

MFCB

MEGA FIRST CORPORATION BERHAD
(Company No.: 6682-V)

ANNUAL REPORT
2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman

Goh Nan Kioh, *B.Ec.(Hons.)*

Deputy Chairman

* Dato' Haji Abu Hanifah bin Noordin,
B.Ec.(Hons.)Acc., CA(M), CPA

Executive Directors

Goh Nan Yang, *B.Sc.(Hons.)*
(Also Alternate to Goh Nan Kioh)
Khoo Teng Keat, *B.Com. (Hons.)*
(Actuarial Science)

Non-Executive Directors

- * Yeow See Yuen, *B.Acc.(Hons.)*
- * Dato' Tan Ang Meng, *CPA*
- * Dato' Koh Hong Sun, *MA*
- * Pengiran Saifuddin bin Pengiran Tahir,
MBA, LLB
- # Tay Kheng Chiong, *B.Eng.(Hons.), MBA,*
C.Eng. MIET (UK)

AUDIT COMMITTEE

- * Yeow See Yuen *(Chairman)*
- * Dato' Haji Abu Hanifah bin Noordin
- * Dato' Tan Ang Meng

REMUNERATION COMMITTEE

- Goh Nan Kioh *(Chairman)*
- * Dato' Koh Hong Sun
 - * Dato' Tan Ang Meng

NOMINATING COMMITTEE

- * Dato' Koh Hong Sun *(Chairman)*
- * Yeow See Yuen
- * Dato' Tan Ang Meng

EMPLOYEES' SHARE OPTION COMMITTEE

- Goh Nan Kioh *(Chairman)*
- * Yeow See Yuen
 - * Dato' Haji Abu Hanifah bin Noordin

[*] - Independent

[#] - Non-Independent and Non-Executive

COMPANY SECRETARIES

Yong Lai Sim, *ACIS*
Ghee Yoke Ping, *ACIS*

REGISTERED OFFICE

A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya
Tel: +603-7960 8818
Fax: +603-7960 7818
E-mail: mfcfb@mega-first.com
Website: www.mega-first.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Symphony Share Registrars Sdn. Bhd.
(Company No. 378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel: +603-7841 8000
Fax: +603-7841 8151 / 8152
Email: ask_us@symphony.com.my

AUDITORS

Crowe Horwath (AF 1018)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Market

SECTOR

Trading/Services

STOCK CODE

3069

STOCK NAME

MFCB

PROFILE OF DIRECTORS

GOH NAN KIOH

Executive Chairman
Malaysian

Mr Goh Nan Kioh, age 61, joined the Board on 1 February 2003 as a Non-Independent Non-Executive Director. He was appointed as Chairman of the Board on 29 July 2003 and as Executive Chairman on 1 July 2011. Mr Goh holds a Bachelor of Economics (Honours) degree from the University of Malaya. He has wide and varied business investments in many countries.

Mr Goh and his wife's siblings namely Dr Lim Thian Soo, Mr Lim Thiam Cheok and Ms Lim Yam Poh, are substantial shareholders of the Company. Mr Goh is also the brother of Mr Goh Nan Yang.

Dato' Haji Abu Hanifah bin Noordin, age 63, was appointed to the Board on 5 December 1990 and is an Independent Director. He was appointed as Deputy Chairman of the Board on 29 July 2003. Dato' Hanifah graduated from University of Malaya with an honours degree in Economics and subsequently qualified as a Chartered Accountant and a Certified Public Accountant. He was Chairman and Managing Partner of Ernst & Whinney (now known as Ernst & Young) for 9 years. He was also President of the Malaysian Institute of Accountants for 13 years and in that capacity was a Board member of the International Accounting Standards Committee (IASC). Dato' Hanifah is also a director of Datasonic Group Berhad which is listed on Bursa Malaysia.

DATO' HAJI ABU HANIFAH BIN NOORDIN

Deputy Chairman
Independent Director
Malaysian

GOH NAN YANG

Executive Director
(Also Alternate Director
to Goh Nan Kioh)
Malaysian

Mr Goh Nan Yang, age 51, joined the Board on 13 March 2003 as the alternate director to Mr Goh Nan Kioh, who is his brother. He was appointed as Executive Director on 26 November 2004. Mr Goh graduated from the University of Toledo with a Bachelor of Science honours degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid-1990s, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia. Since then, his business has diversified into hospitality and student education ventures. Mr Goh is a non-executive director and deemed substantial shareholder of D&O Green Technologies Berhad ("D&O"), a company listed on Bursa Malaysia.

Mr Goh Nan Yang is deemed to be interested in various transactions between MFCB Group and D&O Group by virtue of his common directorships, and substantial shareholding in D&O.

Mr Khoo Teng Keat, age 44, joined the Board on 6 September 2011 as Executive Director. He holds a Bachelor of Commerce (Actuarial Science) honours degree from University of Melbourne, Australia. He has more than 14 years experience as an equity analyst. He has held senior positions with several reputable international investment banks. Mr Khoo is also a non-executive Director of Jadi Imaging Holdings Berhad which is listed on Bursa Malaysia.

KHOO TENG KEAT

Executive Director
Malaysian

PROFILE OF DIRECTORS (cont'd)

YEOW SEE YUENIndependent Director
Malaysian

Mr Yeow See Yuen, age 47, joined the Board as an Independent Director on 10 May 2006. He holds a first class honours degree in Accountancy from the National University of Singapore. Mr Yeow started his career in 1991 with Coopers & Lybrand, Singapore Office in the audit division. He left the firm in 1994 to join Deutsche Securities Asia Limited ("Deutsche Securities") where he spent 9 years working in the Equity Research Department. During that period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy. He is also a Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

Mr Yeow is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

Mr Tay Kheng Chiong, age 51, joined the Board as a Non-Independent Non-Executive Director on 1 June 2006. He holds a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics from the University of Sunderland, England. He also holds a Master of Business Administration degree from the University of Strathclyde, Scotland and is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom. Mr Tay has more than 20 years experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as Development Engineer and was promoted to Director of Manufacturing in 1999. During 2001 to 2005, he was the Managing Director of Dominant Opto Technologies Sdn Bhd. He is presently the Group Managing Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

Mr Tay is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

TAY KHENG CHIONGNon-Independent Non-Executive Director
Malaysian**DATO' TAN ANG MENG**Independent Director
Malaysian

Dato' Tan Ang Meng, age 59, joined the Board as an Independent Director on 1 December 2010. He is a certified public accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

Dato' Tan started his career in 1975 with PriceWaterhouseCoopers, Kuala Lumpur Office in the audit division. He left the firm in 1981 to join UMW Holdings Berhad as Group Accountant. In 1983, he joined Guinness Malaysia Berhad as Assistant Chief Accountant. Following the merger between Guinness Malaysia Bhd and Malayan Breweries (M) Sdn Bhd, he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and served with the Group until January 2001. During that period, he held various senior management positions with his last position as Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar. In March 2001, he joined as Chief Executive Officer of Fraser & Neave Holdings Bhd, a position he held until his retirement in November 2010. Dato' Tan is also a Director of United Malacca Berhad and icapital.Biz Berhad (both listed on Bursa Malaysia) and Red Sena F&B Berhad. He is also a senior adviser for Creador Sdn Bhd, a private equity fund.

PROFILE OF DIRECTORS (cont'd)

DATO' KOH HONG SUNIndependent Director
Malaysian

Dato' Koh Hong Sun, age 62, joined the Board as an Independent Director on 1 December 2010. He holds a Masters degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

Dato' Koh had a distinguished career with the Royal Malaysian Police (RMP) for almost 40 years, having joined RMP as a Probationary Inspector in 1971 and retired in October 2010 as the Director of Commercial Crime Investigation Department. During the period as an officer of the RMP, he has held various important command posts including as Commandant of The Police Training Centre in Kuala Lumpur, Assistant Director NCB-Interpol, Officer-in-Charge of Brickfields Police District, Federal Traffic Chief, Deputy Chief Police Officer of Johor, Chief Police Officer of Penang and Commissioner of Police as Director of Commercial Crime Investigation Department.

Dato' Koh also sits on the Boards of Genting Malaysia Berhad, QBE Insurance (Malaysia) Berhad and GLM REIT Management Sdn Bhd, the manager of Tower Real Estate Investment Trust.

Encik Pengiran Saifuddin bin Pengiran Tahir, 57, joined the Board on 15 August 2014 as Independent Director. He holds a Law Degree from University of London, England and a Master Degree in Business Administration from Universiti Malaysia Sabah. Encik Pengiran was admitted to the High Court of Borneo in 1988 and his career in the legal field included the appointment as a Senior Legal Officer in the Sabah State Attorney General Department from 1994 until 1996. Embarking into the corporate management field, he joined a fleet management services company, Angkatan Hebat Sdn Bhd as its Deputy Chief Executive Officer in 1996. A year later, he took up a similar position in K.K.I.P., the developer of Sabah's premier integrated industrial estate, and served in that capacity for over 13 years. Encik Pengiran Saifuddin was appointed Managing Director of Sabah Urban Development Corporation Sdn Bhd in 2010 before moving on to Sabah Economic Development Corporation (SEDCO) to take up his current position as Group General Manager in December 2013.

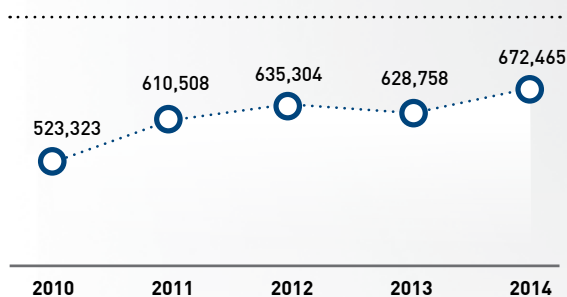
PENGIRAN SAIFUDDIN BIN PENGIRAN TAHIRIndependent Director
Malaysian**Note:**

Save as disclosed above, the Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted for any offence within the past 10 years.

FINANCIAL HIGHLIGHTS

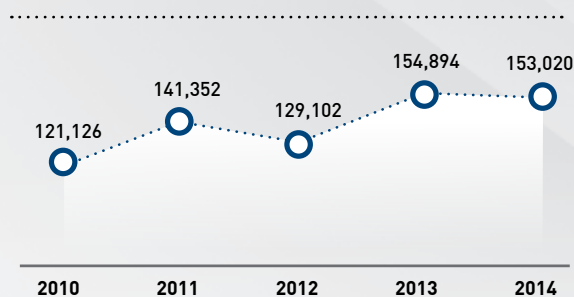
REVENUE

RM'000



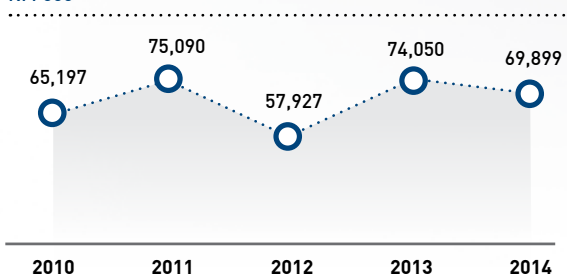
PROFIT BEFORE TAX

RM'000



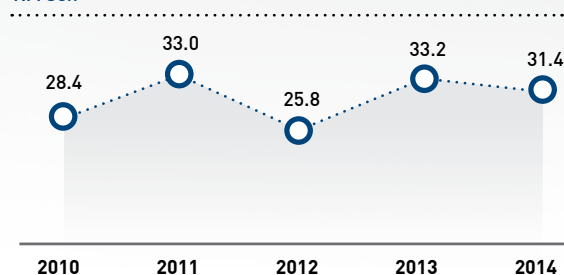
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

RM'000



BASIC EARNINGS PER SHARE

RM sen

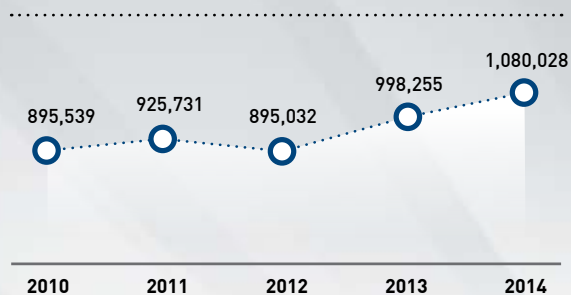


Financial Year Ended 31 December	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income					
Revenue	523,323	610,508	635,304	628,758	672,465
Earnings before interest, taxes, depreciation and amortisation	152,575	173,900	162,798	188,798	188,960
Profit before tax	121,126	141,352	129,102	154,894	153,020
Profit after tax	99,221	112,568	93,662	107,185	107,296
Net profit attributable to equity holders	65,197	75,090	57,927	74,050	69,899

FINANCIAL HIGHLIGHTS (cont'd)

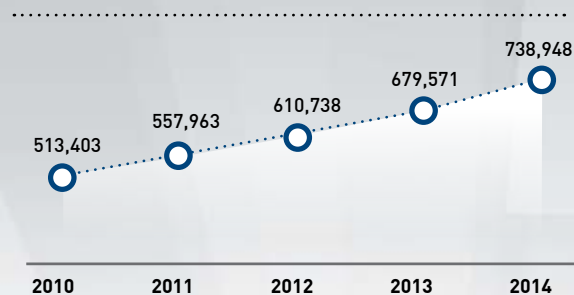
TOTAL ASSETS

RM'000



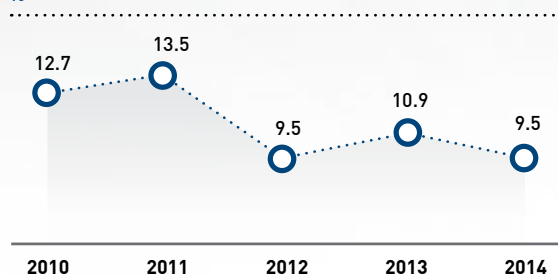
SHAREHOLDERS' EQUITY

RM'000



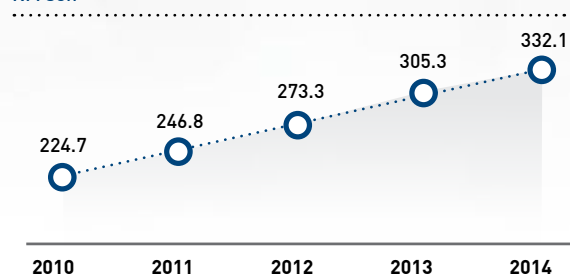
RETURN ON EQUITY

%



NET ASSETS PER SHARE

RM sen



Financial Year Ended 31 December	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Consolidated Statements of Financial Position					
Total assets	895,539	925,731	895,032	998,255	1,080,028
Total borrowings	131,952	87,596	68,712	71,779	92,774
Shareholders' equity	513,403	557,963	610,738	679,571	738,948
Financial Indicators					
Return on equity	12.7%	13.5%	9.5%	10.9%	9.5%
Return on total assets	7.3%	8.1%	6.5%	7.4%	6.5%
Gearing ratio	25.7%	15.7%	11.3%	10.6%	12.6%
Interest cover (times)	20.9	26.6	30.1	51.7	39.4
Basic earnings per share (sen) ⁽¹⁾	28.4	33.0	25.8	33.2	31.4
Net asset per share (sen)	224.7	246.8	273.3	305.3	332.1
Dividend per share (sen)	7.5	9.0	7.1	7.5	8.0
Price earning (PE) ratio	6.2	5.1	6.2	6.6	7.6
Gross dividend yield	4.2%	5.3%	4.4%	3.4%	3.3%
Share price as at the financial year end (RM)	1.77	1.69	1.60	2.18	2.40
Additional Information					
Interest	6,084	5,514	4,435	3,053	3,981
Depreciation	25,195	26,865	29,086	30,668	31,769
Amortisation	170	169	175	183	190

