Term loan (USD) ^	30,000	141,615	40,000	188,820	70,000	330,435
Revolving credit	-	-	-	5,000	-	5,000
		<u>141,615</u>		<u>193,820</u>		<u>335,435</u>
Total Borrowings		<u>509,030</u>		<u>480,718</u>		<u>989,748</u>
As at 31 December 2023						
Secured						
Trade financing and loans	-	-	-	38,710	-	38,710
Term loans	-	114,228	-	26,724	-	140,952
Term loan (USD) ^	36,667	168,300	18,333	84,150	55,000	252,450
Revolving credit	-	-	-	97,019	-	97,019
		<u>282,528</u>		<u>246,603</u>		<u>529,131</u>
Unsecured Loan						
Term loan (USD) ^	40,000	183,600	40,000	183,600	80,000	367,200
Revolving credit	-	-	-	5,000	-	5,000
		<u>183,600</u>		<u>188,600</u>		<u>372,200</u>
Total Borrowings		<u>466,128</u>		<u>435,203</u>		<u>901,331</u>

^ - translated at exchange rate of 4.72 as at 31 March 2024

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

B2. Performance review – 31.3.2024 vs 31.12.2023 (Cont'd)

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

At 31 March 2024, total borrowings (excluding hire purchase liabilities) amounted to RM989.7 million, an increase of RM88.4 million from RM901.3 million at the preceding quarter ended of 31 December 2023. The increase was mainly due to:

- (i) Drawdown of RM56.8 million borrowing to finance the acquisition of 688 acres of lands as detailed in Note B2(a) above;
- (ii) Net drawdown of RM37.2 million revolving credits, bank overdraft, trade financing and loans; and
- (iii) RM15.7 million translation loss on USD-denominated loans.

partly offset by RM21.3 million term loans repayment.

The Group's borrowings are floating in nature as at 31 March 2024 and none of the borrowings denominated in foreign currencies is hedged to RM.

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

(c) Cash flow analysis for the current quarter ended 31 March 2024

In the current quarter, the Group generated RM106.2 million after-tax net cash from operating activities. In the same quarter, the Group deployed RM168.6 million in the following manner:

- (i) RM75.4 million land acquisition for future development of renewable energy and food security projects;
- (ii) RM41.2 million for PPE, as explained in Note B2;
- (iii) RM29.4 million for Don Sahong's 5th turbine expansion project;
- (iv) RM16.2 million finance cost paid to lenders; and
- (v) RM6.4 million to increase equity stake in a subsidiary.

The shortfall of RM62.4 million was funded by external borrowings, resulting in a slight increase in net gearing from 12.2% as at 31.12.2023 to 13.7%.

B3. Variation of Current Quarter (“1Q2024”) versus (“vs”) Preceding Quarter (“4Q2023”)

	1Q2024	4Q2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	313,479	324,249	(10,770)	-3.3%
Other income, net	30,146	18,270	11,876	65.0%
Earning before interest, tax, depreciation and amortisation ("EBITDA")	176,766	182,972	(6,206)	-3.4%
Operating profit	148,075	154,404	(6,329)	-4.1%
Profit before tax	117,821	138,773	(20,952)	-15.1%
Profit after tax	108,046	138,342	(30,296)	-21.9%
Profit after tax attributable to owners of the Company	95,464	122,020	(26,556)	-21.8%
Revenue				
Renewable Energy	137,685	168,608	(30,923)	-18.3%
Resources	63,763	46,410	17,353	37.4%
Packaging	102,819	100,361	2,458	2.4%
Sub-total	304,267	315,379	(11,112)	-3.5%
Investment Holding & Others	9,212	8,870	342	3.9%
Total revenue	313,479	324,249	(10,770)	-3.3%
Profit before tax				
Renewable Energy	88,778	120,664	(31,886)	-26.4%
Resources	14,440	6,218	8,222	132.2%
Packaging	8,595	8,075	520	6.4%
Sub-total	111,813	134,957	(23,144)	-17.1%
Investment Holding & Others	6,008	3,816	2,192	57.4%
Total profit before tax	117,821	138,773	(20,952)	-15.1%
Included in PBT of Investment and Others Division consist of:				
1 Share of loss in equity accounted investments	(13,915)	(3,895)	(10,020)	257.3%
2 Insurance income recognised (partial) for assets damaged by fire incident in 2023 (4Q2023: Assets written off, net of income)	22,389	(26,936)	49,325	N.M.
3 Inventories write-offs or writedown	-	(3,300)	3,300	na
4 Fair value (loss)/gain on put option liability	(882)	17,004	(17,886)	N.M.
5 Gain on foreign exchange	3,305	16,883	(13,578)	-80.4%
6 Writeback of income tax penalties	-	9,232	(9,232)	na

B3. Variation of 1Q2024 vs 4Q2023 (Cont'd)

Group turnover fell 3.3% from RM324.2 million in the preceding quarter to RM313.5 million. The decline was attributable primarily to an 18.3% season decline in renewable energy sales following the onset of the dry season in December 2023, partly offset by higher revenue contributions from the Resources Division (up 37.4%) and the Packaging Division (up 2.4%).

