

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

**Interim Financial Report
31 December 2015**

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 2015

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 4th Quarter 31.12.2015 RM'000	Preceding Year Corresponding 4th Quarter 31.12.2014 RM'000	Current Year To Date 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Revenue	A8	159,196	160,279	588,686	672,465
Cost of sales		(114,422)	(109,302)	(433,486)	(483,954)
Gross profit		44,774	50,977	155,200	188,511
Other income/(expenses), net		4,150	(1,448)	38,285	4,645
Operating expenses		(12,760)	(9,985)	(40,536)	(35,349)
Profit from operations		36,164	39,544	152,949	157,807
Finance costs		(1,579)	(1,170)	(5,425)	(3,981)
Share of loss in associate, net of tax		-	(645)	-	(806)
Profit before tax	A8	34,585	37,729	147,524	153,020
Income tax expense		(12,515)	(14,355)	(39,870)	(45,724)
Profit after tax for the period		22,070	23,374	107,654	107,296
Other comprehensive (expenses)/ income		(8,244)	15,329	29,610	9,639
Total comprehensive income for the period	B10	13,826	38,703	137,264	116,935
Profit after tax attributable to:					
Owners of the Company		11,461	14,270	74,264	69,899
Non-controlling interests		10,609	9,104	33,390	37,397
		22,070	23,374	107,654	107,296
Total comprehensive income attributable to:					
Owners of the Company		8,060	25,722	91,034	76,626
Non-controlling interests		5,766	12,981	46,230	40,309
		13,826	38,703	137,264	116,935
EPS - Basic (sen)	B11	5.15	6.41	33.34	31.39
EPS - Diluted (sen)	B11	5.10	6.39	33.13	31.32

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
(Co. No. 6682-V)

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 December 2015

	Unaudited As At 31.12.2015 RM'000	Audited As At 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	333,500	311,540
Associate	-	27,628
Investment in quoted shares	41,512	37,329
Investment in unquoted shares	335	335
Land use rights	6,667	6,198
Investment properties	140,740	128,433
Land held for property development	51,215	50,287
Project development expenditure	221,726	72,459
Deferred tax asset	3,068	448
Goodwill on consolidation	10,812	10,812
Long-term prepayment	540	711
	810,115	646,180
Current Assets		
Inventories	67,575	69,678
Property development	6,370	15,060
Receivables	123,565	113,637
Bank balances and deposits	197,528	235,473
	395,038	433,848
TOTAL ASSETS	1,205,153	1,080,028
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	243,345	243,002
Treasury shares	(30,046)	(30,025)
Reserves	600,818	525,971
	814,117	738,948
Non-Controlling Interests	156,516	146,669
Total Equity	970,633	885,617
Non-Current Liabilities		
Payables	1,678	812
Long-term borrowings	35,831	21,395
Deferred taxation	19,296	21,035
	56,805	43,242
Current Liabilities		
Payables	63,560	66,495
Short-term borrowings	103,628	71,379
Taxation	10,527	13,295
	177,715	151,169
Total Liabilities	234,520	194,411
TOTAL EQUITY AND LIABILITIES	1,205,153	1,080,028
Net Assets Per Ordinary Share (RM)	3.65	3.32

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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 2015**

	← Non-Distributable → Distributable										
	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	Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity 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 financial year	-	-	-	-	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	-	-	-	46	-	-	-	-	-	(37,225)	(37,225)
Share option to directors	-	-	-	(18)	-	-	-	18	46	-	46
Share options lapsed	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(1,356)	-	-	-	-	-	-	(1,356)	-	(1,356)
Issuance of ordinary shares pursuant to ESOS	547	-	435	(161)	-	-	-	-	821	-	821
Increase in equity interest in a subsidiary	547	(1,356)	435	(133)	-	-	-	(16,684)	(17,191)	(37,225)	(54,416)
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	547	(1,356)	435	(133)	-	-	-	(16,684)	(17,191)	(37,225)	(54,416)
Realisation of capital reserves	-	-	-	-	-	-	-	-	-	350	350
	-	-	-	-	-	-	131	(189)	(58)	(37)	(95)
Balance at 31.12.2014	<u>243,002</u>	<u>(30,025)</u>	<u>33,940</u>	<u>599</u>	<u>36,635</u>	<u>8,447</u>	<u>15,208</u>	<u>431,142</u>	<u>738,948</u>	<u>146,669</u>	<u>885,617</u>