⁽¹⁾ Basic earnings per share is calculated by dividing the Group's net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

CORPORATE STRUCTURE

MFCB
GROUP

POWER DIVISION

100%	Mega First Power Industries Sdn Bhd
100%	Mega First Power (HK) Limited
60%	Shaoxing Mega Heat And Power Co. Limited
51%	Serudong Power Sdn Bhd
100%	Mega First Power Services Sdn Bhd
100%	Don Sahong Holdings Limited

RESOURCES DIVISION

100%	Rock Chemical Industries (Malaysia) Sdn Berhad
100%	RCI Lime Sdn Bhd
100%	Batamas Sdn Berhad
100%	RCI Ventures Sdn Bhd
99.6%	Syarikat Cheng Sun Quarry Sdn Bhd
100%	Anting Sendirian Berhad
	Other Subsidiaries

PROPERTY DIVISION

100%	Mega First Housing Development Sdn Bhd
100%	Gombak Land Sdn Bhd
60%	Paya Emas Sdn Bhd
65%	Idaman Harmoni Sdn Bhd
100%	Greentown Parking Sdn Bhd
	Other Subsidiaries

INVESTMENT HOLDING AND OTHERS

100%	Bloxwich International Sdn Bhd
95%	Bloxwich (Malaysia) Sdn Bhd
100%	Bloxwich Lighting Sdn Bhd
52.4%	Hexachase Corporation Sdn Bhd
47.1%	Hexachase Labels Sdn Bhd
41.9%	Hexachase Packaging Sdn Bhd
34.1%	Hexachase Flexipack Sdn Bhd
100%	Authentic Excellence Sdn Bhd
100%	Geo-Mobile Asia Sdn Bhd
100%	Mega First Mining Sdn Bhd
100%	Mega First Plantation (Cambodia) Limited
	Other Subsidiaries

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

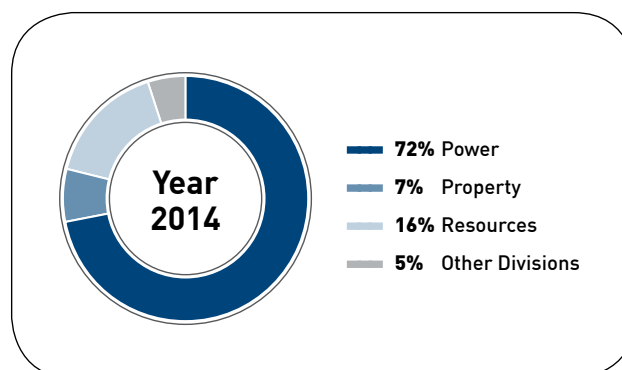
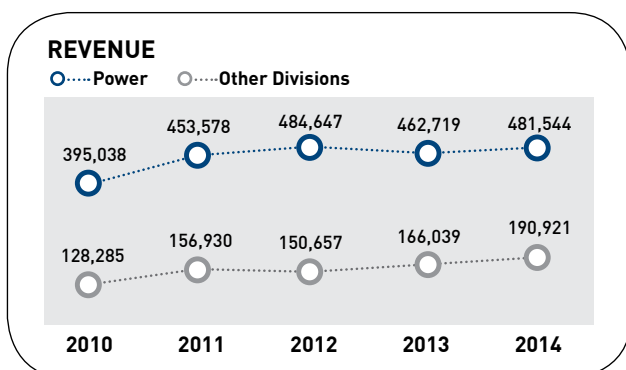
Divisional Revenue & Pre-Tax Profit

RM'000	2014	2013	% change	Proportion of Total	
				2014	2013
Revenue					
Power	481,544	462,719	4.1%	71.6%	73.6%
Resources	107,864	91,071	18.4%	16.1%	14.5%
Property	50,672	41,608	21.8%	7.5%	6.6%
Sub-total	640,080	595,398	7.5%	95.2%	94.7%
Investment holding and others	32,385	33,360	-2.9%	4.8%	5.3%
Total Revenue	672,465	628,758	7.0%	100.0%	100.0%
Pre-tax Profit					
Power	120,848	107,608	12.3%	79.0%	69.5%
Resources	22,250	21,905	1.6%	14.5%	14.1%
Property	28,378 [^]	12,965	118.9%	18.6%	8.4%
Sub-total	171,476	142,478	20.4%	112.1%	92.0%
Investment holding and others	(18,456)	12,416	n.m.	(12.1)%	8.0%
Total Pre-tax Profit	153,020	154,894	-1.2%	100.0%	100.0%

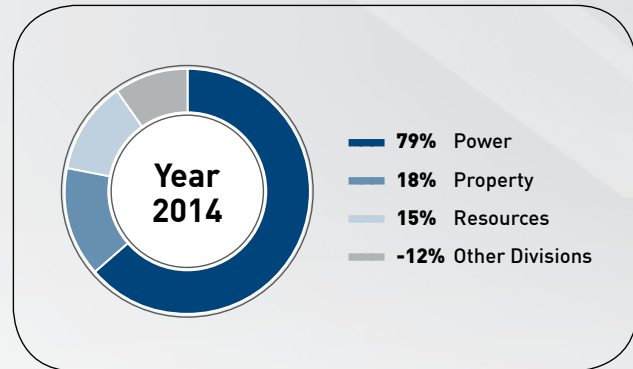
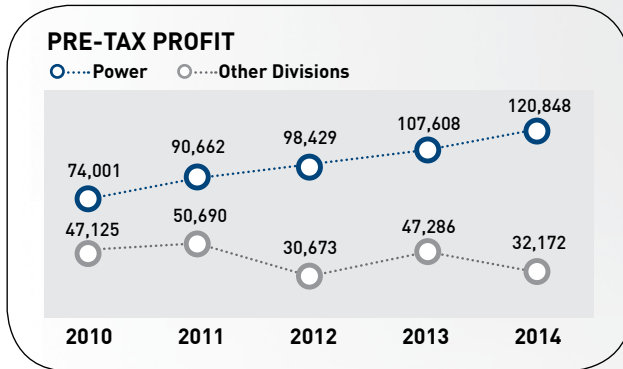
[^] Including fair value gain on investment properties of RM7.1 million (2013: Nil).

The Group's core pre-tax profit rose 20.4% to RM171.5 million on higher revenue, underpinned mainly by strong contribution from the Power and Property Divisions and a RM7.1 million fair value gain on investment properties. However, the Group pre-tax profit fell 1.2% to RM153 million mainly due to a RM10.9 million impairment charge on associate and a RM2.5 million loss from quoted investments.

The Power Division which comprises of the China operations together with the power plant in Tawau, contributed 79% to the pre-tax profit of the Group in 2014.



MANAGEMENT'S DISCUSSION & ANALYSIS (cont'd)

**Power Division**

The Power Division operates two plants, one in China and the other in Tawau, East Malaysia. This Division remains the primary contributor to the Group's business and continues its steady performance, ending the year with a 12.3% higher pre-tax profit of RM120.8 million (2013: RM107.6 million) on the back of RM481.5 million (2013: RM462.7 million) in revenue. The results were achieved mainly through production efficiency improvement and a stronger Renminbi against Ringgit.

Revenue rose 4.1% on higher contribution from both the China and Tawau plants. The higher revenue in the China plant was largely due to a favourable foreign exchange translation and higher sales volume of steam and energy, partially offset by lower steam prices (as a result of lower coal prices) and energy tariffs. Energy tariff was adjusted downward by 2% to RMB0.5365 per kWh in September 2014. 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 improved production efficiency, higher sales volume of steam and energy and positive impact from foreign exchange translation.

Coal is the principal fuel for power generation in the China plant, which accounted for approximately 84% of production cost in 2014. The China plant purchases coal in the spot market and coal price fluctuations have a significant impact on profit margin, although that impact would be offset by a cost pass-through mechanism. The average coal price in 2014 fell 10.1% to RMB637 per MT in tandem with a decline in the average steam price.

Resources Division

Our Resources Division is involved in the quarrying of limestone, manufacturing of lime products such as quicklime, hydrated lime and calcium carbonate powder and manufacturing of bricks.

Revenue from Resources Division rose 18.4% to RM107.9 million on higher sales of lime products but partially offset by lower sales of limestone and bricks.

The lime products segment achieved revenue of RM92.2 million, up 30.8% from 2013. The export market has become an important factor for driving growth in sales volume. In 2014, the export volume of the lime products grew by approximately 50% year-on-year, compared to 15.6% growth rate in the domestic market. On the other hand, the other products registered varying rates of contraction in revenue, due to a weak market condition and competition.

While revenue grew 18.4% in 2014, pre-tax profit only increased marginally by 1.6% to RM22.3 million due to lower margins, particularly from hydrated lime, and lower earnings from the limestone and bricks operations.

MANAGEMENT'S DISCUSSION & ANALYSIS (cont'd)

Resources Division (Cont'd)

Limestone is the precursor in the manufacture of the Division's lime products. The limestone used in the production is sourced from our own quarries located within the vicinity of our production plants. In order to remain competitive and to ensure continuous supply of good quality limestone in the longer term, we will continue to seek for good quality limestone reserves.

The Division is proceeding with a 2-phase expansion project that will see 2 new kilns and a new hydration plant being installed at the existing production site in Gopeng. The first phase of the project, which began in 2014, is expected to be completed in May 2015.

Property Division

The main activities of our Property Division consist of property development and property investment. Since the launch in 1989 of our maiden property project known as Taman Setapak Indah in Kuala Lumpur, we have established ourselves as a customer-oriented property developer focusing primarily on building affordable housing for middle-income earners. On the investment side, we own and manage part of the PJ8 mixed development in Petaling Jaya and car park operations in Ipoh.

The Division's revenue for 2014 was RM50.7 million, an increase of 21.8% from the RM41.6 million achieved in 2013. Both segments (development and investment) contributed to the increase in revenue. Pre-tax profit (excluding fair value gain) was 64.4% higher year-on-year in 2014 at RM21.3 million.

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. In 2014, 32 units at Taman Mawar and 36 units at Taman Paya Emas were sold.

The investment segment also posted better results on higher occupancy and lower interest expense. PJ8 Block A was fully occupied while Block B was 92% leased at satisfactory rental rates, contributed a total of RM7 million in rental income.

The Division will continue with its conservative approach to new launches and is constantly on the lookout for opportunities to grow its operations, with the strategic focus on developing good quality properties in West Coast Malaysia.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and to improve its financial performance. This disclosure statement sets out the manner in which the Board has applied the Principles of Corporate Governance pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") throughout the financial year ended 31 December 2014.

BOARD OF DIRECTORS

Board Responsibilities

The Board takes full responsibility for the overall performance of the Company and of the Group. It focuses mainly on the areas of strategic management, financial performance, standards of conduct, critical business issues, business sustainability, identifying principal risks and ensuring implementation of appropriate systems to manage these risks, succession planning, reviewing the adequacy and integrity of internal controls system and ensuring the Company communicates effectively with its shareholders.

Additionally, the Directors are expected to observe high ethical business standards, honesty and integrity at all times and thereby protect and promote the reputation and performance of the Company.

To assist in the discharge of its stewardship role, the Board has established Board Committees to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Composition

The Board, led by an experienced Executive Chairman, is made up of nine (9) members of whom three (3) are Executive Directors, five (5) are Independent Directors and one (1) Non-Independent Non-Executive Director. Independent Directors form more than half of the Board, thus fulfilling the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad for ensuring that minority shareholders' interests are adequately represented.

The Board considers that the Executive and Non-Executive Directors collectively bring the range of skills, knowledge and experience necessary to direct the Company. The members of the Board with their combined business, management and professional experience enable the Board to provide stewardship and control of the Company. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. The Board is mindful that convergence of the two roles is not in compliance with Recommendation 3.4 of the Code, but takes into account the fact that the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. The Board is comfortable that there is no undue risk of potential conflict of interest as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. In addition, the Independent Directors who constitute a majority of the Board, provides for effective oversight over management and ensures that there is independence of judgement.

The Board has not appointed a Senior Independent Director, to whom concerns can be addressed. The Board does not believe there is such a necessity because there is already an Independent Non-Executive Deputy Chairman who effectively serves this function.

In respect of the year ended 31 December 2014, the Board is satisfied that its current composition and size is adequate, and provide for sufficient diversity taking into account the scope and nature of the operations of the Group.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Board Charter

The Board has formulated and adopted a Board Charter, which provides guidance and clarity for Directors and Management in their stewardship of the Group and Company. The Board Charter, which is accessible through the Company's website, comprises among others, the following areas:-

- Code of Ethics and Conduct
- Board size and composition
- Appointment and re-election of Directors
- Independence of Director
- Tenure of independent director
- Matters reserved for the Board
- Role of the Board and Board Committees
- Role of the Chairman
- Role of Executive Directors (including Chief Executive Officer)
- Meetings
- Access to information and independent advice
- Board evaluation and performance
- Board Remuneration

Appointment to the Board

The Nominating Committee is responsible for making independent recommendations for appointments to the Board. Selection of candidates for appointment to the Board is facilitated through recommendations from the Directors, Management or external parties. All appointments to the Board will be made on merit and selection of candidates largely focuses on ensuring a good mix of skills, expertise and experience (including consideration of diversity and gender) required for an effective Board, and competing time commitments if the candidate has multiple board representations.

