

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

**Interim Financial Report
31 December 2013**

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 2013

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 4th Quarter 31.12.2013 RM'000	Preceding Year Corresponding 4th Quarter 31.12.2012 RM'000	Current Year To date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Revenue	A8	188,622	170,246	629,238	635,304
Cost of sales		(134,326)	(119,800)	(456,661)	(469,506)
Gross profit		54,296	50,446	172,577	165,798
Other income, net		(3,677)	(1,707)	20,120	3,920
Operating expenses		(11,451)	(9,447)	(35,431)	(36,297)
Profit from operations		39,168	39,292	157,266	133,421
Finance costs		(811)	(1,025)	(3,053)	(4,435)
Share of profit in an associate		594	(114)	681	116
Profit before tax	A8	38,951	38,153	154,894	129,102
Income tax expense		(18,972)	(12,731)	(47,709)	(35,440)
Profit after tax for the period		19,979	25,422	107,185	93,662
Other comprehensive income		(5,515)	7,648	19,121	1,582
Total comprehensive income for the period	B10	14,464	33,070	126,306	95,244
Profit attributable to:					
Owners of the Company		12,132	12,957	74,050	57,927
Non-controlling interests		7,847	12,465	33,135	35,735
		19,979	25,422	107,185	93,662
Total comprehensive income attributable to:					
Owners of the Company		5,478	20,122	86,294	61,049
Non-controlling interests		8,986	12,948	40,012	34,195
		14,464	33,070	126,306	95,244
EPS - Basic (sen)	B11	5.45	5.77	33.24	25.81
EPS - Diluted (sen)	B11	5.43	5.77	33.19	25.77

The notes set out on pages 7 to 25 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 2013

	Unaudited As At 31.12.2013 RM'000	Audited As At 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	279,906	248,251
Associate	38,631	44,237
Quoted investments	70,889	70,866
Unquoted investments	335	2,210
Land use rights	6,368	847
Investment properties	121,363	121,363
Land held for property development	50,042	48,216
Project development expenditure	50,388	34,796
Deferred tax asset	484	-
Goodwill on consolidation	11,102	10,812
Long-term prepayment	924	1,056
	630,432	582,654
Current Assets		
Inventories	69,848	69,442
Property development	17,088	9,158
Trade and other receivables	124,219	107,670
Bank balances and deposits	156,619	126,108
	367,774	312,378
TOTAL ASSETS	998,206	895,032
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	242,455	242,395
Treasury shares	(28,669)	(27,145)
Reserves	465,785	395,488
	679,571	610,738
Non-Controlling Interests	143,272	134,763
Total Equity	822,843	745,501
Non-Current Liabilities		
Other payables	1,044	793
Long-term borrowings	6,776	6,469
Deferred taxation	22,396	18,022
	30,216	25,284
Current Liabilities		
Trade and other payables	69,854	51,950
Short-term borrowings	65,003	62,243
Taxation	10,290	10,054
	145,147	124,247
Total Liabilities	175,363	149,531
TOTAL EQUITY AND LIABILITIES	998,206	895,032
Net Assets Per Ordinary Share (RM)	3.05	2.73

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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 2013

	← 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 1.1.2012	242,205	(22,316)	33,380	642	16,500	6,489	1,619	279,444	557,963	180,212	738,175
Total comprehensive income for the financial year	-	-	-	-	(2,928)	6,050	-	57,927	61,049	34,195	95,244
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the company	-	-	-	-	-	-	-	(17,616)	(17,616)	-	(17,616)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(30,566)	(30,566)
Share options to directors	-	-	-	132	-	-	-	-	132	-	132
Purchase of treasury shares	-	(4,829)	-	-	-	-	-	-	(4,829)	-	(4,829)
Employees' share options exercised	190	-	95	-	-	-	-	-	285	-	285
	190	(4,829)	95	132	-	-	-	(17,616)	(22,028)	(30,566)	(52,594)
Increase in equity interest in a subsidiary	-	-	-	-	-	-	13,842	-	13,842	(49,021)	(35,179)
Total transactions with owners of the Company	190	(4,829)	95	132	-	-	13,842	(17,616)	(8,186)	(79,587)	(87,773)
Realisation of capital reserves	-	-	-	-	-	-	(371)	283	(88)	(57)	(145)
Balance at 31.12.2012	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the financial year ended 31 December 2013