Group PBT decreased by 15.1% from RM138.8 million to RM117.8 million, primarily driven by a seasonal decline of 26.4% in PBT of the Renewable Division to RM88.8 million. However, this was partially offset by a significant surge of 132.2% in earnings of the Resources Division to RM14.4 million and a modest 6.4% advancement in profit of the Packaging Division to RM8.6 million.

Investment Holding and Others Division recorded a higher PBT of RM6.0 million, in the current quarter, compared to a profit of RM3.8 million in the preceding quarter. The current quarter profit was mainly attributable to a RM22.4 million income from partial insurance claim (fire incident), partially offset by higher share of loss in joint ventures and associates of RM13.9 million. On the other hand, the RM3.8 million profit in the preceding quarter consisted mainly of RM17.0 million fair value gain on put option liability, RM9.2 million writeback of income tax penalty and RM16.9 million forex gain, partially offset by a total RM30.2 million one-off assets/inventories write-off (mainly from fire incident) and RM3.9 million share of loss in joint ventures and associates.

The Group reported a decrease of 21.8% in PATNCI, declining from RM122.0 million to RM95.5 million. However, excluding joint ventures and associates, and one-off items in both periods, the Group's normalised PATNCI remained flat quarter-on-quarter at RM98.2 million (compared to RM98.7 million in 4Q2023). This was achieved despite seasonally lower hydro energy sales, underscoring the earnings strength of the Group's core operations and the positive impact of increased effective equity interest in DSPC.

B3. Variation of 1Q2024 vs 4Q2023 (Cont'd)

Renewable Energy Division

Revenue decreased 18.3% from RM168.6 million to RM137.7 million, driven by an 18.7% decline in hydro energy sales volume due to lower water levels during the dry season and downtime for annual turbine maintenance. Solar energy revenue increased 8.2% to RM2.8 million on improved solar irradiation and higher installed solar capacity to 28.3 MWp (4Q2023: 27.0 MWp). Don Sahong hydropower plant registered an average EAF of 79.3%, compared to 97.4% in the preceding quarter.

Pre-tax profit decreased by 26.4% to RM88.8 million (compared to RM120.7 million in 4Q2023). Apart from lower revenue, this decline in pre-tax profit was due to higher interest expenses incurred from additional loan taken to finance the acquisition of an additional 20% stake in DSPC.

However, the impact of higher interest expenses was more than offset by rise in profit attributable to the increase in effective equity stake in DSPC. Accordingly, the Renewable Division posted a smaller 13.3% decline in PATNCI from RM98.9 million in the preceding quarter to RM85.8 million in the current quarter.

Resources Division

Revenue grew by 37.4% quarter-on-quarter to RM63.8 million (compared to RM46.4 million in 4Q2023), primarily driven by increased sales volume of lime products. However, it is important to note that the rate of volume growth was also attributed to certain delayed deliveries from the fourth quarter of 2023 into the current quarter. As such, this growth does not accurately represent underlying growth in industry demand.

Pre-tax profit surged by 132% to RM14.4 million (compared to RM6.2 million in 4Q2023), primarily due to an increase in revenue and enhanced production efficiency resulting from higher production volume.

Packaging Division

Revenue improved 2.4% to RM102.8 million (4Q2023: RM100.4 million) primarily on improved export of paper bag products. Accordingly, pre-tax profit advanced 6.4% to RM8.6 million (4Q2023: RM8.1 million).

B4. Prospects

Normalised profit after tax and non-controlling interest or “PATNCI” (excluding share of joint venture and associates’ earnings and one-off, non-operational items) increased by 22.4% year-on-year to RM97.4 million in the first quarter of 2024 (1Q2023: RM79.5 million). This growth reflects the underlying strength of the Group’s core businesses and the impact of acquiring an additional 15% effective equity stake in Don Sahong Power Company Ltd (“DSPC”) at the end of 2023.

We expect this growth momentum in normalised PATNCI to continue for the remaining quarters of the year, driven by expected improved earnings performance across all three core businesses, as further described below.