The Nominating Committee conducted an annual assessment on the effectiveness of the Board as a whole and of the Board Committees, as well as the performance of individual Directors. The observations of the Nominating Committee together with the annual assessment results were submitted to the Board for deliberation in March 2015.

The Board has not set specific gender diversity targets. Nevertheless, the Group will continue with equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business.

Re-election of Directors

All Directors shall subject themselves for re-election at least once in every three (3) years. Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129(6) of the Companies Act. Independent Directors who have served a cumulative term of nine (9) years or more, and wish to continue to act as Independent Director, is required to submit himself for re-appointment annually by shareholders at the Annual General Meeting.

Directors' Independence and Tenure

The Nominating Committee reviews the independence of Directors annually according to the criteria on independence set out in the MMLR. Under the evaluation process, each Independent Director will perform a self-review on his independence by completing a declaration form with questions drawn from the MMLR. The Nominating Committee evaluates the declaration and submits its findings to the Board for deliberation.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Dato' Haji Abu Hanifah bin Noordin has served the Company as an Independent Director for more than 9 years. By the forthcoming Annual General Meeting, Mr Yeow See Yuen will have served the Company as an Independent Director for more than 9 years.

The Nominating Committee and the Board are satisfied that Dato' Haji Abu Hanifah bin Noordin and Mr Yeow See Yuen remain unbiased, objective and independent in expressing their opinions and in participating in the decision making of the Board. Their long service has not affected their independence and ability to act in the best interest of the Company. With their vast experience in business, accounting, finance and management, both gentlemen would be able to contribute during deliberations or discussions of the Board and Board Committees. Each of them has also devoted sufficient attention to his responsibilities as an Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. The Board believes that Dato' Haji Abu Hanifah bin Noordin and Mr Yeow See Yuen should be retained as Independent Directors. The Board therefore recommends for shareholders' approval to retain Dato' Haji Abu Hanifah bin Noordin and Mr Yeow See Yuen as Independent Directors.

Time Commitment

During the year ended 31 December 2014, six (6) Board meetings were held and the attendance record of each Director is as follows:-

Name of Director	Attendance
Goh Nan Kioh	6 out of 6
Dato' Haji Abu Hanifah bin Noordin	4 out of 6
Goh Nan Yang	3 out of 6
Khoo Teng Keat	6 out of 6
Yeow See Yuen	6 out of 6
Tay Kheng Chiong	4 out of 6
Dato' Tan Ang Meng	6 out of 6
Dato' Koh Hong Sun	5 out of 6
Pengiran Saifuddin bin Pengiran Tahir <i>(appointed: 15.8.2014)</i>	1 out of 2
Maisuri bin Besri <i>(resigned: 21.5.2014)</i>	0 out of 3

The dates for Board and Board Committees meetings and the Annual General Meeting for the financial year are scheduled in advance before the end of each financial year to facilitate the Directors' time management.

The Directors observe the recommendation of the Code that they are required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

Access to Information and Advice

On joining, all new Directors are given background information describing the Group and its activities as well as other information necessary to enable them to carry out their duties.

Board meetings are conducted in accordance to a structured agenda. Prior to the Board meeting, all Directors are provided with the agenda and a set of Board papers containing information relevant to the matters to be deliberated at the meeting. These include the reports on the Group's financial position, results of operations, reasons for significant variation from the budgets, key business strategies of operating units in the light of any significant shifts in risk profiles, securities transactions of Directors and Principal Officers, and declaration by Directors on interest in contracts. Comprehensive annual budgets, business plans, strategies and risk profiles are presented to and approved by the Board. This is to enable the Directors to participate actively in the overall management and stewardship of the Company.

CORPORATE GOVERNANCE STATEMENT (cont'd)

Minutes of each Board meeting are circulated to all Directors prior to the confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are confirmed as a correct record of the proceedings of the Board.

The Board is also informed of the decision and significant issues deliberated by the Board Committees via the reporting of the Chairman of the respective Board Committees.

The Directors are notified of any corporate announcements released to the Bursa Malaysia. They are also notified of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the announcement on the quarterly financial results of the Group.

All Directors have unrestricted direct access to the senior management personnel and the Company Secretaries to enable them to discharge their duties and responsibilities effectively. The Board is supported by the services of the Company Secretaries who are suitably qualified, experienced and competent. The Company Secretaries attend all Board meetings and ensure that all Directors receive timely information in advance prior to the scheduled meeting and accurate and proper records of the proceedings and resolution passed are taken and maintained. Additionally, the Company Secretaries advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors.

All Directors may seek external professional advice if required by them, at the Company's expense. No such advice was sought by any Director during the year.

Directors' Remuneration

The Board maintains that the current remuneration for each category of directors is sufficient to attract and retain directors of high calibre needed to run the Group successfully. The Remuneration Committee reviews annually and the Board approve the remuneration for Executive Directors and senior management staff. The remuneration of the Executive Directors and senior management staff are structured so as to link rewards to corporate and individual performance. The remuneration package consists of basic salary, annual bonus, contribution to EPF based on statutory rate and other customary benefits-in-kind. The director's fees attributable to the Executive Directors for their directorship in other companies within the Group are paid to the Company.

The remuneration for Non-Executive Directors is by way of fixed annual fees, based on recommendations by the Board and approved by shareholders at annual general meeting. The level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. The Non-Executive Directors are also paid a meeting allowance for each Board, Board Committee or general meeting they attend. They are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. The Directors concerned do not participate in the deliberation and decision in respect of his individual remuneration.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The aggregate remuneration of the Directors paid by the Company and its subsidiary companies during the year under review and categorized into appropriate components are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors * (RM'000)
Salary, bonus and other remuneration	697	-
Benefits-in-kind	-	-
Directors' fees	-	301
Attendance fees	-	23

The number of Directors whose total remuneration for the year falls into the following bands is as follows:-

Range of Remuneration bands	Executive Directors	Non-Executive Directors *
RM50,000 and below	-	4
RM50,001 - RM100,000	1	3
RM250,001 - RM300,000	1	-
RM400,001 - RM450,000	1	-

* Includes a former director.

Directors' Training

The Directors are mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board. The Company will continue to identify suitable courses for Directors. All Directors have successfully completed the mandatory accreditation programme prescribed by the MMLR.

BOARD COMMITTEES

The Board delegates specific responsibilities to four committees namely Audit Committee, Remuneration Committee, Nominating Committee and Employees' Share Option Committee. All the committees have written terms of reference and, where applicable, comply with the recommendations of the Code. The Board receives reports of the Committee's proceedings and deliberations.

Audit Committee ("AC")

The AC plays an active role in helping the Board discharge its governance responsibilities and the Committee comprises wholly of Independent Directors. The AC works within the purview of the terms of reference, which have been drafted in accordance with the MMLR. The role of the AC in relation to the external auditors is also embodied under its terms of reference.

The AC reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal controls and governance.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The AC has full access to the auditors, both internal and external, who in turn have access at all times to the Chairman of the AC. During the year, the AC met twice with the external auditors without any executive or employee present.

The Report of the AC, including its composition, duties and activities, is presented in the Audit Committee Report section of this Annual Report.

Remuneration Committee ("RC")

The RC is primarily responsible for recommending to the Board the remuneration packages of the Executive Directors of the Company. It is also responsible for reviewing and recommending to the Board the annual salary and bonus for the Executive Directors and senior management staff.

The RC consists of a majority of Non-Executive Directors. The composition of the RC is set out in the Corporate Information section of this Annual Report.

Nominating Committee ("NC")

The NC is primarily responsible for recommending to the Board candidates for directorship and to review annually the required mix of skills and experience, including the effectiveness of the Board as a whole and the contribution of each individual director.

The NC consists wholly of Non-Executive Directors. The composition of the NC is set out in the Corporate Information section of this Annual Report.

Employees' Share Option ("ESOS") Committee

The ESOS Committee is primarily responsible for administering the employee share option scheme of the Company in accordance with the By-Laws approved by the shareholders of the Company at a general meeting.

The ESOS Committee consists of a majority of Non-Executive Directors. The composition of the ESOS Committee is set out in the Corporate Information section of this Annual Report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible for the preparation of the annual audited financial statements, and the Board ensures that the financial statements and the other financial reports of the Company and of the Group are prepared in accordance with applicable approved accounting standards and the provisions of the Companies Act, 1965.

On a quarterly basis, the Company releases to the Bursa Malaysia details of the Group's performance as well as information on current issues and concerns. These announcements are only released after scrutiny by the AC and approved by the Board of Directors. At the end of each financial year, a comprehensive annual report is published and sent to all the shareholders. This report is prepared in accordance with the MMLR and is available to the public.

Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining the system of risk management and internal controls to safeguard shareholders' investment and the Company's assets. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities.

CORPORATE GOVERNANCE STATEMENT (cont'd)

The approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in the business and management systems. The business unit head identifies and communicates with the Executive Directors of the Company the critical business risks and the management action plan to manage the risks. Such approaches are to mitigate and manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control in this Annual Report.

Conflict of Interest

The Board is alert to the possibility of potential conflict of interest involving the Directors and the Company and affirms its commitment to ensuring that such situations of conflict are avoided. Directors are required to disclose any actual or potential conflict, or any material personal interest, on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a Director, then the Director with an actual or potential conflict of interest in relation to a matter before the Board shall abstain and take no part in the discussion or decision making process.

Related Party Transactions

The Group has in place a procedure to ensure that the Company meets its obligations under the MMLR relating to related party transactions. The list of related parties is disseminated to the business units for the purposes of better managing the Group's compliance with requirements pursuant to the MMLR. All related party transactions are reviewed by the Internal Auditors and reported to the AC every quarter.

A list of significant related party transactions for the year under review is set out in Note 46 to the Financial Statements in this Annual Report.

Internal Audit

The Internal Audit Department reports directly to the AC. Their role is to carry out regular visits to the operating units to ensure compliance with the Group's policies, procedures and internal control systems. They have adopted a risk-based approach when carrying out their audits. The findings are all properly documented and presented to the AC, with copies to the parties concerned, so that timely corrective measures can be taken.

A summary of the activities of the AC during the year as well as the role of the AC in relation to the external and internal auditors, and the Committee's terms of reference are set out in the Audit Committee Report section of this Annual Report.

Whistle-blowing Policy

The Group is committed to achieving and maintaining the highest standard of work ethics in the conduct of business. The Group encourages its employees to raise genuine concerns about possible improprieties (misconduct or criminal offence) to the attention of the Board. All whistle-blowing reports are addressed to the Chairman of the Audit Committee of the Board. The Whistle-blowing Policy is available on the Company's website.

CORPORATE GOVERNANCE STATEMENT (cont'd)

SHAREHOLDERS

The Board acknowledges the need for shareholders and stakeholders to be informed of all material business matters affecting the Company. They are kept well informed of developments and performances of the Company through timely announcements and disclosures made to the Bursa Malaysia, including the release of financial results on a quarterly basis. The Company's annual report which contains all the necessary disclosures in addition to facts and figures about the Group and the Company is released within four months after the financial year end. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Company and its operations. Additionally, the announcements and disclosures made to Bursa Malaysia, including the annual report, are also accessible from the Company's website.

The Company has been using the Annual General Meeting each year as a means of communicating with shareholders. All shareholders of the Company receive the annual report of the Company and the notice of the annual general meeting, which notice is also advertised in the press. The Company's annual report and notice of annual general meeting are also released to Bursa Malaysia via electronic submission on a timely basis to ensure effective dissemination to shareholders. Members of the Board as well as the external auditors are present to answer questions raised at the general meetings of shareholders. Adequate time is given during Annual and Extraordinary General Meetings to allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.

Pursuant to the Articles of Association of the Company, all resolutions put to the vote at a general meeting of the Company shall be decided on a show of hand unless before or upon the declaration of the result, a poll is demanded as follows:-

- (a) by the Chairman (being a person entitled to vote thereat); or
- (b) by at least three members present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote thereat; or
- (c) by any member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative, holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right.

In accordance with the MMLR, the Chairman of the meeting will be exercising his rights under Article 68(a) of the Company's Articles of Association for any resolution approving related party transaction at the general meeting (including adjournment thereof) to be put to the vote by way of poll.

In addition to the above, the Company is always willing to meet up with institutional investors when the need arises, to elaborate or further clarify information already disclosed to the shareholders. Shareholders also can obtain up-to-date information on the Group's latest quarterly financial report and announcements by accessing its website.

This statement is made in accordance with a resolution of the Board of Directors passed on 26 March 2015.

OTHER DISCLOSURES

1) Utilisation of proceeds raised from corporate proposals

There were no proceeds raised from corporate proposals during the financial year.

2) Share buy-backs

The details on the share buy-back by the Company during the financial year are reflected under Note 27 of the Financial Statements.

3) Options, warrants or convertible securities

The Company did not issue any options, warrants or convertible securities during the financial year.

4) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme

The Company did not sponsor any ADR or GDR programme during the financial year.

5) Sanctions imposed

During the financial year, there was no sanction or material penalty imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6) Variation in results

There was no material variation between the audited results for the financial year and the unaudited results previously announced by the Company on 26 February 2015.

7) Profit guarantee

There was no profit guarantee for the financial year.

8) Material Contracts with Related Parties

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2014 or entered into since the end of the previous financial year.

9) Non-audit fees for external auditors

The non-audit fee incurred for services by the external auditors and their affiliated companies to the Company and its subsidiaries for the financial year amounted to approximately RM11,000.

EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Mega First Corporation Berhad, I am pleased to present to you our Annual Report and Audited Financial Statements for the financial year ended 31 December 2014.

OVERVIEW AND FINANCIAL PERFORMANCE

All of the Group's core businesses performed admirably despite the challenging economic environment in 2014. In particular the Power and Resources Divisions reported record pre-tax profits of RM120.8 million and RM22.3 million, respectively.

- Revenue from the core businesses of Power, Resources and Property was RM640.1 million, an increase of 7.5% from RM595.4 million in 2013. The Power Division, which contributed 71.6% to Group revenue, continued to report revenue growth while the Resources and Property Divisions posted double-digit growth in revenue during the financial year.
- Despite the increase in revenue, the Group's overall pre-tax profit fell 1.2% year on year to RM153 million. This is due to a RM10.9 million impairment charge on investment in associate and a RM2.5 million loss on quoted investments. These two non-operating items were largely offset by a non-recurring RM7.1 million fair value gain on investment properties.
- It is pertinent to note that excluding these non-operating items, the Group pre-tax profit rose 13.2% to RM159.3 million, primarily attributable to higher contributions from the Power and Property Divisions.
- Net profit of the Group remained steady at RM107.3 million while net profit attributable to shareholders fell by 5.6% to RM69.9 million. Earnings per share recorded was 31.4 sen, representing a 9.5% return on shareholders' equity.
- The Group continues to practice prudent financial management and had a total cash balance of RM272.8 million (including RM37.3 million liquid assets in the form of quoted shares) at the end of the financial year. This is 20% higher than the previous year's cash balance of RM227.5 million, underlining the Group's financial strength.