	← Non-distributable					→ Distributable					
	Employees'					Attributable To Owners					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity 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 options lapsed	-	-	-	(42)	-	-	-	-	(42)	-	(42)
Purchase of treasury shares	-	(1,524)	-	-	-	-	-	-	(1,524)	-	(1,524)
Employees' share options exercised	60	-	30	-	-	-	-	-	90	-	90
Total transactions with owners of the Company	60	(1,524)	30	(42)	-	-	-	(15,808)	(17,284)	(31,551)	(48,835)
Realisation of capital reserves	-	-	-	-	-	-	(13)	(164)	(177)	48	(129)
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

The notes set out on pages 7 to 25 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 Cash Flows
For the financial year ended 31 December 2013

	Current Year To date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Cash flows from operating activities		
Profit before tax	154,894	129,102
Adjustments for non-cash flow - Non-cash items	40,479	26,666
- Non-operating items	(22,049)	3,484
Operating profit before changes in working capital	173,324	159,252
Changes in working capital - Net change in current assets	(28,618)	23,161
- Net change in current liabilities	17,883	(12,420)
Cash from operations	162,589	169,993
Income tax paid	(40,160)	(43,931)
Net cash from operating activities	122,429	126,062
Cash flows for investing activities		
Interest received	1,998	1,985
Dividend received	479	1,799
Increase in:		
- Land held for property development	(1,826)	(426)
- Project development expenditure	(15,592)	(10,855)
Proceeds from disposal of property, plant and equipment	650	645
Purchase of property, plant and equipment	(51,737)	(22,791)
Proceeds from disposal of quoted shares	106,220	95,536
Purchase of quoted shares	(88,082)	(85,751)
Net cash outflow for acquisition of subsidiaries	(5,640)	(27,562)
Net cash outflow for deconsolidation of subsidiaries	(12)	-
Acquisition of additional equity interest in:		
- a subsidiary from non-controlling interests	-	(35,179)
- an associate company	(166)	(116)
Net cash for investing activities	(53,708)	(82,715)

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2013 (Cont'd)

	Current Year To date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Cash flows for financing activities		
Interest paid	(2,537)	(4,435)
Dividends paid to shareholders	(15,808)	(17,616)
Dividends paid to minority shareholders	(31,551)	(30,566)
Net withdrawal/(repayment) of:		
- Revolving credits and trust receipts	9,576	(10,183)
- Hire purchase payables	460	(77)
- Term loans	(7,151)	(6,036)
Proceeds from issue of shares pursuant to ESOS	90	285
Purchase of treasury shares	(1,524)	(4,829)
Repayment of retirement benefits	-	(30)
Net cash for financing activities	(48,445)	(73,487)
Effect of foreign exchange translation	9,593	(296)
Net increase/(decrease) in cash and cash equivalents	29,869	(30,436)
Cash and cash equivalents at beginning of the period	125,708	156,144
Cash and cash equivalents at end of the period	155,577	125,708

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

Bank balances and deposits	156,619	126,108
Bank overdrafts	(1,042)	(400)
	155,577	125,708

The notes set out on pages 7 to 25 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 2012.

- (a) During the financial year ended 31 December 2013, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (2011) Employee Benefits	1 January 2013
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 7: Disclosures . Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendment to FRS 101: Presentation of Financial Statements	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to FRSs 2012 Cycle	1 January 2013

A1. Basis of preparation (Cont'd)

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.

- (b) The Group has not applied in advance the following new accounting standards and interpretations (including the consequential amendments) but are not yet effective for the financial year ended 31 December 2013:

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS 12 and FRS 127: 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

- (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.