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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 2015**

	← Non-Distributable					→ Distributable			Total Equity RM'000		
	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		Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000
Balance at 1.1.2015	243,002	(30,025)	33,940	599	36,635	8,447	15,208	431,142	738,948	146,669	885,617
Total comprehensive income for the financial year	-	-	-	-	20,121	(3,351)	-	74,264	91,034	46,230	137,264
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(17,828)	(17,828)	-	(17,828)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(39,197)	(39,197)
Share options granted	-	-	-	1,537	-	-	-	-	1,537	-	1,537
Share options lapsed	-	-	-	(180)	-	-	-	-	(180)	-	(180)
Purchase of treasury shares	-	(21)	-	-	-	-	-	-	(21)	-	(21)
Issuance of ordinary shares pursuant to ESOS	343	-	239	(61)	-	-	-	-	521	-	521
Total transactions with owners of the Company	343	(21)	239	1,296	-	-	-	(17,828)	(15,971)	(39,197)	(55,168)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	205	205
Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-	2,540	2,540
Realisation of capital reserves	-	-	-	-	-	-	275	(169)	106	69	175
Balance at 31.12.2015	<u>243,345</u>	<u>(30,046)</u>	<u>34,179</u>	<u>1,895</u>	<u>56,756</u>	<u>5,096</u>	<u>15,483</u>	<u>487,409</u>	<u>814,117</u>	<u>156,516</u>	<u>970,633</u>

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

Unaudited Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2015

	Current Year To Date 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Cash flows from operating activities		
Profit before tax	147,524	153,020
Adjustments for non-cash flow - Non-cash items	35,961	21,446
- Non-operating items	(1,312)	15,789
Operating profit before changes in working capital	182,173	190,255
Changes in working capital - Net change in current assets	(1,093)	9,029
- Net change in current liabilities	(3,146)	113
Cash from operations	177,934	199,397
Income tax paid	(46,828)	(42,762)
Retirement benefits paid	(64)	(200)
Net cash from operating activities	131,042	156,435
Cash flows for investing activities		
Interest received	5,908	3,346
Dividend received	320	1,177
Increase in:		
- Land held for property development	(928)	(245)
- Investment properties	(8,045)	-
- Project development expenditure	(151,350)	(19,800)
Proceeds from disposal of property, plant and equipment	1,334	911
Purchase of property, plant and equipment	(47,484)	(58,910)
Purchase of land use right	(610)	-
Proceeds from disposal of quoted shares	10,862	57,812
Purchase of quoted shares	-	(29,905)
Net cash inflow from acquisition of subsidiaries	205	350
Net cash outflow from deconsolidation of subsidiaries	-	(247)
Proceeds from disposal of interest in associate	3,792	-
Acquisition of additional equity interest in associate	-	(419)
Government subsidy received on purchase of plant and equipment	9,664	-
Net cash for investing activities	(176,332)	(45,930)

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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 2015

	Current Year To Date 31.12.2015 RM'000	Preceding Year Corresponding Period 31.12.2014 RM'000
Cash flows for financing activities		
Interest paid	(4,884)	(3,511)
Dividends paid to shareholders of the Company	(17,828)	(16,702)
Dividends paid to subsidiaries' non-controlling interests	(39,197)	(37,225)
Net drawdown of:		
- Revolving credits and trust receipts	42,396	6,241
- Hire purchase payables	1,117	37
- Term loans	4,289	15,796
Proceeds from issuance of shares pursuant to ESOS	521	821
Purchase of treasury shares	(21)	(1,356)
Placement of fixed deposits pledged to licensed banks	(21,480)	(3,840)
Net cash for financing activities	(35,087)	(39,739)
Effect of foreign exchange translation	20,952	5,274
Net (decrease)/increase in cash and cash equivalents	(59,425)	76,040
Cash and cash equivalents at beginning of the period	231,295	155,255
Cash and cash equivalents at end of the period	171,870	231,295

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

Bank balances and deposits	197,528	235,473
Deposits pledged to licensed banks	(25,658)	(4,178)
	171,870	231,295

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 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 2014.

- (a) During the financial year ended 31 December 2015, 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
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 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 2015:

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
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) Defer until) further notice
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016

- (c) MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), that are to be applied by all entities other than private entities; with the exception of entities that are within the scope of MFRS 141 (Agriculture) and/or IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called “transitioning entities”).