Our focus on improving the Group's fundamentals in recent years has generated enviable performances across our core businesses. More importantly, all the core businesses continued to show improvement despite the challenging market conditions.

OPERATIONS REVIEW AND PROSPECT

Power Division

Revenue increased 4.1% in 2014 from the previous year and was the main driver to the growth in the Group's revenue. The higher revenue was primarily attributable to the stronger Renminbi against the Malaysian Ringgit and higher sales volume of steam and energy, despite slightly lower steam prices and energy tariffs. Total steam and energy sales volume grew 4.6% and 5% respectively to reach approximately 3.5 million tonnes and 738,000 MWh in 2014, due to stronger demand from local industries and higher production efficiency.

Pre-tax profit grew by 12.3% to RM120.8 million driven by higher operating margins. This better performance was largely attributable to the upgrading work that commenced in 2009 which has enhanced production efficiencies.

EXECUTIVE CHAIRMAN'S STATEMENT (cont'd)

OPERATIONS REVIEW AND PROSPECT (CONT'D)

Power Division (Cont'd)

In line with our goal to grow recurring income, we will continue to invest in power projects, which generate reasonable returns. On 3 March 2015, we signed a Shareholders' Agreement with Electricite Du Laos for the establishment of a project company to develop, build and operate the Don Sahong hydropower project in Laos. This is a run-of-river hydropower project located at the Hou Sahong channel of the Mekong River in Khong District, Champassak Province. It will have a capacity of 260 MW and is capable of generating about 2,000 GWh of electricity per year.

Resources Division

The Resources Division's pre-tax profit remained steady in 2014. The lime products segment has continued to strengthen its position in the market and recorded satisfactory results with total sales of more than 300,000 tonnes of lime products, offsetting lower contribution from the limestone and brick businesses.

Over the years, the lime products segment has performed well. In line with this improved performance, we see future potential in this segment and have invested a significant amount of resources to increase the lime production capacity. We are currently expanding the quicklime capacity and the first phase of the expansion is scheduled for completion in May 2015. This will increase the quicklime capacity by 400 tonnes per day and most of this increased capacity is targeted to be sold in the export market. We are optimistic that this product segment will continue to grow and provide us with a steady income stream.

Property Division

The Property Division's pre-tax profit more than doubled to RM28.4 million compared to RM13 million in the previous year. This is due to a RM7.1 million fair value gain on investment properties as well as higher contributions from the second phase of the Phase 1C project in SalakTinggi and a number of completed properties in Melaka. The positive improvement in the division's performance was further boosted by higher occupancy in the investment properties and lower interest expense.

Given the challenging market conditions, we will continue to be prudent in new launches of development projects and focus will be put into selling completed properties. We expect that income from our investment properties will remain steady.

DIVIDEND

To show our appreciation to our loyal shareholders for their continuous support over the years, the Board is proposing a tax-exempt dividend of 5 sen, up from 4.5 sen in the previous year, for the approval of the shareholders at the forthcoming Annual General Meeting. This, together with the tax-exempt interim dividend of 3 sen, will add up to a total dividend of 8 sen per share for the financial year. The payout is equivalent to 25.5% of net profit attributable to shareholders for the financial year.

CORPORATE SOCIAL RESPONSIBILITIES

As a Group with wide ranging business activities, we understand that our actions impact various stakeholders, the environment and the communities in which we operate. We are committed to fulfilling our duties as a good corporate citizen by continuing to work responsibly and ensuring good business practices throughout all our business activities.

From an environmental aspect, we are constantly seeking to strengthen our processes and procedures to ensure statutory and regulatory compliance, putting good systems in place and adopting better and more sustainable approaches whenever possible. We are deeply committed to reducing CO₂ emissions and waste, as well as energy and water consumption, along the entire production chain.

EXECUTIVE CHAIRMAN'S STATEMENT (cont'd)

CORPORATE SOCIAL RESPONSIBILITIES (CONT'D)

We are also dedicated to serving the basic needs of the local communities in which we operate in by making donations to help those in need, rendering financial assistance to young school-going children and underprivileged villagers and providing contributions for community welfare.

We believe that fulfilling our corporate social responsibilities is good for the environment as well as the community and in the longer term will generate long lasting value for our stakeholders.

SHAREHOLDER VALUE

Despite the volatile economic environment in 2014, the slump in oil prices and the uncertain impact of exchange rate movements experienced by the Group, we have continued to maintain strong cash flows from our core businesses and we have a solid financial footing to enable us to weather the future economic uncertainties and to continue to create value for our shareholders.

The delivery of superior shareholder value growth remains the top priority of the management. Our performance during the financial year demonstrates our team's continuing determination and commitment to deliver earnings and shareholder value growth. The Group's shareholders' equity grew 8.7% to RM739 million in 2014. The 5-year compounded annual growth of the Group's shareholders' equity was 11%.

We always aim to ensure that adequate financial resources are available for business growth. Indeed, we will strive to maintain a strong balance sheet so that we are well positioned to capitalise on any good business opportunities and investments that may arise.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders, bankers, customers, suppliers and business associates for their continuing support throughout the years. I would also like to express my appreciation to my fellow members of the Board for their expert counsel and guidance and thank all our employees for their dedication and hard work in creating value for shareholders and customers.

Encik Maisuri bin Besri has resigned as Independent Director on 21 May 2014. On behalf of the Board, I wish to convey our appreciation to him for his services to the Company.

As a Group, we will continue to support and implement good corporate governance to enable clear accountability to the Group's investors, stakeholders and the wider community.

Goh Nan Kioh
Executive Chairman

31 March 2015

AUDIT COMMITTEE REPORT

A. MEMBERS AND ATTENDANCE

During the financial year ended 31 December 2014, the Audit Committee (“Committee”) met 5 times. Details of the membership and record of the attendance at these meetings are as follows:-

Members	No. of Meetings Attended
Yeow See Yuen (Chairman) <i>Independent Non-Executive Director</i>	5/5
Dato’ Haji Abu Hanifah bin Noordin <i>Independent Non-Executive Director</i>	4/5
Dato’ Tan Ang Meng <i>Independent Non-Executive Director</i>	5/5

B. SALIENT TERMS OF REFERENCE

The Committee was established in November 1993 to serve as a committee of the Board of Directors. In performing its duties and discharging its responsibilities, the Committee is guided by the terms of reference summarised below:

1. Membership

- 1.1 The Committee shall be appointed by the Board from among the Directors and shall consist of not fewer than three (3) members. All members of the Committee shall be non-executive directors with a majority of them, including the Committee Chairman, being independent directors. No alternate Directors shall be appointed as a member of the Committee.
- 1.2 At least one member of the Committee:
 - a. must be a member of the Malaysian Institute of Accountants; or
 - b. must have at least 3 years’ working experience and:
 - passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - is a member of one of the Associations specified in Part II of the First Schedule of the Accountants Act 1967; or
 - c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- 1.3 The Committee may elect a Chairman from among the members.
- 1.4 In the event that any vacancy in the Committee with the result that the number of members is reduced below three (3), the Board shall, within three (3) months fill up the vacancy as may be required to make up the minimum of three (3) members.
- 1.5 The term of office and performance of the Committee and of each of its members shall be reviewed by the Board at least once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

AUDIT COMMITTEE REPORT (cont'd)

B. SALIENT TERMS OF REFERENCE (CONT'D)**2. Meetings****2.1 Number of Meetings**

The Committee shall meet at least four (4) times a year. Additional meetings may be called at the Chairman's discretion or if requested by any member of the Committee, the Management, the internal or external auditors.

2.2 Quorum

At least two (2) members and majority are Independent Directors shall constitute a quorum.

2.3 Attendance of Meetings

The Committee may invite any non-member Director or employee to attend its meetings to assist in its deliberations and resolutions of matters raised.

The internal auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on all relevant decisions made.

The external auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.

2.4 Secretary of the Committee and Minutes

The Company Secretary shall act as the Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

The Secretary shall be entrusted to record all proceedings and minutes of all meetings of the Committee. The minutes of meetings are available to all Board members and at each Board meeting, the Committee shall report a summary of significant matters and resolutions.

3. Rights and Authority

The Committee is authorised to:

- 3.1 investigate any matter within its terms of reference;
- 3.2 have adequate resources required to perform its duties;
- 3.3 have full and unrestricted access to information, records and documents relevant to its activities;
- 3.4 have direct communication channels with the external and internal auditors. In this regard, the Chairman of the Committee shall engage on a continuous basis with senior management personnel, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company or the Group;
- 3.5 engage, consult and obtain outside legal or other independent professional advice as the Committee considers necessary; and
- 3.6 convene meetings with the external auditors, the internal auditors or both, without the presence of other directors and employees, whenever deemed necessary. In this regard, the Committee shall meet with the external auditors at least twice a year.

AUDIT COMMITTEE REPORT (cont'd)

B. SALIENT TERMS OF REFERENCE (CONT'D)**4. Functions and Duties**

- 4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independence, purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
- 4.2 To review the following and report to the Board :
- a. With the external auditors:
 - the audit plan and audit report, and the extent of assistance rendered by employees of auditee;
 - their evaluation of the system of internal controls;
 - the audit fee and on matters concerning their suitability for recommendation to Board on appointment / re-appointment and any questions of resignation or dismissal as Auditors;
 - the management letter and Management's response; and
 - issues and reservations arising from audits.
 - b. With the internal auditors:
 - the adequacy of the scope, functions, competency and resources of internal audit and the necessary authority to carry out its work;
 - the audit plan of work programme and results of internal audit processes including actions taken or recommendations;
 - the co-operation and assistance given by the employees of auditee; and
 - the appraisal or assessment of the performance of the internal audit function including that of the senior staff and any matter concerning the appointment, resignation and termination.
 - c. The quarterly results and year end financial statement of the Company and the Group prior to approval by the Board, focussing particularly on:
 - (i) changes and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
 - d. The major findings of investigations and management response.
 - e. The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise questions of management integrity.

AUDIT COMMITTEE REPORT (cont'd)

B. SALIENT TERMS OF REFERENCE (CONT'D)**4. Functions and Duties (Cont'd)**

- 4.3 To report any breaches of the Listing Requirements which have not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.
- 4.4 To verify the allocation of options pursuant to the share scheme for employees.
- 4.5 To perform such other functions as may be agreed by the Committee and the Board from time to time.

C. SUMMARY OF ACTIVITIES

The Committee carried out its duties and responsibilities as set out in the terms of reference and carried out the activities as follow:

- a. Reviewed the Company and Group's quarterly unaudited financial results and annual financial statements with Management and the Internal Auditor before submission to the Board for approval.
- b. Reviewed the Internal Audit Department's resources requirement and annual internal audit plan for the financial year to ensure adequacy of scope and comprehensive coverage over the activities of business units.
- c. Reviewed of the internal audit reports on findings and recommendations to ensure that Management has adequately addressed to the recommendations.
- d. Monitored the follow-up actions on the outstanding audit issues to ensure that all control lapses have been addressed.
- e. Reviewed the external auditors' audit scope of work and their audit plan prior to the commencement of audit.
- f. Reviewed the external auditors' findings and observations arising from audits, and discuss results of their audits.
- g. Met with the external auditors twice for private discussion without the presence of executive management and employees.
- h. Reviewed the disclosure of related party transactions and, any conflict of interest situation including transactions and conducts which may raise questions of management integrity.
- i. Reviewed the latest changes of pronouncements issued by the statutory and regulatory bodies.
- j. Reported and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee meetings were made available to all Board members.
- k. Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance Statement, Board's responsibility on the Annual Financial Statement and the Statement on Risk Management and Internal Control and other relevant documents, for inclusion in the Company's Annual Report.

AUDIT COMMITTEE REPORT (cont'd)

D. INTERNAL AUDIT FUNCTION

The Committee is assisted by the Internal Audit Department in discharging of its duties and responsibilities. The Head of Internal Audit Department reports directly to the Committee and has unrestricted access to the Committee members.

The main role of the internal audit function is to provide independent and objective assurance through audit of the Group's key operations and evaluate its effectiveness of the internal control as well as to ensure consistency in the application of policies and procedures.

The Internal Audit Department performs its function in accordance with the annual audit plan that approved by the Committee. A risk based approach is used, prioritising each auditable area based on risk exposures and past audit findings. Routine audit is performs to review all operating units within the Group on adequacy of operational controls with the policies and procedures established.

The Head of Internal Audit Department attends all Audit Committee meetings. Audit reports are issued to the Committee with findings, recommendations and management's responses. Major findings and any significant control issues and concerns are highlighted to the Committee. The Committee discusses the significant issues and concerns to ensure corrective actions are acted upon by Management.

All the internal audit activities are performed in-house in financial year 2014 with total cost incurred for the internal audit function of the Group is RM343,724.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia ("BM") require Directors of listed companies to include in their annual report a statement about the state of their risk management and internal controls as a group. The Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers ("the Guidance") provides guidance for compliance with the aforesaid requirements. Set out below is the Board's Statement on Risk Management & Internal Control for the financial year ended 31 December 2014, which has been prepared in accordance with the Guidance.

The Board acknowledges that it is responsible for the overall risk management and internal control system of the Group, and for reviewing its adequacy, integrity and effectiveness. The Group has an established internal audit function that reports to Executive Directors on a day-to-day basis and has direct access to the Chairman of the Audit Committee. The internal audit department works closely with the Chairman of the Audit Committee. It is responsible for undertaking regular review of the risk management and internal controls in order to provide the Board, the Audit Committee and the Executive Directors with independent and objective assurance that the risk management and internal control system is adequate and effective in addressing the risks identified. However, the Board recognises that such system is designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group for the financial year under review, and the process has been in place during the financial year and up to the date of approval of the Annual Report. This process is an integral part of the Group's system of risk management and internal controls.

On strategic level, business plans and business strategies are formulated by Executive Directors and presented to the Board for review to ensure proposed plans and strategies are in line with the Group's risk appetite. On daily basis, the respective Head of Division/Business Unit are responsible for managing the risk of their division/business unit. Changes in the key business risks faced by the Group or emergence of new key business risks and the corresponding internal controls to mitigate the risks are discussed during management meetings.