For the financial year ended 31 December 2013, the Group prepared these interim financial statements in accordance with FRS as the Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 December 2014.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2014.

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 2012.

A2. Qualification of financial statements

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2012 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 1.1.2013	242,395	(18,942)	242,395	(27,145)
Issue of shares pursuant to ESOS	60	-	60	-
Purchase of treasury shares	-	(940)	-	(1,524)
At 31.12.2013	<u>242,455</u>	<u>(19,882)</u>	<u>242,455</u>	<u>(28,669)</u>

A6. Debt and equity securities (Cont'd)

During the financial year ended 31 December 2013:-

- (a) 60,000 new ordinary shares of RM1.00 each were issued at the price of RM1.50 per share pursuant to the exercise of options under the Company's Employees' Share Option Scheme (ESOS).

These new ordinary shares of RM1.00 each rank pari passu in all respects with the Company's existing ordinary shares of RM1.00 each.

- (b) The Company purchased 939,200 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM1.62 per share for a total consideration of RM1,523,999. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 242,455,000 (31.12.2012 : 242,395,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2013, 19,881,500 (31.12.2012 : 18,942,300) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 222,573,500 (31.12.2012 : 223,452,700).

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 in the current quarter ended 31 December 2013.

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A8. Segment information for the financial year ended 31 December 2013

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	462,719	91,071	41,608	33,840	-	629,238
Inter-segment revenue	-	-	-	38,232	(38,232)	-
Consolidated revenue	462,719	91,071	41,608	72,072	(38,232)	629,238
Results						
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
Total assets At 31.12.2013	367,853	195,221	299,516	404,782	(269,166)	998,206

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A8. Segment information for the financial year ended 31 December 2013 (Cont'd)

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	484,647	85,368	34,124	31,165	-	635,304
Inter-segment revenue	-	-	-	35,936	(35,936)	-
Consolidated revenue	484,647	85,368	34,124	67,101	(35,936)	635,304
Results						
Profit from operations	99,247	19,974	27,484	33,900	(47,184)	133,421
Finance costs						(4,435)
Share of profit in an associate						116
Profit before tax						129,102
Income tax expense						(35,440)
Profit after tax						93,662
Total assets						
At 31.12.2012	322,815	184,477	299,548	416,084	(327,892)	895,032

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 financial year reported up to 20 February 2014, 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 4 January 2013, Rock Chemical Industries (Malaysia) Sdn Berhad (formerly known as Rock Chemical Industries (Malaysia) Berhad) (~~RCI~~), which is a wholly-owned subsidiary of the Company, acquired 778 fully paid-up ordinary shares of RM1.00 each representing 77.8% of the issued and paid-up share capital of Teratai Kembara Sdn Bhd (~~TKSB~~) for an aggregate cash consideration of RM3.89 million.
- (ii) On 10 January 2013, Highland Resources Sdn Bhd, a wholly-owned subsidiary of Gombak Land Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, was placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.
- (iii) On 6 February 2013, MFFB International Limited, a wholly-owned subsidiary of Bayangan Sutera Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, was dissolved following completion of its liquidation.
- (iv) On 1 March 2013, Teratai ANR Sdn Bhd (~~TASB~~) was incorporated with a paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each which were held by TKSB. On 28 March 2013, TASB increased its issued share capital to 500,000 comprising fully paid ordinary shares of RM1.00 each, of which 450,000 shares representing 90% equity interest are held by TKSB.
- (v) On 23 April 2013, RCI subscribed for one new registered share of USD1.00 representing 100% equity interest in Silver Acreage Limited at the subscription price of USD1.00. Silver Acreage Limited was incorporated in The British Virgin Islands on 2 April 2013.
- (vi) On 26 April 2013, RCI subscribed for one new registered share of USD1.00 representing 100% equity interest in Ground Roses Limited at the subscription price of USD1.00. Ground Roses Limited was incorporated in The British Virgin Islands on 23 April 2013.