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Group is currently assessing the possible financial impact that may arise from the adoption of MFRSs and the process is still ongoing.

A1. Basis of preparation (Cont'd)

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 2014.

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2014 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 1.1.2015	243,002	(20,489)	243,002	(30,025)
Issue of shares pursuant to ESOS	343	-	343	-
Purchase of treasury shares	-	(8)	-	(21)
At 31.12.2015	<u>243,345</u>	<u>(20,497)</u>	<u>243,345</u>	<u>(30,046)</u>

A6. Debt and equity securities (Cont'd)

During the financial year ended 31 December 2015, the Company:-

- (a) Issued 343,000 new ordinary shares of RM1.00 each for cash at the price of RM1.52 per share, arising from the exercise of options under the Company's Employees' Share Option Scheme ("ESOS").

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

- (b) Purchased 8,700 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM2.33 per share. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 243,345,000 (31.12.2014 : 243,002,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2015, 20,497,200 (31.12.2014 : 20,488,500) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up as at 31 December 2015 was therefore 222,847,800 (31.12.2014 : 222,513,500).

- (c) Granted 12,600,000 options over new shares ("Options") to the eligible Directors and employees of the Group under the Company's ESOS. The first 50% of the Options are exercisable on 30 June 2018, and the remaining 50% of the Options are exercisable on 1 July 2019. The ESOS expires on 31 July 2020.

The movement in the number of share options granted, exercised and lapsed during the financial year is as follows:

Options over ordinary shares of RM1 each					
Exercise Price RM	Balance as at 1.1.2015 '000	Granted '000	Exercised '000	Lapsed '000	Balance as at 31.12.2015 '000
1.50	1,580	-	-	-	1,580
1.52	543	-	(343)	-	200
2.25	-	12,600	-	(275)	12,325

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

Dividend paid in the current quarter and the financial year ended 31 December 2015 is disclosed in Note B9.

A8. Segment information for the financial year ended 31 December 2015

GROUP 2015	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	435,231	94,692	26,356	32,407	-	588,686
Inter-segment revenue	-	-	-	124,488	(124,488)	-
Consolidated revenue	435,231	94,692	26,356	156,895	(124,488)	588,686
Results						
Profit from operations	136,908	16,894	3,879	118,814	(123,546)	152,949
Finance costs						(5,425)
Share of loss in associate						-
Profit before tax						147,524
Income tax expense						(39,870)
Profit after tax						107,654
Total assets						
At 31.12.2015	351,507	251,809	300,280	624,161	(322,604)	1,205,153

A8. Segment information for the financial year ended 31 December 2015 (Cont'd)

GROUP 2014	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
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
Results						
Profit from operations	121,014	22,568	28,576	24,326	(38,677)	157,807
Finance costs						(3,981)
Share of loss in associate						(806)
Profit before tax						153,020
Income tax expense						(45,724)
Profit after tax						107,296
Total assets						
At 31.12.2014	393,919	223,458	319,440	369,365	(226,154)	1,080,028

A9. Valuation of property, plant and equipment

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

A10. Significant events during the reporting period

- (a) On 1 October 2015, Don Sahong Power Company Ltd (“DSPC”), a 80% owned indirect subsidiary of the Company entered into a Power Purchase Agreement (“PPA”) with Electricité Du Laos (“EDL”) for the sale by DSPC and the purchase by EDL of all electricity generated by a hydropower project on a take-or-pay basis. This project is commonly referred to as the Don Sahong Hydropower Project to be located in the Hou Sahong Channel of the Mekong River, in Khong District, Champasak Province, Lao PDR (“the Project”).

The Project, which is a 260MW run-of-river hydropower project capable of generating about 2,000 GWh of electricity per year, is expected to commence commercial operation in early 2020. The concession period shall end on the date occurring 25 years after the commercial operation date. The total project cost is estimated to be approximately US\$500 million.

The PPA shall be for a period of 25 years from the commercial operation date of the Project. DSPC shall construct a 230kV transmission line from the Project’s switchyard to interconnect with the existing EDL Grid System.