The other key elements of this risk management and internal control system are described below:

- (a) Operating Procedures Manuals that set out the policies, procedures and practices to be adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all business units.
- (b) Comprehensive annual budgets that include business plans, strategies and risk profiles are presented to, and approved by the Board. Monthly results are then monitored against budgets and key performance indicators by management, focusing on variances and important operational issues, and the findings discussed with the business units.
- (c) On a quarterly basis, the Board reviews and discusses a comprehensive Quarterly Review Report, covering the Group's up to date performance. In addition, the Board also deliberates on the appropriateness of key business strategies adopted by the business units in the light of any significant shifts in risk profiles. In this manner, the Board is not only kept well informed on current issues facing the Group but also participate in risk management.
- (d) Key risks to each business unit are identified and categorised to highlight the source of risks, their financial impacts and the likelihood of occurrence. The key risk profiles of the major business units of the Group are being monitored by management on a regular basis.
- (e) Risk-based approach adopted by the internal audit department whose yearly audit plan is based on the key risk profiles of the business units of the Group. This plan, which is approved by the Audit Committee prior to the commencement of the yearly period, is also regularly reviewed for further enhancement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

- (f) Regular internal audits are carried out to review the adequacy, integrity and effectiveness of the risk management and internal control system of the business units based upon the audit plan. The reports outlining all significant audit observations and follow-up actions are submitted to the Audit Committee, which reviews the findings with management at its quarterly meetings and updates the Board on significant issues for the Board's attention and action. These, together with the External Auditors' reports, provide additional assurance that control procedures are in place, and being followed.

The Board believes that the development of the system of risk management and internal controls is an ongoing process and continues to take steps to improve the risk management and internal control system. For the financial year under review, some weaknesses in risk management and internal controls were identified but were not considered significant to be mentioned in this Statement as none had materially impacted the business operations of the Group. Nevertheless, remedial actions and corrective measures have been or are being taken to address these weaknesses.

The Group has not taken into consideration the risk management and internal control processes of Jadi Imaging Holdings Berhad, an associate company of the Group, as it is deemed to be insignificant to the Group.

Assurance to the Board

The Executive Directors and Financial Controller are responsible for ensuring that the Group's risk management and internal control processes are systematically assessed and continuous improvements scrutinised by means of independent and objective evaluations. The Board has been assured by the Executive Directors and Financial Controller that these processes are adequately established and effectively implemented, and nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material respect.

The Board's Commitment

The Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary put in place appropriate plans to further enhance the Group's system of risk management of internal controls. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

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DIRECTORS' REPORT

The Directors of MEGA FIRST CORPORATION BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries and associate are set out in Notes 42 and 14 to the financial statements respectively.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:-

	GROUP RM'000	COMPANY RM'000
Profit before tax	153,020	19,925
Income tax expense	(45,724)	286
Profit after tax for the financial year	107,296	20,211
Attributable to:-		
Owners of the Company	69,899	20,211
Non-controlling interests	37,397	-
	107,296	20,211

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company paid:-

- (a) a final tax-exempt dividend of 4.5 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 December 2013 on 16 July 2014; and
- (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 on 10 October 2014.

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 per share). 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.

DIRECTORS' REPORT (cont'd)

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") was approved by shareholders of the Company at an EGM held on 20 May 2010. The Scheme was implemented on 1 August 2010 and shall be in force for a period of 10 years unless otherwise terminated in accordance with its By-Laws.

The terms of the ESOS and movements during the year are set out in Note 28.2 to the financial statements.

The names of option holders and number of options granted are disclosed in the section on Directors' Interests in this report.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM242,455,000 to RM243,002,000 by the issuance of 547,000 new ordinary shares of RM1 each for cash pursuant to the ESOS, of which 490,000 shares were issued at an issue price of RM1.50 each and 57,000 shares were issued at an issue price of RM1.52 each. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and
- (c) there was no debenture issued by the Company.

TREASURY SHARES

The information on the treasury shares is disclosed in Note 27 to the financial statements.

OTHER FINANCIAL INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made up, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

DIRECTORS' REPORT (cont'd)

OTHER FINANCIAL INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would require the further writing off of bad debts or the additional amount of allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

The contingent liabilities are disclosed in Note 38 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (b) no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following Directors served on the Board of the Company since the date of the last report:

- Goh Nan Kioh
- Dato' Haji Abu Hanifah Bin Noordin
- Goh Nan Yang (also alternate to Goh Nan Kioh)
- Khoo Teng Keat
- Yeow See Yuen
- Tay Kheng Chiong
- Dato' Koh Hong Sun
- Dato' Tan Ang Meng
- Pengiran Saifuddin Bin Pengiran Tahir (appointed on 15 August 2014)
- Maisuri Bin Besri (resigned on 21 May 2014)

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office in shares of the Company and of its related corporations at the end of the financial year are as follows:

	Number of ordinary shares of RM1 each			Balance as at 31.12.2014
	Balance as at 1.1.2014	Addition	Disposal	
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	-	-	713,600
- Deemed	72,009,500	756,300	(870,000)	71,895,800
Dato' Haji Abu Hanifah Bin Noordin				
- Direct	-	300,000	-	300,000
Goh Nan Yang				
- Direct	510,000	-	-	510,000
Khoo Teng Keat				
- Direct	200,000	-	-	200,000
Yeow See Yuen				
- Direct	436,500	-	-	436,500
- Deemed	26,000	-	-	26,000
Tay Kheng Chiong				
- Direct	20,000	-	-	20,000
Dato' Tan Ang Meng				
- Direct	229,000	-	(229,000)	-
Dato' Koh Hong Sun				
- Direct	-	57,000	-	57,000

In addition to the above, the following Directors who were in office at the end of the financial year are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company:-

	Exercise price	Options over ordinary shares of RM1 each			Balance as at 31.12.2014
		Balance as at 1.1.2014	Lapsed	Exercised	
Goh Nan Kioh	RM1.50	500,000	-	-	500,000
Dato' Haji Abu Hanifah Bin Noordin	RM1.50	300,000	-	(300,000)	-

DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (CONT'D)

	Exercise price	Options over ordinary shares of RM1 each			Balance as at 31.12.2014
		Balance as at 1.1.2014	Lapsed	Exercised	
Goh Nan Yang	RM1.50	500,000	-	-	500,000
Yeow See Yuen	RM1.50	300,000	-	-	300,000
Tay Kheng Chiong	RM1.50	280,000	-	-	280,000
Dato' Koh Hong Sun	RM1.52	300,000	-	(57,000)	243,000
Dato' Tan Ang Meng	RM1.52	300,000	-	-	300,000

Goh Nan Kioh, by virtue of his interest in 32.63% (2013 : 32.67%) of the shares of the Company, is deemed to have interests in shares of its related corporations to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965. Other than as disclosed above, the Directors of the Company do not have any other interests in the shares of the Company or of its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 46 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to the Directors pursuant to the Company's ESOS as disclosed above.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the financial year.

SUBSEQUENT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant events occurring after the end of the reporting period are disclosed in Note 48 to the financial statements.

DIRECTORS' REPORT (cont'd)

AUDITORS

The auditors, Messrs. Crowe Horwath, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

GOH NAN YANG

KHOO TENG KEAT

Petaling Jaya
31 March 2015

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MEGA FIRST CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Mega First Corporation Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 40 to 136.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements.

INDEPENDENT AUDITORS' REPORT (cont'd)

- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 50 on page 137 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

31 March 2015

Kuala Lumpur

Onn Kien Hoe
Approval No: 1772/11/16 (J/PH)
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	5	672,465	628,758	34,647	38,238
Cost Of Sales		(483,954)	(456,445)	-	-
Gross Profit		188,511	172,313	34,647	38,238
Distribution Costs		(5,661)	(5,356)	-	-
Administrative Expenses		(29,688)	(29,535)	(4,925)	(4,495)
Other Expenses		(4,726)	(5,760)	(5,768)	(534)
Other Income		9,371	25,604	56	1,359
Profit From Operations	6	157,807	157,266	24,010	34,568
Finance Costs	7	(3,981)	(3,053)	(4,085)	(2,915)
Share Of (Loss)/Profit In Associate, net of tax	14	(806)	681	-	-
Profit Before Tax		153,020	154,894	19,925	31,653
Income Tax Expense	8	(45,724)	(47,709)	286	(162)
Profit After Tax For The Financial Year		107,296	107,185	20,211	31,491
Other Comprehensive Income/(Expenses)	9				
<u>Items that may be reclassified subsequently to profit or loss</u>					
Fair value changes of available-for-sale financial assets		(1,212)	(2,880)	-	(1,211)
Foreign currency translation		10,606	20,953	-	-
Share of associate's foreign currency translation		245	1,048	-	-
Total Other Comprehensive Income/(Expenses)		9,639	19,121	-	(1,211)
Total Comprehensive Income For The Financial Year		116,935	126,306	20,211	30,280

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)

	Note	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit After Tax Attributable To:					
- Owners Of The Company		69,899	74,050	20,211	31,491
- Non-controlling Interests		37,397	33,135	-	-
		107,296	107,185	20,211	31,491
Total Comprehensive Income Attributable To:					
- Owners Of The Company		76,626	86,294	20,211	30,280
- Non-controlling Interests		40,309	40,012	-	-
		116,935	126,306	20,211	30,280
Earnings Per Share (sen)	10				
- Basic		31.40	33.24		
- Diluted		31.29	33.19		

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	12	311,540	279,906	358	689
Subsidiaries	13	-	-	109,351	109,351
Associate	14	27,628	38,631	10,779	16,064
Investment In Quoted Shares	15	37,329	70,889	-	-
Investment In Unquoted Shares	16	335	335	-	-
Land Use Rights	17	6,198	6,368	-	-
Investment Properties	18	128,433	121,363	-	-
Land Held For Property Development	19	50,287	50,042	-	-
Project Development Expenditure	20	72,459	52,747	72,459	52,747
Goodwill On Consolidation	21	10,812	10,812	-	-
Deferred Tax Asset	31	448	484	-	-
Long-Term Prepayment		711	924	-	-
		646,180	632,501	192,947	178,851
Current Assets					
Inventories	22	69,678	69,848	-	-
Property Development	23	15,060	24,216	-	-
Receivables	24	113,637	115,055	158,561	189,958
Bank Balances And Deposits	25	235,473	156,635	2,560	1,743
		433,848	365,754	161,121	191,701
TOTAL ASSETS		1,080,028	998,255	354,068	370,552

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (cont'd)

	Note	GROUP		COMPANY	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
EQUITY AND LIABILITIES					
Share Capital	26	243,002	242,455	243,002	242,455
Treasury Shares	27	(30,025)	(28,669)	(30,025)	(28,669)
Reserves	28	525,971	465,785	83,664	79,835
Equity Attributable To Owners Of The Company		738,948	679,571	296,641	293,621
Non-controlling Interests		146,669	143,272	-	-
Total Equity		885,617	822,843	296,641	293,621
Non-Current Liabilities					
Payables	29	812	1,044	-	-
Long-Term Borrowings	30	21,395	6,776	-	-
Deferred Taxation	31	21,035	22,396	-	-
		43,242	30,216	-	-
Current Liabilities					
Payables	32	66,495	69,838	42,427	60,889
Short-Term Borrowings	33	71,379	65,003	15,000	16,042
Taxation		13,295	10,355	-	-
		151,169	145,196	57,427	76,931
Total Liabilities		194,411	175,412	57,427	76,931
TOTAL EQUITY AND LIABILITIES		1,080,028	998,255	354,068	370,552
Net Assets Per Ordinary Share (sen)	34	332	305		

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

GROUP	Non-Distributable						Distributable					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Reserve RM'000	Option 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 January 2013	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501	
Profit after taxation for the financial year	-	-	-	-	-	-	-	74,050	74,050	33,135	107,185	
Other comprehensive income for the financial year:-												
Fair value changes of available -for-sale financial assets	-	-	-	-	-	(2,880)	-	-	(2,880)	-	(2,880)	
Foreign currency translation difference	-	-	-	-	14,076	-	-	-	14,076	6,877	20,953	
Share of associate's foreign currency translation difference	-	-	-	-	1,048	-	-	-	1,048	-	1,048	
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:												
- shareholders of the Company	-	-	-	-	-	-	-	(15,808)	(15,808)	-	(15,808)	
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(31,551)	(31,551)	
Share options to directors	-	-	-	106	-	-	-	-	106	-	106	
Transfer of share options reserve for share options lapsed/ exercised	-	-	-	(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 December 2013	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843	

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

GROUP	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 January 2014	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843	
Profit after taxation for the financial year	-	-	-	-	-	-	-	69,899	69,899	37,397	107,296	
Other comprehensive income for the financial year:-												
Fair value changes of available -for-sale financial assets	-	-	-	-	-	(1,212)	-	-	(1,212)	-	(1,212)	
Foreign currency translation difference	-	-	-	-	7,694	-	-	-	7,694	2,912	10,606	
Share of associate's foreign currency translation difference	-	-	-	-	245	-	-	-	245	-	245	
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:												
- shareholders of the Company (Note 11)	-	-	-	-	-	-	-	(16,702)	(16,702)	-	(16,702)	
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(37,225)	(37,225)	
Share options to directors	-	-	-	46	-	-	-	-	46	-	46	
Transfer of share options reserve for share options lapsed /exercised	-	-	-	(18)	-	-	-	18	-	-	-	
Purchase of treasury shares	-	(1,356)	-	-	-	-	-	-	(1,356)	-	(1,356)	
Issuance of ordinary shares pursuant to ESOS	547	-	435	(161)	-	-	-	-	821	-	821	
Total transactions with owners of the Company	547	(1,356)	435	(133)	-	-	-	(16,684)	(17,191)	(37,225)	(54,416)	
Arising from:												
- acquisition of a subsidiary (Note 43)	-	-	-	-	-	-	-	-	-	350	350	
Realisation of capital reserves	-	-	-	-	-	-	131	(189)	(58)	(37)	(95)	
Balance at 31 December 2014	243,002	(30,025)	33,940	599	36,635	8,447	15,208	431,142	738,948	146,669	885,617	