A11. Changes in composition of the Group (Cont'd)

(vii) On 13 May 2013, RCI acquired 1,321 fully paid-up ordinary shares of RM1.00 each representing 55% of the issued and paid-up share capital of Identiti Jitu Sdn Bhd for an aggregate cash consideration of RM550,090.

(viii) On 5 July 2013, the following dormant subsidiaries were placed under membersq voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:-

Direct subsidiaries

- (a) Mega First Corporate Services Sdn Bhd.
- (b) Mega First Development Sdn Bhd.
- (c) Mega First Properties Sdn Bhd.
- (d) Mega First Ventures Sdn Bhd.

Indirect subsidiaries

- (a) Empayar Permai Sdn Bhd.
- (b) MFCB Marketing Sdn Bhd.
- (c) Hexachase Labels (Kuala Lumpur) Sdn Bhd.
- (d) Hexachase Paper Products Sdn Bhd.

(ix) On 21 October 2013, a new wholly-owned subsidiary, Mega First Plantation (Cambodia) Ltd (MFPC+), was incorporated and registered in the Kingdom of Cambodia.

(x) On 22 November 2013, RCI acquired 600 fully paid-up ordinary share of RM1.00 each representing 60% of the issued and paid-up share capital of Runding Kualiti Sdn Bhd for a cash consideration of RM1,200,000.

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 2013.

A12. Changes in contingent liabilities and assets

(a) Contingent liabilities

The Group's contingent liabilities as at 31 December 2013:

	RM'000
(i) Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	1,716

A12. Changes in contingent liabilities and assets (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. This matter has been fixed for assessment of damages and the amount claimed has yet to be proven in Court. The claim is not expected to be material.

Other than as disclosed above, there was no material contingent liability as at 20 February 2014, 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 February 2014, 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 2013, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	39,795
Not contracted	1,328
	<hr/>
	41,123
	<hr/> <hr/>

A14. Significant related party transactions

There was no significant related party transaction during the current quarter and financial year ended 31 December 2013.

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 2013	4Q 2012	% Chg	4Q 2013	4Q 2012	% Chg
Power	129,676	130,525	-0.7%	29,349	28,906	1.5%
Resources	27,527	21,472	28.2%	5,724	4,913	16.5%
Property	22,968	8,957	156.4%	8,104	15,144	-46.5%
Sub-total	180,171	160,954	11.9%	43,177	48,963	-11.8%
Investment holding and others	8,451	9,292	-9.1%	(4,226)	(10,810)	n.m.
	188,622	170,246	10.8%	38,951	38,153	2.1%

The revenue of the core operating divisions grew 11.9% to RM180.2 million while pre-tax profit fell 11.8% in 4Q 2013 as the pre-tax profit in 4Q 2012 included a RM9.9 million fair value gain on investment properties. Excluding this non-recurring item, pre-tax profit grew 10.6% to RM43.2 million.

The Group revenue and pre-tax profit grew 10.8% and 2.1% respectively in 4Q 2013. The pre-tax profit from non-core activities for the corresponding period last year included a loss of RM7.2 million from quoted investments.

Power Division

Revenue in 4Q 2013 remained flat at about RM130 million, after taking into account a positive exchange difference arising from translation of the Shaoxing plant's revenue resulting from the strengthening of Chinese Renminbi against Malaysian Ringgit.

Excluding the impact from the exchange difference, revenue from Shaoxing fell on lower steam prices (as a result of lower coal prices) and lower energy tariff, despite a marginal increase in steam and energy volumes. Starting 25 September 2013, energy tariff in Shaoxing was adjusted down by 2.7% which translated into RM953,000 lower energy sales for Q4 2013.

Revenue from the Tawau plant decreased slightly, due to a marginal decrease in energy sales and lower capacity charges.

