

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

**Interim Financial Report  
31 December 2014**

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

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the 4th quarter and financial year ended 31 December 2014**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 4th Quarter 31.12.2014 RM'000	Preceding Year Corresponding 4th Quarter 31.12.2013 RM'000	Current Year To Date 31.12.2014 RM'000	Preceding Year Corresponding Period 31.12.2013 RM'000
Revenue	A8	160,279	188,142	672,465	628,758
Cost of sales		(109,302)	(134,110)	(483,954)	(456,445)
Gross profit		50,977	54,032	188,511	172,313
Other income, net		(1,449)	(3,953)	4,644	19,844
Operating expenses		(9,985)	(10,911)	(35,349)	(34,891)
Profit from operations		39,543	39,168	157,806	157,266
Finance costs		(1,170)	(811)	(3,981)	(3,053)
Share of (loss)/profit in an associate, net of tax		(644)	594	(805)	681
Profit before tax	A8	37,729	38,951	153,020	154,894
Income tax expense		(14,355)	(18,972)	(45,724)	(47,709)
Profit after tax for the period		23,374	19,979	107,296	107,185
Other comprehensive income / (expenses)		15,329	(4,411)	9,639	19,121
Total comprehensive income for the period	B10	38,703	15,568	116,935	126,306
Profit after tax attributable to:					
Owners of the Company		14,270	12,132	69,899	74,050
Non-controlling interests		9,104	7,847	37,397	33,135
		23,374	19,979	107,296	107,185
Total comprehensive income attributable to:					
Owners of the Company		25,722	6,582	76,626	86,294
Non-controlling interests		12,981	8,986	40,309	40,012
		38,703	15,568	116,935	126,306
EPS - Basic (sen)	B11	6.41	5.45	31.40	33.24
EPS - Diluted (sen)	B11	6.39	5.43	31.29	33.19

The notes set out on pages 7 to 23 form an integral part and should be read in conjunction with this interim financial report.

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

**Unaudited Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2014**

	<b>Unaudited As At 31.12.2014 RM'000</b>	<b>Audited As At 31.12.2013 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	311,540	279,906
Associate	27,628	38,631
Investment in quoted shares	37,329	70,889
Investment in unquoted shares	335	335
Land use rights	6,198	6,368
Investment properties	128,433	121,363
Land held for property development	50,287	50,042
Project development expenditure	72,459	52,747
Deferred tax asset	448	484
Goodwill on consolidation	10,812	10,812
Long-term prepayment	711	924
	646,180	632,501
<b>Current Assets</b>		
Inventories	69,678	69,848
Property development	15,060	24,216
Receivables	113,802	115,055
Bank balances and deposits	235,473	156,635
	434,013	365,754
<b>TOTAL ASSETS</b>	<b>1,080,193</b>	<b>998,255</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owners Of The Company</b>		
Share capital	243,002	242,455
Treasury shares	(30,025)	(28,669)
Reserves	525,971	465,785
	738,948	679,571
<b>Non-Controlling Interests</b>	146,669	143,272
<b>Total Equity</b>	<b>885,617</b>	<b>822,843</b>
<b>Non-Current Liabilities</b>		
Payables	812	1,044
Long-term borrowings	21,395	6,776
Deferred taxation	21,035	22,396
	43,242	30,216
<b>Current Liabilities</b>		
Payables	66,472	69,838
Short-term borrowings	71,379	65,003
Taxation	13,483	10,355
	151,334	145,196
<b>Total Liabilities</b>	<b>194,576</b>	<b>175,412</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,080,193</b>	<b>998,255</b>
<b>Net Assets Per Ordinary Share (RM)</b>	<b>3.32</b>	<b>3.05</b>