- (b) On 15 October 2015, DSPC entered into an Engineering, Procurement, Construction and Commissioning Contract (“EPC Contract”) with Sinohydro Corporation Ltd for the development, construction and commissioning of the Project over a period of 50 months for the contract sum of approximately USD320 million.
- (c) On 26 November 2015, the Company announced the proposal to undertake a corporate exercise involving:
- (i) proposed renounceable rights issue of new ordinary shares of RM1.00 each in the Company (“MFCB Shares”) together with free detachable warrants (“Warrants”) to raise gross proceeds of up to RM250.0 million (“Proposed Rights Issue with Warrants”); and
 - (ii) proposed exemptions to Goh Nan Kioh (“GNK”) and persons acting in concert with him (“PACs”) from the obligation to undertake a mandatory take-over offer for all MFCB Shares and Warrants not held by GNK and his PACs under Paragraphs 16.1(b) and 16.1(c) of the Practice Note 9 of the Malaysian Code on Take-Over and Mergers, 2010 (“Proposed Exemptions”),

(collectively, the “Proposals”).

Further details on the Proposals are set out in Note B6.

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

The significant events occurring after the end of the period reported up to 18 February 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements, are disclosed in Note B6.

A12. Changes in composition of the Group

- (a) On 16 February 2015, Jadi Imaging Holdings Berhad ("Jadi") ceased to be an associate of the Group following the open market disposal of Jadi shares, which resulted in the Group's equity interest in Jadi falling below 20%. Consequently, the Group's remaining investment in Jadi will henceforth be reclassified as "investment in quoted shares" under non-current assets.
- (b) On 13 May 2015, the following subsidiaries were dissolved upon expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia:
 - (i) Mega First Corporate Services Sdn Bhd.
 - (ii) Mega First Development Sdn Bhd.
 - (iii) Mega First Properties Sdn Bhd.
 - (iv) Mega First Ventures Sdn Bhd.
 - (v) Empayar Permai Sdn Bhd.
 - (vi) MFCB Marketing Sdn Bhd.
 - (vii) Hexachase Labels (Kuala Lumpur) Sdn Bhd.
 - (viii) Hexachase Paper Products Sdn Bhd.
- (c) On 2 June 2015, Highland Resources Sdn. Bhd. was dissolved upon expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia.
- (d) On 19 June 2015, Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI") subscribed for 210,000 new ordinary shares of RM1.00 each representing 51.22% equity interest in the enlarged issued and paid-up share capital of Melewar Jutamas Sdn. Bhd. ("MJSB") for the cash consideration of RM12,690,000.00. MJSB is the registered owner of a piece of land measuring approximately 34.398 hectares held under H.S. (D) 13091, PT 9796 in Mukim Teja, District of Kampar, State of Perak with a leasehold period expiring on 6 May 2073.

Concurrent with the execution of this subscription, RCI has entered into a Call and Put Option Agreement ("Option Agreement") for RCI to acquire from the remaining shareholders ("Call Option") or for the remaining shareholders to require RCI to acquire ("Put Option") the remaining 48.78% equity interest in the enlarged issued and paid-up share capital of MJSB at the price of RM63.45 per share or an aggregate cash consideration of RM12,690,000.00 at any time during the Call Option Period (which is the period within 21 days after 1 June 2018) or during the Put Option Period (which is the period within 21 days after the Call Option Period), respectively.

A12. Changes in composition of the Group (Cont'd)

- (e) On 6 July 2015, Mega First Investments (L) Limited ("MFIL") was incorporated and registered under the Labuan Companies Act, 1990 of Malaysia. MFIL has a paid-up capital of USD10,000 comprising 10,000 shares and is wholly-owned by the Company. MFIL is principally involved in investment related activities.
- (f) On 7 July 2015, DSPC was incorporated as a limited company upon issuance of the Investment Certificate under the laws of the Lao People's Democratic Republic ("Lao PDR"). DSPC has an initial registered and paid-up capital of USD3,000,000 and the eventual registered and paid-up capital is currently estimated at USD53,790,000. DSPC is 79%, 1% and 20% owned by Ground Roses Limited ("GRL"), Silver Acreage Limited ("SAL") and EDL respectively. GRL and SAL are wholly-owned subsidiaries of the Company.
- (g) On 28 December 2015, Bloxwich International Sdn Bhd which is a wholly-owned subsidiary of the Company, disposed of 10,000 fully paid ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Bloxwich Lighting Sdn Bhd ("Bloxwich Lighting") for a total cash consideration of RM1,500.00. The disposal is in line with the Group's internal rationalisation initiative.

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 2015.