Pre-tax profit of the Power Division however rose 1.5% to RM29.3 million, primarily due to a positive exchange difference arising from currency translation of the Shaoxing operations, partially offset by lower margin of the Tawau plant. The Tawau plant's lower margin was primarily due to lower capacity charges and higher plant maintenance costs.

B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Resources and Property Divisions

Revenue from the Resources Division was 28.2% higher in 4Q 2013 at RM27.5 million primarily due to higher sales of lime products. Quicklime sales increased in both local and export markets. Hydrated lime sales increased significantly on higher overseas demand while domestic sales decreased. Pre-tax profit rose 16.5% to RM5.7 million, mainly contributed by the lime products.

Revenue from the Property Division rose 156.4% from both development and investment activities. Development revenue increased more than three-fold to RM21.1 million attributable to higher sales of residential units and successful disposal of a number of completed units. Rental revenue from investment properties also increased on higher occupancy. Pre-tax profit in the corresponding period last year was boosted by a RM9.9 million fair value gain on investment properties. Excluding this gain, pre-tax profit in 4Q 2013 grew 55.2% to RM8.1 million from higher development revenue.

(b) For the financial year ended 31 December 2013

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2013	2012	% Chg	2013	2012	% Chg
Power	462,719	484,647	-4.5%	107,608	98,429	9.3%
Resources	91,071	85,368	6.7%	21,905	19,480	12.4%
Property	41,608	34,124	21.9%	12,270	25,542	-52.0%
Sub-total	595,398	604,139	-1.4%	141,783	143,451	-1.2%
Investment holding and others	33,840	31,165	8.6%	13,111	(14,349)	n.m.
	629,238	635,304	-1.0%	154,894	129,102	20.0%

Group revenue decreased slightly from 2012 to RM629.2 million. However, 2013 pre-tax profit rose 20.0% to RM154.9 million mainly due to higher contribution from the Power and Resources Divisions, a positive exchange difference arising from currency translation of the Shaoxing plants profit and a gain of RM21.6 million from quoted investments (2012 : loss of RM7.4 million), partially offset by an impairment loss of RM7.5 million with respect to the Group's investment in associate

Pre-tax profit in 2012 included RM12.9 million for fair value gain on investment properties. Excluding this item, the pre-tax profit of the Property Division in 2013 was comparable to 2012 at about RM12 million.

B1. Review of performance (Cont'd)

(b) For the financial year ended 31 December 2013 (Cont'd)

Power Division

Power remains the main contributor to the Group in 2013, contributing 77.7% and 75.9% to the Group's core revenue and pre-tax profit respectively.

Power revenue declined 4.5% mainly on lower contribution from the Tawau plant, partially offset by the positive exchange difference arising from currency translation of the Shaoxing plant's revenue. The drop in revenue in the Tawau plant was largely due to lower energy sales (as a result of plant maintenance) and lower medium fuel oil prices. Excluding the impact of the exchange difference, revenue from Shaoxing fell on the reduction in steam prices (as a result of lower coal prices) and energy tariff, despite higher energy and steam volumes.

Pre-tax profit however grew 9.3% to RM107.6 million, mainly due to higher margin from Shaoxing, partially offset by lower margin of the Tawau plant. The margin improvement in the Shaoxing plant was primarily due to improved energy yield from steam. Margin for the Tawau plant was adversely affected by lower capacity charges and higher plant maintenance costs.

Resources and Property Divisions

Revenue from the Resources Division was 6.7% higher at RM91.1 million in 2013, primarily attributable to 11.5% higher sales of lime products (due to higher volume). Pre-tax profit grew 12.4% to RM21.9 million, underpinned mainly by higher contribution margin from lime products.