The widening loss of Edenor in the first quarter of 2024 was attributable to unexpected plant outage for repairs and upgrades. Barring any further unscheduled plant outages, Edenor’s management is optimistic about a recovery in earnings in the second half of 2024, supported by anticipated improvements in market conditions.

Renewable Energy Division

Hydropower – Don Sahong

Construction of the 5th turbine is expected to complete by end June 2024. Upon completion, the 5th turbine will increase total generation capacity of Don Sahong from 260 MW to 325 MW. Coinciding with the wet season, the new capacity is expected to increase the total hydro energy sales volume in the second half of 2024.

We expect a new concession agreement (CA) and power purchase agreement (PPA) to be finalised soon. The new CA and PPA will encompass all five turbines, superseding the existing agreements. The Company will announce the terms of the new agreements to Bursa Malaysia once they are duly executed.

Pre-tax profit for the remainder of 2024 is expected to be primarily boosted by higher hydro energy sales volume from the 5th turbine, although this will be partially offset by higher interest costs due to additional bank borrowings taken to fund the acquisition of an additional 20% equity interest in DSPC and higher interest rates. As of 31 March 2024, the outstanding US Dollar borrowing for Don Sahong was US\$120.4 million.

PATNCI for the remainder of 2024 will also be further enhanced by the increase in the Group’s effective ownership of DSPC from 80% to 95% since late December 2023.

B4. Prospects (Cont'd)

Renewable Energy Division (Cont'd)

Solar Projects

We expect earnings to continue growing in 2024 due to the progressive installation of secured solar capacities. Currently, 28.3 MWp of solar generation facilities are already operational, with an additional 68.7 MWp expected to achieve commercial operation in 2024 (17.7 MWp) and 2025 (51.0 MWp). Upon completion, these projects will bring the cumulative solar portfolio to 97.0 MWp.

The National Energy Transition Roadmap (NETR), launched in August 2023, is expected to drive the development of Malaysia's renewable energy (RE) industry and open more investment opportunities for the Group in the RE sector over the next two decades. As part of the Group's strategy to grow its RE portfolio, management will continue to selectively explore and evaluate new investment opportunities, including the 5th Large-Scale Solar (LSS5) competitive bidding program announced by the Energy Commission on 1 April 2024.

Resources Division

The demand for lime products in the region is expected to remain strong. However, the ongoing conflict in the Middle East, particularly in the Red Sea region, may escalate global shipping costs, potentially diminishing the Group's price competitiveness in select export markets.

Management will persist in actively expanding the customer base in the region and closely monitoring the market dynamics. They are also ready to make adjustments to pricing and distribution channels to sustain business growth.

Overall, we anticipate that earnings in 2024 will significantly surpass those of 2023. This projection is based on the expected increase in sales volume of lime products, enhanced production efficiencies, and a favourable shift in the sales mix.

Packaging Division

The facilities damaged by fire last September are expected to recommence operations in June 2024. Additionally, Stenta's new factory is nearing completion, and management expects the first Linear Low Density Polyethylene ("LLDPE") production line will be ready for commercial operation in August/September 2024. Construction of Hexachase's new factory is expected to be finished in July, with the first production line ready for commercial run in the fourth quarter of 2024.

Management remains optimistic about its ongoing efforts to expand the customer base and increase penetration in both domestic and export markets. They believe these efforts will yield positive results and generate sustainable revenue and profit growth in the remaining quarters of 2024.

B4. Prospects (Cont'd)

Food Security Division

The Food Security Division, represented by the Group's agricultural development on a 6,428-hectare concession land in Mondulkiri Province, Kingdom of Cambodia, remains at the development stage and has not been presented as a separate division in the Group's financial reporting. As highlighted in the Chairman's statement of the 2023 Annual Report, as of the end of FY2023, the Group had planted a cumulative area of about 2,560 hectares, comprising 1,830 hectares of coconuts and 730 hectares of macadamias. The coconut trees are expected to progressively reach commercial scale maturity starting from 2024, while the macadamia trees are anticipated to take another 1-2 years to reach the same level of maturity.

After careful consideration, the management has decided to focus on harvesting flower sap from the coconut trees and refining it into coconut sugar products. This strategic decision is driven by the scarcity of pure, unadulterated coconut sugar products in both industrial and retail markets, alongside a steady and expanding global demand (forecasted CAGR: 4.8% from 2018-2030). Although management does not expect significant revenue contribution from the Cambodia plantation in 2024 due to the small matured acreage and initial low sap yield in newly matured coconut trees, they anticipate establishing the Group as the largest and foremost fully integrated company dedicated to coconut sugar products worldwide upon reaching maximum harvest capacity.