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

COMPANY	← 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	Fair Value Reserve RM'000	Retained Profits RM'000	
Balance at 1 January 2013	242,395	(27,145)	33,475	774	7,972	23,154	280,625
Profit after taxation for the financial year	-	-	-	-	-	31,491	31,491
Other comprehensive income for the financial year:-							
Fair value changes of available -for-sale financial assets	-	-	-	-	(1,211)	-	(1,211)
Total comprehensive income for the financial year	-	-	-	-	(1,211)	31,491	30,280
Contributions by and distribution to owners of the Company:-							
Dividends	-	-	-	-	-	(15,808)	(15,808)
Share options to directors	-	-	-	106	-	-	106
Transfer of share options reserve for share options lapsed/exercised	-	-	-	(148)	-	-	(148)
Issuance of ordinary shares pursuant to ESOS	60	-	30	-	-	-	90
Purchase of treasury shares	-	(1,524)	-	-	-	-	(1,524)
Balance at 31 December 2013	242,455	(28,669)	33,505	732	6,761	38,837	293,621

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (cont'd)

COMPANY	← 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	Fair Value Reserve RM'000	Retained Profits RM'000	
Balance at 1 January 2014	242,455	(28,669)	33,505	732	6,761	38,837	293,621
Profit after taxation for the financial year	-	-	-	-	-	20,211	20,211
Other comprehensive income for the financial year	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	-	20,211	20,211
Contributions by and distribution to owners of the Company:-							
Dividends (Note 11)	-	-	-	-	-	(16,702)	(16,702)
Share options to directors	-	-	-	46	-	-	46
Transfer of share options reserve for share options lapsed/exercised	-	-	-	(18)	-	18	-
Issuance of ordinary shares pursuant to ESOS	547	-	435	(161)	-	-	821
Purchase of treasury shares	-	(1,356)	-	-	-	-	(1,356)
Balance at 31 December 2014	243,002	(30,025)	33,940	599	6,761	42,364	296,641

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

GROUP	Note	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		153,020	154,894
Adjustments for:			
Allowance for impairment losses:			
- Investment in quoted shares		1,666	1,046
- Investment in unquoted shares		-	1,875
- Investment in associate		10,862	7,500
- Receivables, net		305	820
Amortisation of land use rights		190	183
Bad debts written off		297	80
Depreciation of property, plant and equipment		31,769	30,668
Interest expense		3,981	3,053
Inventories written off		149	304
Loss on disposal of:			
- Property, plant and equipment		4	154
- Quoted shares		2,935	-
Loss on foreign exchange – Unrealised		36	61
Loss from deconsolidation of a subsidiary		245	-
Provision for retirement benefits		49	90
Staff costs - Share options to Directors		46	106
Write-off of property, plant and equipment		260	488
Fair value adjustment on investment properties		(7,070)	-
Gain on disposal of:			
- Property, plant and equipment		(194)	(179)
- Quoted shares		(162)	(22,084)
Gain from deconsolidation of subsidiaries		-	(159)
Gain on foreign exchange – Unrealised		(3,766)	(2,191)
Interest income		(3,275)	(1,882)
Dividend income		(1,177)	(479)
Write-back of provision no longer required		(966)	-
Share of loss/(profit) in associate		806	(681)
Operating Profit Before Working Capital Changes		190,010	173,667
Decrease/(Increase) in:			
Inventories		21	(710)
Property development		9,156	(15,058)
Receivables		933	(13,685)
(Decrease)/Increase in payables		(848)	19,468
Cash From Operations		199,272	163,682
Income tax paid		(42,762)	(40,110)
Retirement benefits paid		(225)	(83)
Net Cash From Operating Activities		156,285	123,489

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (cont'd)

GROUP	Note	2014 RM'000	2013 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		3,275	1,882
Dividend received		1,177	479
Increase in land held for property development		(245)	(1,826)
Increase in project development expenditure		(19,712)	(15,769)
Net cash outflow from acquisition of subsidiaries	43	350	(5,542)
Net cash outflow from deconsolidation of subsidiary	44	(245)	(12)
Acquisition of additional equity interest in associate		(420)	(165)
Proceeds from disposal of:			
- Property, plant and equipment		805	208
- Quoted shares		57,814	106,220
Money received for capital reduction of investment in quoted shares		-	10,138
Purchase of:			
- Property, plant and equipment	37	(58,374)	(50,879)
- Quoted shares		(29,905)	(98,220)
Net Cash For Investing Activities		(45,480)	(53,486)
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid		(3,981)	(3,053)
Dividends paid:			
- shareholders of the Company		(16,702)	(15,808)
- subsidiaries' non-controlling interests		(37,225)	(31,551)
Net drawdown/(repayment) of:			
- Trust receipts and revolving credits		6,241	9,576
- Hire purchase payables		(494)	(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)
Placement of fixed deposits pledged to licensed banks		(3,840)	(338)
Net Cash For Financing Activities		(40,740)	(49,997)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		5,975	9,541
NET INCREASE IN CASH AND CASH EQUIVALENTS		76,040	29,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		155,255	125,708
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39	231,295	155,255

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (cont'd)

COMPANY	Note	2014 RM'000	2013 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before tax		19,925	31,653
Adjustments for:			
Allowance for impairment losses:			
- Investment in associate		5,285	2,991
- Receivables, net		87	-
Depreciation of property, plant and equipment		342	490
Bad debts written off		3	-
Interest expense		4,085	2,915
Loss on foreign exchange – Unrealised		36	-
Staff costs - Share options to Directors		46	106
Write-off of property, plant and equipment		3	-
Write-off of amount owing by subsidiaries		-	44
Dividend income		(32,006)	(34,734)
Gain on disposal of quoted shares		-	(3,669)
Gain on foreign exchange – Unrealised		-	(623)
Interest income		(13)	(66)
Operating Loss Before Working Capital Changes		(2,207)	(893)
(Increase)/Decrease in receivables		(140)	113
(Decrease)/Increase in payables		(847)	1,522
Cash (For)/From Operations		(3,194)	742
Income tax refunded		1,964	1,114
Net Cash (For)/From Operating Activities		(1,230)	1,856
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		13	66
Dividend received		32,006	34,734
Increase in project development expenditure		(19,712)	(15,769)
Investment in a subsidiary		-	(16)
Repayment from subsidiaries		29,769	12,656
Purchase of property, plant and equipment	37	(14)	(24)
Proceeds from disposal of quoted shares		-	8,543
Net Cash From Investing Activities		42,062	40,190

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (cont'd)

COMPANY	Note	2014 RM'000	2013 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid		(4,085)	(2,915)
Dividends paid		(16,702)	(15,808)
Repayment to subsidiaries		(17,651)	(35,760)
Proceeds from issuance of shares pursuant to ESOS		821	90
Purchase of treasury shares		(1,356)	(1,524)
Net drawdown of short-term borrowings		-	11,500
Net Cash For Financing Activities		(38,973)	(44,417)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,859	(2,371)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		701	3,072
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39	2,560	701

The accompanying Notes on pages 52 to 136 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public company limited by shares, incorporated under the Malaysian Companies Act 1965 and domiciled in Malaysia, and listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at A-12-01 Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 March 2015.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries and associate are set out in Notes 42 and 14 to the financial statements respectively.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

FRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 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 Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

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	1 January 2016
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 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

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (a) FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of FRS 9.
- (b) The Amendments to FRS 116 and FRS 138 prohibit revenue-based depreciation/amortisation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment/intangible assets is used or consumed. The adoption of the amendments to FRS 116 and FRS 138 is expected to have no impact on the financial statements of the Group upon its initial application.
- (c) The amendments to FRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate. The adoption of the amendments to FRS 119 is expected to have no impact on the financial statements of the Group upon its initial application.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (Cont'd):-

- (d) The amendments to FRS 127 allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group has an intention to change its accounting policies on investments in subsidiaries/joint ventures/associates to the equity method when the amendments become effective. The adoption of FRS 127 is expected to have no impact on the financial statements of the Group upon its initial application.
 - (e) Annual Improvements to FRSs 2010 – 2012 Cycle. Generally there will be no impact on the financial statements except for the amendments to FRS 116 which will only affect the amount of accumulated depreciation of future revaluations.
 - (f) Annual Improvements to FRSs 2011 – 2013 Cycle. Generally there will be no impact on the financial statements.
 - (g) Annual Improvements to FRSs 2012 – 2014 Cycle. Generally there will be no impact on the financial statements.
- 3.3 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 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 impacts that may arise from the adoption of MFRSs and the process is still ongoing.

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.1 Basis of Consolidation (Cont'd)**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (b) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.1 Basis of Consolidation (Cont'd)**Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequent if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

4.3 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.3 Financial Instruments (Cont'd)**

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.3 Financial Instruments (Cont'd)****(a) Financial Assets (Cont'd)***(iii) Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.3 Financial Instruments (Cont'd)****(c) Equity Instruments**

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.4 Functional and Foreign Currencies**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.4 Functional and Foreign Currencies (Cont'd)****(b) Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

The principal closing rates used in the translation of foreign currencies are as follows:-

	2014 RM	2013 RM
1 Chinese Renminbi	0.563	0.541
1 United States Dollar	3.497	3.276
1 Singapore Dollar	2.647	2.590
1 Hong Kong Dollar	0.451	0.422

4.5 Impairment**(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.5 Impairment (Cont'd)****(a) Impairment of Financial Assets (Cont'd)**

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.6 Property, Plant and Equipment**

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

(a) Freehold Land and Leasehold Quarry Land

Freehold land is not depreciated.

Leasehold quarry land is in respect of land use rights held to extract limestone for the Group's quarry operations and is outside the scope of FRS 117. Leasehold quarry land is amortised on a straight-line basis over the period of the leases ranging from 30 to 60 years.

(b) Other Property, Plant and Equipment

Other property, plant and equipment, with the exception of power plants and construction-in-progress, are depreciated to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line basis to write off the cost of each asset over its estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual depreciation rates are:

Buildings	2.0% to 6.5%
Power plant, machinery and equipment	5.0% to 50%
Vehicles	10% to 33%

Power plants of a subsidiary are depreciated on the straight-line basis to write off the cost less estimated residual value over the concession periods of 21 years, which will end in November 2017. Nevertheless, the concession is subject to renewal according to terms as provided in the power purchase agreement.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Construction-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Construction-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of construction-in-progress includes preliminary expenses, direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.6 Property, Plant and Equipment (Cont'd)****(b) Other Property, Plant and Equipment (Cont'd)**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss in the year the asset is derecognised. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

4.7 Capitalisation of Borrowing Costs

- (a) Borrowing costs incurred on the acquisition and construction or production of a qualifying asset which require a period of time to get them ready for their intended use are capitalised and included as part of the cost of the related assets.
- (b) Borrowing costs incurred on property development projects are capitalised and included as part of development expenditure.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.8 Assets Acquired Under Hire Purchase Arrangements

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payments and, are depreciated in accordance with the policy set out in Note 4.6 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.9 Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.10 Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.10 Associates (Cont'd)**

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2014. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with FRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4.11 Land Use Rights

Land use rights are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the term of the leases.

4.12 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.12 Investment Properties (Cont'd)**

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the policy set out in Note 4.6 above.

4.13 Land Held for Property Development and Property Development**(a) Land Held for Property Development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property Development

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.14 Research and Development Expenditure**

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over the tenure of the concession period when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

4.15 Inventories

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method.

Other inventories are valued at the lower of cost (determined on a weighted average or first-in first-out basis, as applicable) and net realisable value after making due allowance for any obsolete or slow-moving items. The cost of raw materials includes the original purchase price and the incidental expenses incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate proportion of overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.16 Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

During the current financial year, the Group excluded deposits pledged to financial institutions from cash and cash equivalents for the purpose of the statements of cash flows. The change has been applied retrospectively with an adjustment made against the opening balance of the cash and cash equivalents as at 1 January 2013.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.17 Provisions****(a) General Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(b) Provision for Project Costs to Completion

Project costs to completion are unavoidable costs of meeting or completing the obligations under a substantially completed contract. Provisions for project costs to completion are recognised in the period in which the Group becomes legally or constructively committed to perform the contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.18 Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

4.19 Revenue and Other Income Recognition

Revenue is measured at fair value of the consideration received and receivable and is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

- (a) Dividends from subsidiaries and associates and other investments are recognised when the shareholders' right to receive is established.
- (b) Interest income on short-term deposits and advances are recognised on an accrual basis based on prevailing rates.
- (c) Revenue from the provision of management services is recognised based on services rendered.
- (d) Revenue from the sale of electricity and steam is recognised upon invoiced value of electricity and steam delivered, net of billing adjustments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.19 Revenue and Other Income Recognition (Cont'd)**

- (e) Revenue from property development projects is accounted for based on the stage of completion method as determined by the proportion of the units sold attributable to the percentage of development work where the outcome of the projects can be reliably estimated.
- (f) Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.
- (g) Rental income is recognised on an accrual basis.

4.20 Income Tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.21 Employee Benefits****(a) Short-Term Benefits**

Wages, salaries, bonuses and social security contributions are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-Based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (share options).

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employees' share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employees' share option reserve.

Upon expiry of the share option, the employees' share option reserve is transferred to retained profits.

When the share options are exercised, the employees' share option reserve is transferred to share capital or share premium if new ordinary shares are issued, or to treasury shares if the share options are satisfied by the reissuance of treasury shares.

(d) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.22 Significant Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are as discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.22 Significant Accounting Estimates and Judgements (Cont'd)****(e) Classification between Investment Properties and Owner-Occupied Properties (Cont'd)**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(g) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(h) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

4.23 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.23 Operating Segments (Cont'd)**

Segment assets include all assets used by a segment. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities.

Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

4.24 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.25 Government Grants

Grants from the government are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss over the periods necessary to match the grants with the related costs which they are intended to compensate on a systematic basis.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the expected useful life of the relevant asset on a systematic basis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.26 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5. REVENUE

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of electricity and steam	481,544	462,719	-	-
Sale of goods	140,511	124,700	-	-
Sale of properties	42,746	34,192	-	-
Dividend income	214	200	32,006	34,734
Interest income	4	11	13	66
Rental income	7,446	6,936	-	-
Management fee	-	-	2,628	3,438
	672,465	628,758	34,647	38,238

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
After crediting:				
Fair value adjustment on investment properties	7,070	-	-	-
Gain from deconsolidation of subsidiaries	-	159	-	-
Gain on disposal of:				
- Property, plant and equipment	194	179	-	-
- Quoted shares	162	22,084	-	3,669
Gain on foreign exchange:				
- Realised	486	567	-	-
- Unrealised	3,766	2,191	-	623
Gross dividends:				
- Subsidiaries	-	-	32,006	34,734
- Others	1,177	479	-	-
Interest income	3,275	1,882	13	66
Rental income:				
- Investment properties	7,446	6,936	-	-
- Others	1,442	1,446	-	-
Share of (loss)/profit in associate	(806)	681	-	-
Write-back of:				
- Bad debts written off	164	101	-	-
- Provision no longer required	966	-	-	-
After charging:				
Allowance for impairment losses:				
- Available-for-sale financial assets (including cumulative losses reclassified from other comprehensive income)				
- quoted shares	1,666	1,046	-	-
- unquoted shares	-	1,875	-	-
- Investment in associate	10,862	7,500	5,285	2,991
- Receivables, net	305	820	87	-
Amortisation of land use rights	190	183	-	-
Auditors' remuneration:				
- For the financial year	430	359	61	52
- Underprovision in the previous financial year	92	41	15	4
- Others	-	11	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
After charging:				
Bad debts written off	297	80	3	-
Depreciation of property, plant and equipment	31,769	30,668	342	490
Direct operating expenses arising from investment properties	2,122	2,289	-	-
Directors' remuneration:				
- Salary, bonus and other remuneration, including benefits-in-kind (gross)	697	684	697	684
- Fees	301	263	301	263
- Other emoluments	23	19	23	19
- Share options to Directors	46	106	46	106
Inventories written off	149	304	-	-
Loss from deconsolidation of a subsidiary	245	-	-	-
Loss on disposal of:				
- Property, plant and equipment	4	154	-	-
- Quoted shares	2,935	-	-	-
Loss on foreign exchange:				
- Realised	52	109	11	-
- Unrealised	36	61	36	-
Provision for retirement benefits	49	90	-	-
Rental of:				
- Access road	3	3	-	-
- Land and buildings	347	194	170	169
- Plant and machinery	174	343	-	-
- Motor vehicles	271	-	-	-
Staff costs:				
- Defined contribution plan	3,666	3,333	289	236
- Salaries, wages, bonuses and allowances	28,917	27,455	2,435	2,066
- Other benefits	1,846	1,858	111	89
Write-off of:				
- Amount owing by subsidiaries	-	-	-	44
- Property, plant and equipment	260	488	3	-

There was no monetary value of benefits-in-kind received by Directors of the Group and of the Company for the financial years ended 31 December 2014 and 2013.

Included in the auditors' remuneration for the financial year of the Group are fees paid to accounting firm other than the Company's auditors for statutory audit fees amounting to RM44,000 (2013 : RM42,000).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

7. FINANCE COSTS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest on:				
- Bank overdrafts	470	109	358	108
- Revolving credits	2,138	1,615	1,963	901
- Term loans	877	663	-	-
- Others	496	666	1,764	1,906
	3,981	3,053	4,085	2,915

8. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax:				
- Malaysian taxation	15,675	13,049	188	296
- Foreign taxation	31,717	29,616	-	-
- (Over)/Underprovision in previous financial years	(360)	1,128	(474)	(134)
	47,032	43,793	(286)	162
Deferred tax (Note 31):				
- Relating to originating and recognition of temporary differences	(1,291)	(1,302)	-	-
- Effect of change in Real Property Gains Tax rates	-	4,218	-	-
- (Over)/Underprovision in previous financial years	(17)	1,000	-	-
	(1,308)	3,916	-	-
	45,724	47,709	(286)	162

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INCOME TAX EXPENSE (CONT'D)

The income tax expense for the financial year can be reconciled to the profit before tax of the Group and of the Company as per the statements of profit or loss and other comprehensive income as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax	153,020	154,894	19,925	31,653
Tax at Malaysian statutory rate of 25% (2013 : 25%)	38,255	38,724	4,981	7,913
Tax effects of:				
- Effect of lower tax rate in Malaysia	(115)	(150)	-	-
- Share of loss/(gain) in associate	201	(170)	-	-
- Income not subject to tax	(2,767)	(6,853)	(8,001)	(9,734)
- Expenses not deductible	5,986	5,995	3,208	2,117
- Deferred tax assets not recognised during the financial year	25	50	-	-
- Remeasurement of deferred tax on investment properties at fair value arising from change in Real Property Gains Tax rates	-	4,218	-	-
- Utilisation of previously unrecognised:				
- deferred tax assets	-	(359)	-	-
- reinvestment allowances	(183)	(17)	-	-
- (Over)/Underprovision in previous financial years:				
- current tax	(360)	1,128	(474)	(134)
- deferred tax	(17)	1,000	-	-
- Withholding tax	4,699	4,143	-	-
Income tax expense	45,724	47,709	(286)	162

The statutory tax rate will be reduced to 24% from the current financial year's rate of 25%, effective year of assessment 2016.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

8. INCOME TAX EXPENSE (CONT'D)

Tax saving during the financial year arising from:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Utilisation of tax losses:				
- Current year	783	2,603	-	-
- Previously not recognised	450	1,439	-	385
Utilisation of capital allowances:				
- Current year	3,041	7,228	66	65
- Previously not recognised	-	443	-	-
Utilisation of reinvestment allowances:				
- Previously not recognised	183	68	-	-
Utilisation of industrial building allowances:				
- Current year	-	15	-	-

No deferred tax assets are recognised in respect of the following items:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	3,258	2,848	-	-
Unabsorbed capital allowances	182	641	-	-
Provision	263	268	-	-
Accelerated capital allowances	(25)	(186)	-	-
	3,678	3,571	-	-

Deferred tax assets have not been recognised in respect of the unabsorbed capital allowances and unutilised tax losses as they arose from the subsidiaries that have a history of losses and it is not probable that there will be future taxable profits available for offset in the foreseeable future. In addition, these brought forward losses may not be used to offset taxable profits of other subsidiaries in the Group.

As at 31 December 2014, subject to agreement with the Inland Revenue Board, apart from the unabsorbed capital allowances and unutilised tax losses, the Group has unutilised reinvestment allowances of RM1,608,000 (2013 : RM720,000) available to be carried forward to be offset against future taxable income.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<u>Items that may be reclassified subsequently to profit or loss</u>				
Fair value changes of available-for-sale financial assets:				
- Changes during the financial year	(7,798)	9,152	-	1,578
- Reclassification adjustment to profit or loss on disposal	4,920	(13,078)	-	(2,789)
- Transfer to profit or loss for an impairment loss	1,666	1,046	-	-
	(1,212)	(2,880)	-	(1,211)
Foreign currency translation:				
- Changes during the financial year	10,606	20,953	-	-
- Share of associate	245	1,048	-	-
	10,851	22,001	-	-
	9,639	19,121	-	(1,211)

10. EARNINGS PER SHARE

	GROUP	
	2014	2013
Basic earnings per share		
Profit after tax for the financial year attributable to owners of the Company (RM'000)	69,899	74,050
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares at 1 January	242,455	242,395
Effect of new ordinary shares issued	330	49
Effect of treasury shares held	(20,151)	(19,686)
Weighted average number of ordinary shares at 31 December	222,634	222,758
Basic earnings per share (sen)	31.40	33.24

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

10. EARNINGS PER SHARE (CONT'D)

	GROUP	
	2014	2013
Diluted earnings per share		
Profit after tax for the financial year attributable to owners of the Company # (RM'000)	69,899	74,050
Weighted average number of ordinary shares at 31 December ('000)	222,634	222,758
Weighted average number of shares under option ('000)	2,123	2,730
Weighted average number of shares that would have been issued at average market price # ('000)	(1,377)	(2,360)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	223,380	223,128
Diluted earnings per share (sen)	31.29	33.19

Earnings have not increased because the increase in the weighted average number of ordinary shares of 746,000 shares (2013 : 370,000) is deemed to have been issued for no consideration.

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

10.2 The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders 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.

11. DIVIDENDS

A final tax-exempt dividend of 4.5 sen per ordinary share of RM1.00 each, amounting to RM10,026,068 for the financial year ended 31 December 2013 was approved by the shareholders and paid on 16 July 2014.

An interim tax-exempt dividend of 3.0 sen per ordinary share of RM1.00 each amounting to RM6,675,405 for the financial year ended 31 December 2014 (2013 : interim tax-exempt dividend of 3.0 sen) was paid on 10 October 2014.

The Board proposes a final tax-exempt dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2014. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT

GROUP 2014	← AT COST →					End of year RM'000
	Beginning of year RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	
Freehold land and buildings	94,981	5,141	(364)	5,859	2,492	108,109
Long leasehold land	4,328	-	-	-	-	4,328
Short leasehold quarry land	31,889	2,976	-	-	-	34,865
Plant and machinery, equipment, vehicles and construction-in-progress	444,573	50,788	(5,098)	(5,859)	9,625	494,029
Total	575,771	58,905	(5,462)	-	12,117	641,331

	← ACCUMULATED DEPRECIATION →					End of year RM'000
	Beginning of year RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	
Freehold land and buildings	36,316	3,274	(129)	-	1,338	40,799
Long leasehold land	1,053	29	-	-	-	1,082
Short leasehold quarry land	8,457	977	-	-	-	9,434
Plant and machinery, equipment, vehicles and construction-in-progress	249,815	27,489	(4,458)	-	5,406	278,252
Total	295,641	31,769	(4,587)	-	6,744	329,567

	← ACCUMULATED IMPAIRMENT LOSSES →			← NET BOOK VALUE →	
	Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
Freehold land and buildings	-	-	-	67,310	58,665
Long leasehold land	-	-	-	3,246	3,275
Short leasehold quarry land	224	-	224	25,207	23,208
Plant and machinery, equipment, vehicles and construction-in-progress	-	-	-	215,777	194,758
Total	224	-	224	311,540	279,906

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP 2013	← AT COST →					Exchange rate fluctuation adjustments RM'000	End of year RM'000
	Beginning of year RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Transfers RM'000			
Freehold land and buildings	82,074	6,490	(67)	1,632	4,852	94,981	
Long leasehold land	4,327	1	-	-	-	4,328	
Short leasehold quarry land	31,889	-	-	-	-	31,889	
Plant and machinery, equipment, vehicles and construction-in-progress	401,024	45,086	(18,650)	(1,632)	18,745	444,573	
Total	519,314	51,577	(18,717)	-	23,597	575,771	

	← ACCUMULATED DEPRECIATION →					Exchange rate fluctuation adjustments RM'000	End of year RM'000
	Beginning of year RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Transfers RM'000			
Freehold land and buildings	30,775	3,018	(47)	-	2,570	36,316	
Long leasehold land	1,003	50	-	-	-	1,053	
Short leasehold quarry land	7,530	927	-	-	-	8,457	
Plant and machinery, equipment, vehicles and construction-in-progress	231,531	26,673	(17,999)	-	9,610	249,815	
Total	270,839	30,668	(18,046)	-	12,180	295,641	

	← ACCUMULATED IMPAIRMENT LOSSES →			← NET BOOK VALUE →	
	Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
Freehold land and buildings	-	-	-	58,665	51,299
Long leasehold land	-	-	-	3,275	3,324
Short leasehold quarry land	224	-	224	23,208	24,135
Plant and machinery, equipment, vehicles and construction-in-progress	-	-	-	194,758	169,493
Total	224	-	224	279,906	248,251

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY	← AT COST →				← ACCUMULATED DEPRECIATION →				← NET BOOK VALUE →	
	Beginning of year RM'000	Additions RM'000	Disposals/ Write-offs RM'000	End of year RM'000	Beginning of year RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
2014										
Equipment and vehicles	2,893	14	(222)	2,685	2,204	342	(219)	2,327	358	689
2013										
Equipment and vehicles	2,884	24	(15)	2,893	1,729	490	(15)	2,204	689	1,155

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plant with total carrying values of RM127,445,000 (2013 : RM113,641,000) and power plant construction-in-progress with a carrying value of RM3,599,000 (2013 : RM18,220,000).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM36,737,000 (2013 : RM37,146,000) have been charged as security for banking facilities granted to those subsidiaries.

Property, plant and equipment of a subsidiary with a total carrying value of RM904,000 (2013 : RM938,000) were acquired under hire purchase arrangements.

13. SUBSIDIARIES

	COMPANY	
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost		
At beginning of financial year	394,066	394,050
Addition	-	16
At end of financial year	394,066	394,066
Less : Accumulated impairment losses	(284,715)	(284,715)
	109,351	109,351
Loan to a subsidiary	27,475	27,475
Less : Allowance for impairment losses	(27,475)	(27,475)
	-	-
Net investment in unquoted shares at end of financial year	109,351	109,351

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. SUBSIDIARIES (CONT'D)

The subsidiaries are listed in Note 42 to the financial statements.

The loan to a subsidiary is non-trade in nature, unsecured and interest-free. The amount owing is to be settled in cash.

In the previous financial year, a certain number of shares held by the Group and the Company in Rock Chemical Industries (Malaysia) Sdn. Berhad with carrying values of RM44,238,000 and RM25,097,000 respectively were pledged to a licensed bank as security for a revolving credit facility granted to a subsidiary. During the current financial year, the revolving credit was fully repaid and the shares pledged were fully discharged.

The non-controlling interests at the end of the reporting period comprise the following:-

	GROUP	
	2014	2013
	RM'000	RM'000
Power related companies	99,515	99,488
Idaman Harmoni Sdn. Bhd.	29,348	29,047
Other individually immaterial subsidiaries	17,806	14,737
Total	146,669	143,272

The summarised financial information (before intra-group elimination) for subsidiaries that have non-controlling interests and are material to the Group is as follows:-

	Power Related Companies RM'000	Idaman Harmoni Sdn. Bhd. RM'000
At 31 December 2014		
Non-current assets	162,021	92,573
Current assets	126,901	23,513
Non-current liabilities	(5,244)	(3,518)
Current liabilities	(45,331)	(38,833)
Net assets	238,347	73,735
Financial year ended 31 December 2014		
Revenue	481,544	6,988
Profit after tax for the financial year	84,993	1,336
Total comprehensive income	92,272	1,336
Total comprehensive income attributable to non-controlling interests	37,289	468
Dividends paid to non-controlling interests	37,225	-
Net cash flows from operating activities	109,747	3,273
Net cash flows for investing activities	(15,554)	(10,341)
Net cash flows (for)/from financing activities	(90,981)	5,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

13. SUBSIDIARIES (CONT'D)

	Power Related Companies RM'000	Idaman Harmoni Sdn. Bhd. RM'000
At 31 December 2013		
Non-current assets	159,204	96,095
Current assets	131,895	14,860
Non-current liabilities	(6,297)	(3,518)
Current liabilities	(48,277)	(34,020)
Net assets	236,525	73,417
Financial year ended 31 December 2013		
Revenue	462,719	6,577
Profit/(Loss) after tax for the financial year	77,600	(1,175)
Total comprehensive income/(expenses)	94,790	(1,175)
Total comprehensive income/(expenses) attributable to non-controlling interests	38,167	(411)
Dividends paid to non-controlling interests	31,551	-
Net cash flows from operating activities	113,464	2,498
Net cash flows for investing activities	(28,757)	(3,786)
Net cash flows (for)/from financing activities	(85,816)	2,500

14. ASSOCIATE

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Quoted shares in Malaysia, at cost	43,981	43,561	19,055	19,055
Share of post-acquisition profits	716	1,522	-	-
Share of other comprehensive income	1,293	1,048	-	-
	2,009	2,570	-	-
	45,990	46,131	19,055	19,055
Less: Accumulated impairment losses				
At beginning of financial year	(7,500)	-	(2,991)	-
Addition	(10,862)	(7,500)	(5,285)	(2,991)
At end of financial year	(18,362)	(7,500)	(8,276)	(2,991)
	27,628	38,631	10,779	16,064
Market value of quoted shares in Malaysia	19,303	16,860	7,836	7,068

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

14. ASSOCIATE (CONT'D)

The share of results of the associate is based on the unaudited financial statements of the associate.