Revenue from the Property Division at RM41.6 million was 21.9% higher compared to 2012 mainly due to a 26.4% increase in development revenue (as a result of higher recognition of revenue for ongoing activities and new launches). Pre-tax profit (excluding fair value gain) remained constant.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	4Q 2013	3Q 2013	% Chg	4Q 2013	3Q 2013	% Chg
Power	129,676	113,218	14.5%	29,349	28,807	1.9%
Resources	27,527	21,389	28.7%	5,724	6,217	-7.9%
Property	22,968	5,942	286.5%	8,104	180	n.m.
Sub-total	180,171	140,549	28.2%	43,177	35,204	22.6%
Investment holding and others	8,451	8,445	0.1%	(4,226)	6,367	n.m.
	188,622	148,994	26.6%	38,951	41,571	-6.3%

Group pre-tax profit fell 6.3% to RM39.0 million, despite 26.6% revenue growth in 4Q 2013 compared to 3Q 2013. The pre-tax profit from non-core activities for the preceding quarter included a gain of RM3.5 million from quoted investments.

Excluding non-core activities (as reflected in the results of investment holding and others+), revenue of the core operating divisions rose 28.2% to RM180.2 million, while their combined pre-tax profit increased 22.6% to RM43.2 million from higher contribution from the Property Division.

Power Division

Revenue and pre-tax profit were both higher in 4Q 2013 in comparison to the preceding quarter.

Power revenue rose 14.5% with increased sales volume. Higher steam demand from customers resulted in higher sales volume of steam and energy in Shaoxing. These increases were offset by decreases in steam prices and energy tariff. Performance of the Tawau plant improved after plant maintenance.

Pre-tax profit increased at a slower rate in 4Q 2013. The Shaoxing plant's margin decreased primarily due to higher coal prices, while margin for the Tawau plant was affected by higher operation and maintenance costs.

Resources and Property Divisions

Revenue from the Resources Division grew 28.7% quarter-on-quarter to RM27.5 million. The increase was primarily due to higher sales of hydrated lime, raw limestone and bricks. Pre-tax profit however dropped by 7.9% to RM5.7 million, largely due to margin contraction from lime products and an exchange loss from foreign currency deposits as against gain in the preceding quarter.

Revenue from the Property Division rose significantly to RM23.0 million mainly due to higher unit sales in 4Q 2013. The development segment posted a pre-tax profit of RM7.2 million, as opposed to a loss of RM663,000 in the preceding quarter. The loss in 3Q 2013 was due to lower unit sales and higher marketing costs. The pre-tax profit of the investment segment remained stable at RM1.9 million.

B3. Prospects

Barring unforeseen circumstances, the Board expects the results for the next financial year ending 31 December 2014 to be satisfactory.

B4. Profit forecast

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

B5. Income tax expense

	Current quarter ended 31.12.2013 RM'000	Year Ended 31.12.2013 RM'000
Current tax expense		
Malaysian	9,970	18,551
Overseas	9,002	29,158
	<u>18,972</u>	<u>47,709</u>

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2013 was higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% for dividends repatriated from China, a deferred tax liability relating to cumulative fair value adjustment on investment properties and higher non-deductible expenses, after setting off the impact from gain from disposal of quoted shares, which is non-taxable.

B6. Status of corporate proposal

There were no corporate proposals announced but not completed at 20 February 2014, 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 2013:

RM'000

Long-term borrowings

Secured denominated in:

Ringgit Malaysia 6,776

Short-term borrowings

Secured denominated in:

Ringgit Malaysia 38,139

Unsecured denominated in:

Ringgit Malaysia 16,042

Chinese Renminbi (RMB20,000,000) 10,822

65,003

71,779

The Group has no debt securities as at 31 December 2013.

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 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 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.

On 11 February 2014, the parties agreed by mutual consent to suspend the arbitration so as to facilitate negotiation for an amicable settlement of the dispute.