A13. Changes in contingent liabilities and assets

(a) Contingent liabilities

The Group's contingent liabilities as at 31 December 2015 are as follows:

- (i) The sum of RM601,000 in relation to the disputed interest on assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah.
- (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 have yet to be proven in 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 18 February 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A13. Changes in contingent liabilities and assets (Cont'd)

(b) Contingent asset

The Group has no contingent asset as at 18 February 2016, 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 December 2015, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	8,046
Not contracted	5,233
	<hr/>
	13,279
Project development expenditure	
Authorised but not provided for:	
Contracted	1,034,748
	<hr/>
	<u>1,048,027</u>

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and financial year ended 31 December 2015.

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 2015	4Q 2014	% Chg	4Q 2015	4Q 2014	% Chg
Power	116,806	122,843	-4.9%	38,007	36,157	5.1%
Resources	26,213	24,032	9.1%	1,721	5,099	-66.2%
Property	6,691	4,962	34.8%	1,254	13,223	-90.5%
Sub-total	149,710	151,837	-1.4%	40,982	54,479	-24.8%
Investment holding and others	9,486	8,442	12.4%	(6,397)	(16,750)	n.m.
	159,196	160,279	-0.7%	34,585	37,729	-8.3%

Group revenue year-on-year decreased 0.7% to RM159.2 million. However, pre-tax profit fell 8.3% to RM34.6 million on weaker performances by the Resources and Property divisions, cushioned partially by lower loss from quoted investments (included under "investment holding and others") (4Q 2015: RM5.6 million; 4Q 2014: RM15.5 million).

Power Division

The Power Division's revenue declined 4.9% to RM116.8 million, mainly due to lower sales in both China and Tawau operations, partially offset by a positive foreign currency translation impact on revenue from China. The China plant experienced lower demand for steam with the slowdown in industrial activities. Sales volume of steam and energy declined 8% and 6% respectively. The lower coal prices and downward tariff adjustments compounded the lower revenue. The revenue decline at the Tawau plant was due to shorter operating hours (-13.1%) and lower fuel oil prices (-34.5%).

Despite the lower revenue, pre-tax profit rose 5.1% to RM38 million mainly due to recovery of short-billings from previous years.

B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Resources and Property Divisions

Resources revenue for the current quarter was RM26.2 million, an increase of 9.1% from the previous corresponding period mainly due to higher sales volume of lime products, calcium carbonate powder and limestone, offset by lower brick sales. Sales volume of lime products increased 2.6% mainly due to higher local consumption. Export sales of lime products were negatively impacted by slower offtake by several key customers. Brick sales were sluggish on weak demand from the housing development sector.

Pre-tax profit was 66.2% lower at RM1.7 million, mainly due to margins erosions in lime products attributable to higher costs for raw materials, interest on borrowings for capacity expansion and staff rationalisation as well as the impact from the depreciation of US Dollar against Ringgit in 4Q 2015.

The Property Division recorded a pre-tax profit of RM1.3 million with revenue at RM6.7 million. There was a significant drop in pre-tax profit for the current quarter year-on-year. The pre-tax profit in the previous corresponding period included a RM7.1 million fair value gain on investment properties and the completion of a residential project in Salak Tinggi. The results from investment properties remained fairly constant year-on-year.

(b) For the financial year ended 31 December 2015

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2015	2014	% Chg	2015	2014	% Chg
Power	435,231	481,544	-9.6%	136,871	120,848	13.3%
Resources	94,692	107,864	-12.2%	15,837	22,250	-28.8%
Property	26,356	50,672	-48.0%	7,428	28,378	-73.8%
Sub-total	556,279	640,080	-13.1%	160,136	171,476	-6.6%
Investment holding and others	32,407	32,385	0.1%	(12,612)	(18,456)	n.m.
	588,686	672,465	-12.5%	147,524	153,020	-3.6%

Group pre-tax profit declined 3.6% to RM147.5 million. The decline was mainly attributable to weaker performances from the Resources and Property divisions and a RM2.3 million loss from the de-recognition of an associate company, partially offset by lower loss from quoted investments (2015: RM2.8 million; 2014: RM13.4 million).