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

**Unaudited Condensed Consolidated Statement of Changes in Equity**  
**For the financial year ended 31 December 2014**

	← Non-distributable					→ Distributable					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	
Balance at 1.1.2013	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501
Total comprehensive income for the financial year	-	-	-	-	15,124	(2,880)	-	74,050	86,294	40,012	126,306
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the company	-	-	-	-	-	-	-	(15,808)	(15,808)	-	(15,808)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(31,551)	(31,551)
Share option to directors	-	-	-	106	-	-	-	-	106	-	106
Share options lapsed	-	-	-	(148)	-	-	-	-	(148)	-	(148)
Purchase of treasury shares	-	(1,524)	-	-	-	-	-	-	(1,524)	-	(1,524)
Issuance of ordinary shares pursuant to ESOS	60	-	30	-	-	-	-	-	90	-	90
Total transactions with owners of the Company	60	(1,524)	30	(42)	-	-	-	(15,808)	(17,284)	(31,551)	(48,835)
Arising from:-											
- acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	10	10
- incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	50	50
Realisation of capital reserves	-	-	-	-	-	-	(13)	(164)	(177)	(12)	(189)
Balance at 31.12.2013	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843

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

**Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)**  
**For the financial year ended 31 December 2014**

	← Non-distributable					→ Distributable					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	
Balance at 1.1.2014	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843
Total comprehensive income for the period	-	-	-	-	7,939	(1,212)	-	69,899	76,626	40,309	116,935
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(16,702)	(16,702)	-	(16,702)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(37,225)	(37,225)
Share option to directors	-	-	-	46	-	-	-	-	46	-	46
Purchase of treasury shares	-	(1,356)	-	-	-	-	-	-	(1,356)	-	(1,356)
Issuance of ordinary shares pursuant to ESOS	547	-	274	-	-	-	-	-	821	-	821
Total transactions with owners of the Company	547	(1,356)	274	46	-	-	-	(16,702)	(17,191)	(37,225)	(54,416)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	350	350
Realisation of capital reserves	-	-	-	-	-	-	131	(189)	(58)	(37)	(95)
Balance at 31.12.2014	<u>243,002</u>	<u>(30,025)</u>	<u>33,779</u>	<u>778</u>	<u>36,635</u>	<u>8,447</u>	<u>15,208</u>	<u>431,124</u>	<u>738,948</u>	<u>146,669</u>	<u>885,617</u>

The notes set out on pages 7 to 23 form an integral part and should be read in conjunction with this interim financial report.

**Mega First Corporation Berhad**  
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**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the financial year ended 31 December 2014**

	<b>Current Year To Date 31.12.2014 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	153,020	154,894
Adjustments for non-cash flow - Non-cash items	21,446	40,110
- Non-operating items	15,789	(21,337)
Operating profit before changes in working capital	190,255	173,667
Changes in working capital - Net change in current assets	9,029	(29,646)
- Net change in current liabilities	113	19,468
Cash from operations	199,397	163,489
Income tax paid	(42,762)	(40,110)
Retirement benefits paid	(200)	(83)
<b>Net cash from operating activities</b>	156,435	123,296
<b>Cash flows for investing activities</b>		
Interest received	3,346	1,882
Dividend received	1,177	479
Increase in:		
- Land held for property development	(245)	(1,826)
- Project development expenditure	(19,800)	(15,576)
Proceeds from disposal of property, plant and equipment	911	208
Purchase of property, plant and equipment	(58,910)	(50,879)
Proceeds from disposal of quoted shares	57,812	106,220
Money received for capital reduction of investment in quoted shares	-	10,138
Purchase of quoted shares	(29,905)	(98,220)
Net cash inflow/(outflow) from acquisition of subsidiaries	350	(5,542)
Net cash outflow from deconsolidation of subsidiaries	(247)	(12)
Acquisition of additional equity interest in an associate	(419)	(165)
<b>Net cash for investing activities</b>	(45,930)	(53,293)