Other than as disclosed above, the Group has no material litigation which would materially and adversely affect its financial position as at 20 February 2014, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividend

- (a) The final tax-exempt dividend of 4.1 sen per share for the financial year ended 31 December 2012 was approved by the shareholders at the Annual General Meeting held on 21 May 2013 and paid on 16 July 2013 to entitled shareholders.
- (b) An interim tax-exempt dividend of 3.0 sen per share in respect of the financial year ending 31 December 2013 (31 December 2012 : interim tax-exempt dividend of 3.0 sen) was declared on 28 August 2013 and paid on 11 October 2013.
- (c) The Board proposes a final tax-exempt dividend of 4.5 sen per share for the financial year ended 31 December 2013 (2011 : 4.1 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:-

	Current quarter ended 31.12.2013 RM'000	Year ended 31.12.2013 RM'000
After crediting:-		
Interest income	714	1,998
Dividend income	33	479
Fair value adjustment on investment properties	-	-
Gain on disposal of property, plant and equipment	1	179
Gain on disposal of quoted shares	9,106	22,084
Gain on foreign exchange:		
- realised	365	567
- unrealised	5	2,191
Gain on derivatives	-	-
After debiting:-		
Amortisation	(338)	(982)
Depreciation of property, plant and equipment	(8,351)	(30,655)
Impairment of investment in quoted shares	(1,046)	(1,046)
Impairment of investment in unquoted shares	(1,875)	(1,875)
Impairment of investment in associate	(7,500)	(7,500)
Interest expense	(689)	(2,537)
Loss on disposal of property, plant and equipment	(153)	(154)
Loss on disposal of quoted shares	-	-
Loss on foreign exchange:		
- realised	-	(54)
- unrealised	(163)	(61)
Provision for and write-off of receivables	-	(210)
Provision for and write-off of inventories	(70)	(304)
Loss on derivatives	-	-
After other comprehensive income:-		
Foreign currency translation gain for foreign operations	2,879	22,001
Net fair value gain in available-for-sale financial assets	<u>(8,394)</u>	<u>(2,880)</u>

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B11. Earnings per share

	Quarter ended		Year ended	
	31 December		31 December	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to owners of the Company	12,132	12,957	74,050	57,927
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	242,395	242,205	242,395	242,205
Effect of new ordinary shares issued	49	72	49	72
Effect of treasury shares held	(19,686)	(17,866)	(19,686)	(17,866)
	<u>222,758</u>	<u>224,411</u>	<u>222,758</u>	<u>224,411</u>
Basic earnings per share (sen)	<u>5.45</u>	<u>5.77</u>	<u>33.24</u>	<u>25.81</u>
Diluted earnings per share				
Profit attributable to owners of the Company	12,132	12,957	74,050	57,927
Weighted average number of ordinary shares in issue ('000)	222,758	224,411	222,758	224,411
Weighted average number of shares under option ('000)	2,730	3,210	2,730	3,210
Weighted average number of shares that would have been issued at average market price ('000)	(2,117)	(2,961)	(2,360)	(2,873)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (≠000)	<u>223,371</u>	<u>224,660</u>	<u>223,128</u>	<u>224,748</u>
Diluted earnings per share (sen)	<u>5.43</u>	<u>5.77</u>	<u>33.19</u>	<u>25.77</u>

(a) The basic earnings per share is calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

(b) The diluted earnings per share is calculated by dividing the Group's profit 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

	At 31.12.2013 RM'000	At 31.12.2012 RM'000
Total retained profits:		
- realised	242,287	141,248
- unrealised	47,379	60,521
	<hr/> 289,666	<hr/> 201,769
Total share of retained profits from associated company:		
- realised	683	381
- unrealised	1,004	518
	<hr/> 291,353	<hr/> 202,668
Consolidation adjustments	86,763	117,370
	<hr/> 378,116	<hr/> 320,038
Total Group retained profits	<hr/> <hr/> 378,116	<hr/> <hr/> 320,038

B13. Comparative figures

The following comparative figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Financial Position (Extract):		
Non-Current Assets		
Project development expenditure	34,796	-
Current Assets		
Trade and other receivables	107,670	142,466
Consolidated Statement of Cash Flows (Extract):		
Cash flows from operating activities		
Net change in current assets	23,161	12,306
Cash flows for investing activities		
Increase in project development expenditure	(10,855)	-

B14. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 27 February 2014.