B1. Review of performance (Cont'd)

(b) For the financial year ended 31 December 2015 (Cont'd)

Power Division

Power pre-tax profit rose 13.3% to RM136.9 million. Despite a 16.9% appreciation in Renminbi against Ringgit, revenue fell 9.6% to RM435.2 million, impacted by slower demand and lower unit prices. In China, steam sales volume fell 7.8% due to a slowdown in industrial activities, while the steam price and energy tariff registered a 11.2% and 3% reduction respectively as a result of lower coal prices (-9.6%) and downward tariff adjustments. In Tawau, revenue slipped significantly due to shorter operating hours (-8.4%) and the oil price slump (-33.8%).

Despite lower revenue, Power pre-tax profit was propped up by foreign exchange gains from Renminbi fixed deposits and the translation gain from the results of the China operations. Excluding the impact of the favorable foreign exchange gains, pre-tax profit declined by 6.1% to RM113.5 million as compared to the previous financial year.

Resources and Property Divisions

Resources revenue dropped 12.2% to RM94.7 million. Other than limestones, the other products registered varying rates of contraction in revenue. Lime products recorded a 11.1% decline in revenue to RM72.1 million mainly due to lower demand from export markets (-33%), whereas domestic sales volume increased 3.6%. Hence, Resources pre-tax profit declined 28.8% to RM15.8 million on higher costs (due to shutdowns for scheduled major maintenance, and higher operating expenses and borrowing costs arising from the lime products segment's capacity expansion), which were partially offset by a foreign exchange gain from US Dollar sale proceeds.

Property revenue declined 48% to RM26.4 million mainly due to a 57% decrease in development revenue resulting from lower sale of completed properties and completion of a residential project in Salak Tinggi. There was no new property launch in 2015. Consequently, pre-tax profit dropped 73.8% to RM7.4 million from RM28.4 million in 2014, which included a fair value gain on investment properties of RM7.1 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	4Q 2015	3Q 2015	% Chg	4Q 2015	3Q 2015	% Chg
Power	116,806	111,634	4.6%	38,007	39,696	-4.3%
Resources	26,213	23,759	10.3%	1,721	6,414	-73.2%
Property	6,691	3,139	113.2%	1,254	831	50.9%
Sub-total	149,710	138,532	8.1%	40,982	46,941	-12.7%
Investment holding and others	9,486	7,234	31.1%	(6,397)	(1,799)	n.m.
	159,196	145,766	9.2%	34,585	45,142	-23.4%

Compared to the preceding quarter, Group revenue increased by 9.2% to RM159.2 million, while pre-tax profit fell 23.4% to RM34.6 million. The Group's core pre-tax profit fell 12.7% to RM41 million mainly due to the impact of the weaker Renminbi and US Dollar against Ringgit in the current quarter, despite improved operating performance by the three core divisions.

Power Division

Compared to the preceding quarter, Power revenue rose 4.6% to RM116.8 million on higher contribution from the China operations. The China plant achieved higher sales volume, offset by lower steam price (as a result of lower coal prices). Steam sales volume increased due to accelerating demand and higher industrial activities after the summer months in China, which in turn generated higher energy sales volume. On the other hand, the Tawau plant's revenue fell on shorter operating hours (-8.2%) and lower fuel oil prices (-11.6%).

Power pre-tax profit however fell 4.3% to RM38 million mainly as a result of lower foreign exchange gains from Renminbi fixed deposits, partially offset by recovery of short-billings from previous years.

Resources and Property Divisions

Resources revenue rose 10.3% to RM26.2 million on higher sales of lime products and calcium carbonate powder but partially offset by lower sales of limestone and bricks. Sales volume of lime products increased 17.4% from both domestic and export markets, while the average selling price remained fairly stable. Despite the revenue increase, Resources' results were hit by foreign exchange losses, as opposed to a significant gain in the preceding quarter, as well as restructuring costs. These factors resulted in Resources delivering a lower pre-tax profit of RM1.7 million.

Property revenue jumped two-fold to RM6.7 million in the current quarter, mainly due to higher property sales and progress billing of the development projects. This resulted in Property delivering a pre-tax profit of RM1.3 million.

B3. Prospects

In light of the current global economic headwind and the slowing Chinese economy, sales of steam and power of the Group's China operations will be affected in the short term. However, the resources division is expected to grow as a result of the recently commissioned lime kiln which has boosted capacity by 50%. The contribution from the property division is expected to remain steady as most of the earnings are derived from investment properties.