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

**Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)**  
**For the financial year ended 31 December 2014**

	<b>Current Year To Date 31.12.2014 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2013 RM'000</b>
<b>Cash flows for financing activities</b>		
Interest paid	(3,511)	(3,053)
Dividends paid to shareholders of the Company	(16,702)	(15,808)
Dividends paid to subsidiaries' non-controlling interests	(37,225)	(31,551)
Net drawdown/(repayment) of:		
- Revolving credits and trust receipts	6,241	9,576
- Hire purchase payables	37	(238)
- Term loans	15,796	(7,151)
Proceeds from issuance of shares pursuant to ESOS	821	90
Purchase of treasury shares	(1,356)	(1,524)
<b>Net cash for financing activities</b>	<b>(35,899)</b>	<b>(49,659)</b>
<b>Effect of foreign exchange translation</b>	<b>5,274</b>	<b>9,541</b>
<b>Net increase in cash and cash equivalents</b>	<b>79,880</b>	<b>29,885</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>155,593</b>	<b>125,708</b>
<b>Cash and cash equivalents at end of the period</b>	<b>235,473</b>	<b>155,593</b>

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

Bank balances and deposits	235,473	156,635
Bank overdrafts	-	(1,042)
	<b>235,473</b>	<b>155,593</b>

The notes set out on pages 7 to 23 form an integral part and should be read in conjunction with this interim financial report.

**Notes to the interim financial report**

**A EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (FRS) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

- (a) During the financial year ended 31 December 2014, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities	1 January 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

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



**A1. Basis of preparation (Cont'd)**

- (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 ended 31 December 2014:

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans . Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 . 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 . 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 . 2014 Cycle	1 January 2016

- (c) On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (~~MFRSs~~) that are equivalent to International Financial Reporting Standards. The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called ~~Transitioning Entities~~).

On 2 September 2014, MASB issued a notice and notified that Transitioning Entities that have chosen to apply FRSs shall comply with MFRSs for annual periods beginning on or after 1 January 2017.

**A1. Basis of preparation (Cont'd)**

- (c) The Group falls within the definition of Transitioning Entities and has elected to present its first MFRS financial statements beginning 1 January 2017.

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 2013.

**A2. Qualification of financial statements**

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

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

**A4. Unusual item**

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

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

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

**A6. Debt and equity securities**

	← Number of Ordinary Shares of RM1 Each →		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 1.1.2014	242,455	(19,882)	242,455	(28,669)
Issue of shares pursuant to ESOS	547	-	547	-
Purchase of treasury shares	-	(607)	-	(1,356)
At 31.12.2014	243,002	(20,489)	243,002	(30,025)

**A6. Debt and equity securities (Cont'd)**

During the financial year ended 31 December 2014, the Company:-

- (a) Issued 547,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's Employees' Share Option Scheme (ESOS).

<u>No. of new ordinary shares issued</u>	<u>Issue price per share</u>
490,000	RM1.50
57,000	RM1.52

All the abovementioned ordinary shares rank pari passu with the then ordinary shares of the Company.

- (b) Purchased 607,000 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM2.23 per share. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 243,002,000 (31.12.2013: 242,455,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2014, 20,488,500 (31.12.2013 : 19,881,500) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 222,513,500 (31.12.2013 : 222,573,500).

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. Dividend paid**

Save as disclosed under Note B9, no dividend was paid for the current quarter ended 31 December 2014.

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

**A8. Segment information for the financial year ended 31 December 2014**

<b>GROUP 2014</b>	<b>Power RM'000</b>	<b>Resources RM'000</b>	<b>Property RM'000</b>	<b>Investment Holding &amp; Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External revenue	481,544	107,864	50,672	32,385	-	672,465
Inter-segment revenue	-	-	-	40,150	(40,150)	-
Consolidated revenue	481,544	107,864	50,672	72,535	(40,150)	672,465
<b>Results</b>						
Profit from operations	121,014	22,568	28,576	24,326	(38,678)	157,806
Finance costs						(3,981)
Share of loss in an associate						(805)
Profit before tax						153,020
Income tax expense						(45,724)
Profit after tax						107,296
<b>Total assets</b>						
At 31.12.2014	402,663	218,876	319,440	365,368	(226,154)	1,080,193