To further strengthen and expand the Food Security Division, the Company announced on 8 May 2024 a Share Subscription Agreement ("SSA") to subscribe for new ordinary shares of CSC Agriculture Holdings Sdn Bhd ("CSCAH"), equivalent to 64% of CSCAH's enlarged capital, for RM25 million. This SSA expected to be completed by the end of May 2024, will provide MFCB with an 40% effective equity interest in the business of CSCAH and its operating subsidiaries ("CSCAH Group").

CSCAH Group is principally engaged in fruits and vegetable farming and wholesaling. Currently, it operates and manages more than 1,100 acres of farmland in Johor (five farms) and Pahang (one farm). Approximately 600 acres have been developed and planted with various crops, including durian, coconut, chempedak, nangka, rose apple, pink guava, calamansi, petai, lemongrass, curry leaves, and leafy vegetables. The planted long-term crops have either recently reached maturity or will reach maturity within the next 24 months. Additionally, the CSCAH Group has initiated a pilot project for modern greenhouse farming of clean leafy vegetables on a 12-acre plot in Johor, which has yielded initial success, and management plans to gradually expand the portfolio and acreage of greenhouse farming.

CSCAH's current financial year end is 31 July (before change to coincide with MFCB Group's reporting period) and in the first eight months period ended 31 March 2024, it recorded a consolidated turnover of RM56.2 million with EBITDA of RM1.9 million and breakeven at pre-tax profit. We expect earnings contribution from CSCAH Group to improve and grow in line with the increasing maturity of the long-term crops and the expansion of greenhouse farming.

B5. Profit forecast

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

B6. Income tax expense

	1st Quarter Ended		3-Month Period Ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Tax expense for current period	9,775	3,428	9,775	3,428
Tax expense for previous years:				
- additional assessment	-	11,400	-	11,400
	<u>9,775</u>	<u>14,828</u>	<u>9,775</u>	<u>14,828</u>

The Group's effective tax rate for the current quarter and 3-month period ended 31 March 2024 was significantly lower than the Malaysia's statutory tax rate of 24% mainly because the profit derived from energy sales in the Lao People's Democratic Republic ("Lao PDR") is exempted from income tax during the period until the end of the 5th anniversary of Don Sahong Plant's commercial operation date ("COD").

B7. Status of corporate proposal

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

B8. Material litigations

The Group has no material litigation as at 14 May 2024, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividends

During the current quarter and 3-month period ended 31 March 2024, the Board declared a second and final dividend of 4.25 sen per ordinary share for the financial year ended 31 December 2023 on 28 February 2024 and payable to entitled shareholders on 19 April 2024. The dividend has been included as a liability in these financial statements.

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
After crediting:				
Dividend income	174	229	174	229
Gain on disposal of:				
- property, plant and equipment	103	57	103	57
Gain on foreign exchange:				
- realised	-	3,891	-	3,891
- unrealised	3,604	1,895	3,604	1,895
Interest income	4,702	5,086	4,702	5,086
Insurance claims	22,390	-	22,390	-
After charging:				
Amortisation of:				
- service concession asset	(22,947)	(21,336)	(22,947)	(21,336)
- other intangible asset	(123)	(165)	(123)	(165)
Fair value loss on put option liability	(882)	(1,021)	(882)	(1,021)
Depreciation of:				
- property, plant and equipment	(9,394)	(8,990)	(9,394)	(8,990)
- right-of-use assets	(929)	(1,103)	(929)	(1,103)
Finance costs	(16,339)	(9,130)	(16,339)	(9,130)
Impairment losses on:				
- receivables, net	(7,085)	(6,587)	(7,085)	(6,587)
Loss on foreign exchange:				
- realised	(299)	-	(299)	-
Tax penalties	-	(14,900)	-	(14,900)
After other comprehensive income/(expenses):				
Foreign currency translation				
- changes in current period	61,491	8,021	61,491	8,021
Fair value changes of equity investments	(11,992)	2,564	(11,992)	2,564

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

B11. Earnings per share

	1st Quarter Ended		Financial Year Ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit after tax attributable to owners of the Company	95,464	70,548	95,464	70,548
Weighted average number of ordinary shares ('000):				
Issued ordinary shares outstanding at beginning of the period	988,352	988,352	988,352	988,352
Effect of treasury shares held	(45,593)	(43,046)	(45,593)	(43,025)
	942,759	945,306	942,759	945,327
Basic earnings per share (sen)	10.13	7.46	10.13	7.46

The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and 3-month period ended 31 March 2024, excluding treasury shares held by the Company.

The diluted earnings per share is equal to the basic earnings per share as there are no outstanding potentially dilutive equity instruments issued by the Company as at 31 March 2024.

B12. Authorised for issue

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

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