The Group's investment in the Don Sahong Hydropower Project is part of its strategy to grow the power business and recurring income and will be the key source of long-term growth for the Group. The construction of the Don Sahong Hydropower Project had commenced on 15 October 2015, with an estimated construction period of approximately four (4) to four and a half (4.5) years and the commercial operation date is scheduled to be in early 2020.

Under IC Interpretation 12 (Service Concession Arrangements) and FRS 111 (Construction Contracts), the Group is expected to recognise construction profits from the Don Sahong Hydropower Project during the construction period, which is expected to be material to the Group's earnings.

Barring any unforeseen circumstances, the Group expects earnings enhancement in 2016.

B4. Profit forecast

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

B5. Income tax expense

	Current quarter ended 31.12.2015 RM'000	Year ended 31.12.2015 RM'000
Current tax expense:		
- Malaysian	3,467	10,623
- Overseas	9,048	29,247
	12,515	39,870

The effective tax rate of the Group for the current quarter was higher than the Malaysian statutory tax rate of 25% mainly due to withholding tax of 10% for dividends repatriated from China and losses from disposals, impairment charges and write-offs, which are not tax deductible, after setting off foreign exchange translation gains, which are non-taxable.

The effective tax rate of the Group for the financial year ended 31 December 2015 was higher than 25% mainly due to the impact from withholding tax of 10% for dividends repatriated from China, additional income tax relating to the disposal of a land between subsidiaries, impairment charges and write-offs, which are not tax deductible, after setting off foreign exchange translation gains, which are non-taxable.

B6. Status of corporate proposal

- (a) On 26 November 2015, on behalf of the Board of Directors, the Joint Principal Advisers announced that the Company proposed to undertake the Proposals as disclosed in Note A10(c).
- (b) On 10 December 2015, on behalf of the Board of Directors, the Joint Principal Advisers announced that an application was submitted to Bursa Securities in relation to the Proposals for the following:
 - (i) listing of and quotation for the new MFCB Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
 - (ii) admission to the Official List and the listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and
 - (iii) listing of and quotation for the new MFCB Shares to be issued pursuant to the exercise of the Warrants,

on the Main Market of Bursa Securities.

(collectively, the "Applications").

B6. Status of corporate proposal (Cont'd)

- (c) On 18 December 2015, on behalf of the Board of Directors, the Joint Principal Advisers announced that Bursa Securities had, vide its letter dated 18 December 2015, approved the Applications. The approval granted by Bursa Securities is subject to the following conditions:
- (i) the Company and the Joint Principal Advisers must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue with Warrants;
 - (ii) the Company and the Joint Principal Advisers to inform Bursa Securities upon the completion of the Proposed Rights Issue with Warrants;
 - (iii) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue with Warrants is completed; and
 - (iv) the Company to furnish Bursa Securities on a quarterly basis a summary of the total number of new MFCB Shares listed pursuant to the exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable.
- (d) On 20 January 2016, the Company issued a circular to shareholders in relation to the Proposals, independent advice letter from Kenanga Investment Bank Berhad to the non-interested shareholders of the Company in relation to the Proposed Exemptions and Notice of Extraordinary General Meeting ("EGM").
- (e) On 4 February 2016, on behalf of the Board of Directors, the Joint Principal Advisers announced that the following has been approved:
- (i) Ordinary Resolution 1 by the shareholders of the Company by show of hands; and
 - (ii) Ordinary Resolution 2 by the non-interested shareholders of the Company by way of a poll,

as set out in the Notice of EGM at the Company's EGM held on 4 February 2016.

Subsequent to the conclusion of the Company's EGM, an application was submitted by the Joint Principal Advisers on behalf of GNK to the Securities Commission Malaysia to seek its approval for the Proposed Exemptions under Paragraphs 16.1(b) and 16.1(c) of the Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("the Proposed Exemptions Application")

B6. Status of corporate proposal (Cont'd)

- (f) On 5 February 2016, on behalf of the Board of Directors, the Joint Principal Advisers announced that the Securities Commission Malaysia had, via its letter dated 5 February 2016, approved the Proposed Exemptions Application.
- (g) On 17 February 2016, on behalf of the Board of Directors, the Joint Principal Advisers announced that:
- (i) the Issue Price has been fixed at RM1.59 or USD0.38 per Rights Share at an entitlement basis of seven (7) Rights Shares for every ten (10) MFCB Shares held by the Entitled Shareholders on the Entitlement Date;
 - (ii) the entitlement basis for the Warrants has been fixed at three (3) Warrants for every seven (7) Rights Shares subscribed for; and
 - (iii) the exercise price of the Warrants has been fixed at RM2.22 for each Warrant.