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

**A8. Segment information for the financial year ended 31 December 2014 (Cont'd)**

<b>GROUP 2013</b>	<b>Power RM'000</b>	<b>Resources RM'000</b>	<b>Property RM'000</b>	<b>Investment Holding &amp; Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>						
External revenue	462,719	91,071	41,608	33,360	-	628,758
Inter-segment revenue	-	-	-	38,712	(38,712)	-
Consolidated revenue	462,719	91,071	41,608	72,072	(38,712)	628,758
<b>Results</b>						
Profit from operations	107,779	22,299	13,740	49,939	(36,491)	157,266
Finance costs						(3,053)
Share of profit in an associate						681
Profit before tax						154,894
Income tax expense						(47,709)
Profit after tax						107,185
<b>Total assets</b> At 31.12.2013	367,853	195,270	299,516	404,782	(269,166)	998,255

**A9. Valuation of property, plant and equipment**

There has been no revaluation of property, plant and equipment in these financial statements.

**A10. Events subsequent to the end of the reporting period**

There was no event subsequent to the end of the period reported up to 19 February 2015, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**A11. Changes in composition of the Group**

- (i) On 10 April 2014, Runding ANR Sdn. Bhd. (~~(%RASB+)~~) was incorporated with a paid-up capital of RM2.00 comprising ordinary shares of RM1.00 each. RASB is a wholly-owned subsidiary of Runding Kualiti Sdn Bhd, which in turn is a 60%-owned subsidiary of Rock Chemical Industries (Malaysia) Sdn. Berhad (~~(%RCI+)~~).
- (ii) On 12 June 2014, Hexachase Corporation Sdn. Bhd., which is a 52.4%-owned subsidiary of the Company, acquired 65% equity interest in Hexachase Flexipack Sdn. Bhd. comprising 650,000 fully paid ordinary shares of RM1.00 each.
- (iii) On 24 July 2014, Mega First Ventures Limited (~~(%MFVL+)~~) obtained approval for de-registration from the Registrar of Companies in Hong Kong. MFVL is a wholly-owned subsidiary of RCI, which in turn is a wholly-owned subsidiary of the Company. MFVL was dissolved on 12 December 2014.

Other than as disclosed above, there was no change in the composition of the Group for the current quarter and financial year ended 31 December 2014.

**A12. Changes in contingent liabilities and assets**

- (a) Contingent liabilities

The Group's contingent liabilities as at 31 December 2014:

	<b>RM'000</b>
(i) Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	888

**A12. Changes in contingent liabilities and assets (Cont'd)**

(a) Contingent liabilities (Cont'd)

- (ii) A claim has been made against a subsidiary by a third party in the Malacca High Court for breach of contract, related to the sale and purchase of 40% of the undivided share of a piece of land. On 6 January 2005, the High Court ordered the subsidiary to pay damages to the third party. The damages claimed by the third party had to be proven at the court. The claim is expected to be immaterial and therefore no provision has been made.

Other than as disclosed above, there was no material contingent liability as at 19 February 2015, 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 19 February 2015, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**A13. Capital commitments**

As at 31 December 2014, the Group has the following commitments:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not provided for:	
Contracted	34,360
Not contracted	11,319
	<hr/>
	45,679
<b>Project development expenditure</b>	
Authorised but not provided for:	
Contracted	17,664
	<hr/>
	63,343
	<hr/>

**A14. Significant related party transactions**

There was no significant related party transaction during the current quarter and financial year ended 31 December 2014.

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

**B1. Review of performance**

(a) Current quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	4Q 2014	4Q 2013	% Chg	4Q 2014	4Q 2013	% Chg
Power	122,843	129,676	-5.3%	36,157	29,349	23.2%
Resources	24,032	27,527	-12.7%	5,099	5,724	-10.9%
Property	4,962	22,968	-78.4%	13,223 <sup>^</sup>	8,799	50.3%
Sub-total	151,837	180,171	-15.7%	54,479	43,872	24.2%
Investment holding and others	8,442	7,971	5.9%	(16,750)	(4,921)	n.m.
	160,279	188,142	-14.8%	37,729	38,951	-3.1%

<sup>^</sup> Including fair value gain on investment properties of RM7.1 million.

The Group's core pre-tax profit rose 24.2% to RM54.5 million despite a 15.7% decline in revenue. Excluding the RM7.1 million fair value gain on investment properties, the core pre-tax profit still rose by 8.1% to RM47.4 million, bolstered by higher contribution from the Power Division.

However, the Group pre-tax profit of RM37.7 million was 3.1% lower due to a RM10.9 million impairment charge on associate and a RM4.6 million loss from quoted investments, partially offset by a RM7.1 million fair value gain on investment properties.

**Power Division**

The Power Division contributed 80.9% to the Group's core revenue and 66.4% to pre-tax profit for the current quarter.

Despite a 3.4% rise in steam volume, revenue fell 5.3% to RM122.8 million mainly on lower steam prices (as a result of lower coal prices) and energy tariffs (as a result of lower oil prices). Pre-tax profit however rose 23.2% to RM36.2 million, mainly due to higher steam volume, lower coal costs and the stronger Renminbi against Ringgit.

**Resources and Property Divisions**

Revenue from Resources Division was 12.7% lower at RM24 million, primarily due to lower sales of lime products and limestone. Pre-tax profit decreased 10.9% to RM5.1 million, mainly due to lower contributions from the limestone and brick businesses.

Excluding fair value gain on investment properties, both revenue and pre-tax profit from Property Division were lower in the current quarter. The development segment recorded lower unit sales and lower completion percentages whereas the investment segment's pre-tax profit grew about 33.6% on higher occupancy rates.



**B1. Review of performance (Cont'd)**

(b) For the financial year ended 31 December 2014

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD 2014	YTD 2013	% Chg	YTD 2014	YTD 2013	% Chg
Power	481,544	462,719	4.1%	120,848	107,608	12.3%
Resources	107,864	91,071	18.4%	22,250	21,905	1.6%
Property	50,672	41,608	21.8%	28,378 <sup>^</sup>	12,965	118.9%
Sub-total	640,080	595,398	7.5%	171,476	142,478	20.4%
Investment holding and others	32,385	33,360	-2.9%	(18,456)	12,416	n.m.
	672,465	628,758	7.0%	153,020	154,894	-1.2%

<sup>^</sup> Including fair value gain on investment properties of RM7.1 million.

The Group's core pre-tax profit rose 20.4% to RM171.5 million on higher revenue, underpinned mainly by strong contributions from the Power and Property Divisions and the fair value gain on investment properties.

However, the Group's pre-tax profit fell 1.2% to RM153 million. This was largely due to a loss of a RM10.9 million impairment charge on associate and a RM2.5 million loss from quoted investments.

**Power Division**

Revenue rose 4.1% on higher contribution from both the Shaoxing and Tawau plants. The higher revenue in the Shaoxing plant was largely due to the favourable foreign exchange translation and higher sales volume of steam and energy, offset by lower steam prices and energy tariffs. The higher revenue in the Tawau plant was attributable to higher energy sales volume.

Pre-tax profit grew 12.3% to RM120.8 million mainly due to a strong operational performance and the effect of foreign currency translation. The Shaoxing plant's pre-tax profit rose on improved margin from lower coal price. The Tawau plant's pre-tax profit rose due to lower plant maintenance costs, which fell by half as compared to previous year.

**Resources and Property Divisions**

Revenue from Resources Division rose 18.4% to RM107.9 million on higher sales of lime products and calcium carbonate powder but partially offset by lower sales of limestone. The pre-tax profit increased marginally by 1.6% to RM22.3 million due to lower margins, particularly from the limestone and bricks operations.

Both revenue and pre-tax profit from Property Division were higher as compared to last year. The development segment contributed RM42.7 million and RM15.6 million to the Division revenue and pre-tax profit, respectively. This is attributable to higher completion percentage of units under construction and higher sales of completed units in Melaka. The investment segment also posted better results on higher occupancy and lower interest expense.