Other than as disclosed above, there was no corporate proposal announced but not completed at 18 February 2016, 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 2015:

	RM'000
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	35,831
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	88,628
<i>Unsecured denominated in:</i>	
Ringgit Malaysia	15,000
	<u>103,628</u>
	<u>139,459</u>

The Group has no debt securities as at 31 December 2015.

B8. Material litigation

As disclosed in Note 47 to the last audited financial statements, Serudong Power Sdn Bhd ("SPSB"), a 51% owned subsidiary of Mega First Power Industries Sdn Bhd, which is 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 ("SESB"). The arbitration is ongoing and the hearing dates have been fixed for April 2016.

Other than as disclosed above, there was no material litigation at 18 February 2016, 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 5.0 sen per ordinary share for the financial year ended 31 December 2014 was paid on 9 July 2015.
- (b) An interim tax-exempt dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2015 (31 December 2014: interim tax-exempt dividend of 3.0 sen) was paid on 9 October 2015.
- (c) The Board of Directors proposes a final tax-exempt dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2015 (2014 : 5.0 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 31.12.2015 RM'000	Year ended 31.12.2015 RM'000
After crediting:		
Interest income	1,521	5,908
Dividend income	10	320
Gain on disposal of a subsidiary	6	6
Gain on disposal of property, plant and equipment	14	286
Gain/(Loss) on foreign exchange, net:		
- realised	17,491	18,300
- unrealised	(14,850)	14,244
After debiting:		
Allowance for impairment losses on:		
- receivables	(101)	(101)
- quoted investments	(5,357)	(5,357)
Amortisation of land use rights	(60)	(222)
Depreciation of property, plant and equipment	(9,772)	(36,602)
Impairment loss on project development expenditure	-	(2,083)
Interest expense	(1,406)	(4,884)
Loss on derecognition of associate	-	(2,256)
Loss on disposal of quoted shares	-	(324)
Provision for and write-off of inventories	(202)	(382)
Write-off of property, plant and equipment	(130)	(362)
Write-off of goodwill on incorporation of a subsidiary	(1,279)	(1,279)
After other comprehensive income/(expenses):		
Foreign currency translation difference for foreign operations	(14,486)	34,254
Reversal of share of associate's foreign currency translation	-	(1,293)
Fair value changes of available-for-sale financial assets	6,242	(3,351)
	<u> </u>	<u> </u>

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

B11. Earnings per share

	Quarter ended 31 December		Year ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Basic earnings per share				
Profit after tax attributable to owners of the Company	11,461	14,270	74,264	69,899
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	243,002	242,455	243,002	242,455
Effect of new ordinary shares issued	226	257	226	257
Effect of treasury shares held	(20,494)	(20,038)	(20,494)	(20,038)
	<u>222,734</u>	<u>222,674</u>	<u>222,734</u>	<u>222,674</u>
Basic earnings per share (sen)	<u>5.15</u>	<u>6.41</u>	<u>33.34</u>	<u>31.39</u>
Diluted earnings per share				
Profit after tax attributable to owners of the Company	11,461	14,270	74,264	69,899
Weighted average number of ordinary shares ('000)	222,734	222,674	222,734	222,674
Weighted average number of shares under option ('000)	14,105	2,123	14,105	2,123
Weighted average number of shares that would have been issued at average market price ('000)	(12,176)	(1,454)	(12,661)	(1,638)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>224,663</u>	<u>223,343</u>	<u>224,178</u>	<u>223,159</u>
Diluted earnings per share (sen)	<u>5.10</u>	<u>6.39</u>	<u>33.13</u>	<u>31.32</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 2015 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.

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

B12. Retained profits

	At 31.12.2015 RM'000	At 31.12.2014 RM'000
Total retained profits:		
- realised	295,729	279,642
- unrealised	78,403	59,229
	<hr/> 374,132	<hr/> 338,871
Total share of retained profits from associated company:		
- realised	-	(89)
- unrealised	-	1,085
	<hr/> 374,132	<hr/> 339,867
Consolidation adjustments	113,277	91,275
	<hr/> 487,409	<hr/> 431,142
Total Group retained profits	<hr/> <hr/> 487,409	<hr/> <hr/> 431,142

B13. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 25 February 2016.