**B2. Variation of results against preceding quarter**

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	4Q 2014	3Q 2014	% Chg	4Q 2014	3Q 2014	% Chg
Power	122,843	115,166	6.7%	36,157	31,768	13.8%
Resources	24,032	28,373	-15.3%	5,099	6,692	-23.8%
Property	4,962	12,843	-61.4%	13,223 <sup>^</sup>	5,044	162.2%
Sub-total	151,837	156,382	-2.9%	54,479	43,504	25.2%
Investment holding and others	8,442	7,949	6.2%	(16,750)	(707)	n.m.
	160,279	164,331	-2.5%	37,729	42,797	-11.8%

<sup>^</sup> Including fair value gain on investment properties of RM7.1 million.

Excluding the results of investment holding and others and the fair value gain on investment properties, the Group's pre-tax profit rose 10.9% to RM46.2 million from RM41.6 million despite a 2.5% drop in revenue.

**Power Division**

Revenue rose 6.7% with increased sales volume in Shaoxing driven by strong steam demand. Revenue from the Tawau plant dropped mainly due to shorter operating hours and lower fuel oil prices.

Pre-tax profit increased at a faster rate to RM36.2 million, primarily due to higher revenue from the Shaoxing plant.

**Resources and Property Divisions**

Revenue from Resources Division was 15.3% lower at RM24 million. Lime products recorded a 13% decline in sales to RM18.6 million due to lower demand for quicklime and hydrated lime from the domestic market. The other products also registered varying rates of contraction in revenue, due to lower sales volume and competitive markets. As a result of these unfavourable factors, pre-tax profit declined 23.8% to RM5.1 million despite higher foreign exchange gain from USD sale proceeds.

Pre-tax profit excluding fair value gain on investment properties, rose 22% to RM6.2 million mainly attributable to the complete phase-out of a residential project in Salak Tinggi. The investment segment's pre-tax profit remained flat at RM1.2 million.

**B3. Prospects**

Barring unforeseen circumstances, the Board expects the results for the next financial year ending 31 December 2015 to be satisfactory.

**B4. Profit forecast**

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

**B5. Income tax expense**

	<b>Current quarter ended 31.12.2014 RM'000</b>	<b>Year ended 31.12.2014 RM'000</b>
Current tax expense		
Malaysian	4,374	13,955
Overseas	9,981	31,769
	<u>14,355</u>	<u>45,724</u>

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2014 was higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% for dividends repatriated from China and losses from disposals and impairment charges that are not tax deductible.

**B6. Status of corporate proposal**

There were no corporate proposals announced but not completed at 19 February 2015, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**B7. Borrowing and debt securities**

The Group's borrowings as at 31 December 2014:

**RM'000**

**Long-term borrowings**

*Secured denominated in:*

Ringgit Malaysia 21,395

**Short-term borrowings**

*Secured denominated in:*

Ringgit Malaysia 45,111

*Unsecured denominated in:*

Ringgit Malaysia 15,000

Chinese Renminbi (RMB20,000,000) 11,268

71,379

92,774

The Group has no debt securities as at 31 December 2014.

**B8. Material litigation**

On 15 November 2013, Serudong Power Sdn. Bhd. (SPSB), a 51%-owned subsidiary of Mega First Power Industries Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, commenced arbitration proceedings under the Kuala Lumpur Regional Centre for Arbitration Rules against Sabah Electricity Sdn. Bhd.. The commencement of the arbitration proceedings is in relation to the recovery of the outstanding capacity and energy payments of approximately RM18,656,000 due to the adjustment of the Fixed Operating Rate and Variable Operating Rate for the period from December 2000 to September 2013, together with interests thereon at 1.5% above the base lending rate as provided for in the Power Purchase Agreement.

Since then, the parties have agreed by mutual consent to suspend the arbitration until 31 January 2015 so as to facilitate negotiation for an amicable settlement of the dispute. The parties have failed to agree on a settlement within the agreed time frame. Consequently, SPSB has requested the Kuala Lumpur Regional Centre for Arbitration to proceed with the appointment of arbitrators.

**B8. Material litigation (Cont'd)**

Other than as disclosed above, the Group has no material litigation which would materially and adversely affect its financial position as at 19 February 2015, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**B9. Dividend**

- (a) A final tax-exempt dividend of 4.5 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013 was paid on 16 July 2014 to entitled shareholders as at 30 June 2014.
- (b) An interim tax-exempt dividend of 3.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2014 (31 December 2013 : interim tax-exempt dividend of 3.0 sen) was paid on 10 October 2014.
- (c) The Board proposes a final tax-exempt dividend of 5.0 sen per share for the financial year ended 31 December 2014 (2013 : 4.5 sen tax-exempt). The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, has not been included as a liability in these financial statements. The entitlement and payment dates will be announced later

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

The total comprehensive income is arrived at:-

	<b>Current quarter ended 31.12.2014 RM'000</b>	<b>Year ended 31.12.2014 RM'000</b>
<b>After crediting:-</b>		
Interest income	983	3,346
Dividend income	493	1,177
Fair value adjustment on investment properties	7,070	7,070
Gain on disposal of property, plant and equipment	89	144
Gain on foreign exchange:		
- realised	558	432
- unrealised	4,266	3,730
Gain on derivatives	-	-
<b>After debiting:-</b>		
Amortisation	(49)	(190)
Depreciation of property, plant and equipment	(8,657)	(31,771)
Impairment of investment in an associate	(10,862)	(10,862)
Impairment of investment in quoted shares	(1,666)	(1,666)
Interest expense	(1,058)	(3,542)
Loss on disposal of quoted shares	(3,880)	(2,774)
Loss on foreign exchange:		
- realised	-	-
- unrealised	-	-
Provision for and write-off of receivables	(88)	(450)
Provision for and write-off of inventories	(143)	(149)
Loss on derivatives	-	-
<b>After other comprehensive income:-</b>		
Foreign currency translation difference for foreign operations	12,560	10,606
Share of an associate's foreign currency translation	375	245
Fair value changes of available-for-sale financial assets	2,394	(1,212)
	<u>2,394</u>	<u>(1,212)</u>

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**B11. Earnings per share**

	Quarter ended		Period ended	
	31 December		31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Basic earnings per share</b>				
Profit after tax attributable to owners of the Company	14,270	12,132	69,899	74,050
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	242,455	242,395	242,455	242,395
Effect of new ordinary shares issued	330	49	330	49
Effect of treasury shares held	(20,151)	(19,686)	(20,151)	(19,686)
	<u>222,634</u>	<u>222,758</u>	<u>222,634</u>	<u>222,758</u>
Basic earnings per share (sen)	<u>6.41</u>	<u>5.45</u>	<u>31.40</u>	<u>33.24</u>
<b>Diluted earnings per share</b>				
Profit after tax attributable to owners of the Company	14,270	12,132	69,899	74,050
Weighted average number of ordinary shares ('000)	222,634	222,758	222,634	222,758
Weighted average number of shares under option ('000)	2,183	2,730	2,183	2,730
Weighted average number of shares that would have been issued at average market price ('000)	(1,358)	(2,117)	(1,416)	(2,360)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€000)	<u>223,459</u>	<u>223,371</u>	<u>223,401</u>	<u>223,128</u>
Diluted earnings per share (sen)	<u>6.39</u>	<u>5.43</u>	<u>31.29</u>	<u>33.19</u>

- (a) 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 financial year ended 31 December 2014 excluding treasury shares held by the Company.
- (b) The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all outstanding options granted pursuant to the ESOS are exercised.

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**B12. Retained profits**

	<b>At 31.12.2014 RM'000</b>	<b>At 31.12.2013 RM'000</b>
Total retained profits:		
- realised	279,624	233,075
- unrealised	59,229	56,490
	<hr/> 338,853	<hr/> 289,565
Total share of retained profits from associated company:		
- realised	(89)	683
- unrealised	1,085	1,004
	<hr/> 339,849	<hr/> 291,252
Consolidation adjustments	91,275	86,864
	<hr/> 431,124	<hr/> 378,116
Total Group retained profits	<hr/> <hr/> 431,124	<hr/> <hr/> 378,116

**B13. Authorised for issue**

These interim financial statements were authorised for issue by the Board of Directors on 26 February 2015.