The details of the associate are as follows:-

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2014 %	2013 %
Jadi Imaging Holdings Berhad	Manufacturing and sale of toner	Malaysia	22.30	21.84

The summarised unaudited financial information of the associate is as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
At 31 December		
Non-current assets	102,832	108,488
Current assets	53,415	50,613
Non-current liabilities	(473)	(3,946)
Current liabilities	(31,882)	(28,749)
Net assets	123,892	126,406
Financial year ended 31 December		
Revenue	71,452	75,180
(Loss)/Profit after tax for the financial year	(2,372)	3,263
Other comprehensive income	1,097	2,820
Total comprehensive (expenses)/income	(1,275)	6,083
Group's share of (loss)/profit after tax for the financial year	(806)	681
Group's share of other comprehensive income	245	1,048
Reconciliation of net assets to carrying amount		
Group's share of net assets	27,630	27,607
Goodwill	18,360	18,524
Impairment	(18,362)	(7,500)
Carrying amount of the Group's interests in the associate	27,628	38,631

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

15. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Carrying value/Market value:				
- Quoted in Malaysia	17,866	42,857	-	-
- Quoted outside Malaysia	19,463	28,032	-	-
	37,329	70,889	-	-

Investments in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

16. INVESTMENT IN UNQUOTED SHARES

	GROUP	
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost	5,866	5,866
Less : Accumulated impairment losses		
At beginning of financial year	(5,531)	(3,656)
Addition	-	(1,875)
At end of financial year	(5,531)	(5,531)
	335	335

Investments in unquoted shares of the Group are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

17. LAND USE RIGHTS

	GROUP	
	2014 RM'000	2013 RM'000
Rights for a foreign subsidiary to use land	570	740
Rights to conduct mineral extraction, quarry and mining operations in Perak	5,628	5,628
	6,198	6,368

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

18. INVESTMENT PROPERTIES

	GROUP	
	2014 RM'000	2013 RM'000
Leasehold land and building, at fair value		
At beginning of financial year	121,363	121,363
Fair value adjustment	7,070	-
At end of financial year	128,433	121,363

The fair value of the investment properties belong to level 2 of the fair value hierarchy. The level 2 fair value has been derived by marking the investment properties to their respective market values adjusted for prevailing market conditions at the end of the reporting date.

Investment properties of a subsidiary with a total carrying value of RM76,549,000 (2013 : RM76,549,000) have been charged as security for a revolving credit facility granted to the subsidiary.

19. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2014 RM'000	2013 RM'000
At beginning of financial year:		
- Freehold land	3,093	3,828
- Leasehold land	17,243	13,937
- Development expenditure	30,206	30,951
- Allowance for foreseeable losses	(500)	(500)
	50,042	48,216
Addition:		
- Leasehold land	129	3,306
- Development expenditure	116	6,720
	245	10,026
Transfer to property development (Note 23):		
- Freehold land	-	(735)
- Development expenditure	-	(7,465)
	-	(8,200)
At end of financial year	50,287	50,042

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

19. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

	GROUP	
	2014 RM'000	2013 RM'000
At end of financial year:		
- Freehold land	3,093	3,093
- Leasehold land	17,372	17,243
- Development expenditure	30,322	30,206
- Allowance for foreseeable losses	(500)	(500)
	50,287	50,042

20. PROJECT DEVELOPMENT EXPENDITURE

	GROUP/COMPANY	
	2014 RM'000	2013 RM'000
Don Sahong Project	57,246	38,743
Plantation Project and long-term lease land in Cambodia	12,676	11,629
Other Project	2,537	2,375
	72,459	52,747

On 13 February 2008, the Company signed the Project Development Agreement with the Government of Lao People's Democratic Republic to develop, build, own and operate the Don Sahong Hydropower Project in the Khong District, ChamPasak Province, Lao PDR. The Don Sahong Project is a run-of-river hydropower project which will have a capacity of 260MW and capable of generating 2,000 GWh of electricity per year. Construction works on the Don Sahong Project are expected to commence in 2015 and completion is anticipated by end of 2019.

On 31 July 2013, the Company obtained approval from the Royal Government of Cambodia ("RGC") for the concession of a plot of land measuring 9,477 hectares situated in the Namlear Wildlife Sanctuary Zone, Mondulhiri Province, Kingdom of Cambodia primarily for agricultural development and cultivation. The Concession is for a term of 90 years commencing from the date of hand-over of the concession land to the Company. The hand-over of the land is expected to be completed within 90 days from the fulfillment of all major conditions by the Company and RGC.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

21. GOODWILL ON CONSOLIDATION

	GROUP	
	2014 RM'000	2013 RM'000
Goodwill	13,802	13,802
Less : Accumulated impairment losses	(2,990)	(2,990)
	10,812	10,812

The carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
Property	2,455	2,455
Resources	4,582	4,582
Printing	2,785	2,785
Others	990	990
	10,812	10,812

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required.

The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Average Growth Rate		Discount Rate	
	2014	2013	2014	2013
Property	-	-	8%	7%
Resources	13%	18%	8%	7%
Printing	22%	19%	8%	7%

Growth rate is based on the expected projected growth rates of the property, resources and printing units.

Discount rate reflects specific risks relating to the relevant operating segments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

22. INVENTORIES

	GROUP	
	2014 RM'000	2013 RM'000
At cost:		
- Finished goods and work-in-progress	17,222	5,721
- Raw materials and consumables	22,000	35,697
- Completed properties for sale	26,773	24,636
	65,995	66,054
At net realisable value:		
- Raw materials and consumables	863	974
- Completed properties for sale	2,820	2,820
	3,683	3,794
	69,678	69,848
Recognised in profit or loss		
Inventories recognised as cost of sales	416,513	405,677
Amount written down	149	304

Certain completed properties for sale of the Group with a carrying value of approximately RM475,000 (2013 : RM615,000) are under a third party first legal charge as security for a bank guarantee facility granted by a local bank to certain subsidiaries of the Company.

23. PROPERTY DEVELOPMENT

	GROUP	
	2014 RM'000	2013 RM'000
Cumulative costs at beginning of financial year:		
- Freehold land	735	-
- Leasehold land	1,675	1,675
- Development costs	30,042	15,234
	32,452	16,909
Addition:		
- Development costs	21,208	17,694
Balance carried forward	53,660	34,603

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. PROPERTY DEVELOPMENT (CONT'D)

	GROUP	
	2014 RM'000	2013 RM'000
Balance brought forward	53,660	34,603
Transferred from land held for property development (Note 19):		
- Freehold land	-	735
- Development costs, net of allowance for foreseeable losses	-	7,465
	-	8,200
Less : Unsold completed units transferred to inventories	(2,877)	-
Less : Costs for completed projects:		
- Development costs	(30,491)	(10,351)
Cumulative costs at end of financial year:		
- Freehold land	735	735
- Leasehold land	1,675	1,675
- Development costs	17,882	30,042
	20,292	32,452
Costs recognised in profit or loss:		
Cumulative costs recognised at beginning of financial year	(15,364)	(9,359)
Costs recognised during the financial year	(20,438)	(16,356)
Costs recognised for completed projects	30,491	10,351
Cumulative costs recognised at end of financial year	(5,311)	(15,364)
Property development costs at end of financial year	14,981	17,088
Cumulative revenue recognised in statements of profit or loss and other comprehensive income	60,172	24,700
Less : Cumulative billings to purchasers	(60,093)	(17,572)
Progress billings recognised as revenue but not yet raised	79	7,128
Net balance at end of financial year	15,060	24,216

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

23. PROPERTY DEVELOPMENT (CONT'D)

The Group considers that portion of property development projects on which development work has commenced and expected to be completed within the normal operating cycle of two to three years as current assets.

Pursuant to a joint-venture agreement, a subsidiary was assigned the right to undertake the entire development of a piece of leasehold land belonging to the joint-venture partner and the proceeds arising therefrom are shared between the said joint-venture partner and the subsidiary in the agreed proportions.

24. RECEIVABLES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	90,276	96,340	-	-
Accrued billings	4,126	4,439	-	-
Retention sum	388	1,222	-	-
	94,790	102,001	-	-
Less : Allowance for impairment losses				
- At beginning of financial year	(13,398)	(13,406)	-	-
- Addition	(150)	-	-	-
- Write-back	-	8	-	-
- Write-off	10,791	-	-	-
- At end of financial year	(2,757)	(13,398)	-	-
	92,033	88,603	-	-
Other receivables				
Sundry receivables	18,939	19,244	1,449	1,308
Less : Allowance for impairment losses				
- At beginning of financial year	(7,944)	(7,116)	(615)	(615)
- Addition	(155)	(828)	(87)	-
- At end of financial year	(8,099)	(7,944)	(702)	(615)
	10,840	11,300	747	693
Balance carried forward	102,873	99,903	747	693

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

24. RECEIVABLES (CONT'D)

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Balance brought forward	102,873	99,903	747	693
Refundable deposits	3,516	2,685	173	173
Prepaid expenses	5,464	9,338	39	43
Tax recoverable	1,784	3,129	124	1,802
	10,764	15,152	336	2,018
Amount owing by subsidiaries	-	-	177,847	207,616
Less : Allowance for impairment losses	-	-	(20,369)	(20,369)
	-	-	157,478	187,247
	113,637	115,055	158,561	189,958

Trade receivables of the Group represent amounts receivable for the sale of goods and services rendered less discounts and returns, sale of electricity and steam, and progress billings for property development. The credit periods granted for trade receivables range from 21 to 120 days (2013 : 21 to 120 days).

In the previous financial year, except for an amount of RM1,000,000 owing by a subsidiary which bears interest at an interest rate of 3.7% per annum, the amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

The allowance for impairment losses is made for those receivables in significant financial difficulty and have defaulted in payments.

The retention sums are unsecured, interest-free and are expected to be collected within periods ranging from 8 to 24 (2013: 4 to 17) months.

25. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed financial institutions	134,431	69,355	-	-
Cash and bank balances	83,763	79,774	2,560	1,743
Housing Development Accounts	17,279	7,506	-	-
	235,473	156,635	2,560	1,743

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

25. BANK BALANCES AND DEPOSITS (CONT'D)

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 0.05% to 4.20% (2013 : 1.60% to 3.45%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2013 : 1 to 365 days).

Fixed deposits of RM4,178,000 (2013 : RM338,000) have been pledged as security for banking facilities granted to certain subsidiaries.

The Housing Development Accounts are maintained by certain subsidiaries in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966. These accounts consist of monies received from purchasers to be utilised for property development expenditure after which, the surplus monies, if any, will accrue to the said subsidiaries upon the completion of the property development projects.

Included in bank balances and deposits of the Group is an amount of RM34,532,000 (2013 : RM30,477,000) held in Chinese Renminbi ("RMB") by a subsidiary in China. The RMB is not freely convertible to other foreign currencies. Under The People's Republic of China's ("PRC") Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

26. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	COMPANY			
	Number of Shares		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised				
Ordinary shares of RM1.00 each	500,000	500,000	500,000	500,000
Issued and fully paid-up				
Ordinary shares of RM1.00 each				
At 1 January	242,455	242,395	242,455	242,395
New shares issued under the employees' share option scheme	547	60	547	60
At 31 December	243,002	242,455	243,002	242,455

During the financial year, the Company increased its issued and paid-up ordinary shares from RM242,455,000 to RM243,002,000 by the issuance of 547,000 new ordinary shares arising from the exercise of employee share options.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

26. SHARE CAPITAL (CONT'D)

The new shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

As at 31 December 2014, options over 2,123,000 (2013 : 2,730,000) unissued ordinary shares remained outstanding.

Of the total 243,002,000 (2013 : 242,455,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2014, 20,488,500 (2013 : 19,881,500) ordinary shares were held as treasury shares by the Company.

27. TREASURY SHARES

	COMPANY			
	Number of Shares		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
At beginning of financial year	19,882	18,942	28,669	27,145
Purchase of shares	607	940	1,356	1,524
At end of financial year	20,489	19,882	30,025	28,669

During the financial year, the Company 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 for a total consideration of RM1,356,132. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

None of the treasury shares were resold or cancelled during the financial year.

The details of the shares purchased during the financial year are as follows:-

Month	No. of Shares Purchased	Lowest Price Paid Per Share RM	Highest Price Paid Per Share RM	Average Price Paid Per Share RM	Total Consideration RM
January	-	-	-	-	-
February	2,000	2.26	2.26	2.26	4,566
March	-	-	-	-	-
April	-	-	-	-	-
May	17,000	2.26	2.29	2.29	38,994
June	-	-	-	-	-
July	583,000	2.21	2.23	2.22	1,301,239
August	5,000	2.25	2.25	2.25	11,333
September	-	-	-	-	-
October	-	-	-	-	-
November	-	-	-	-	-
December	-	-	-	-	-
Total	607,000				1,356,132

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. RESERVES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable reserves				
Share premium	33,940	33,505	33,940	33,505
Employees' share option reserve	599	732	599	732
Translation reserve	36,635	28,696	-	-
Fair value reserve	8,447	9,659	6,761	6,761
Capital reserve	15,208	15,077	-	-
	94,829	87,669	41,300	40,998
Distributable reserves				
Retained profits	431,142	378,116	42,364	38,837
	525,971	465,785	83,664	79,835

28.1 Share premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

28.2 Employees' share option reserve

The employees' share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees, calculated using the Black-Scholes model, recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws as amended and approved by shareholders on 21 May 2014. The ESOS tenure is 10 years effective from 1 August 2010.

The main features of the ESOS are as follows:-

- (a) The employees eligible to participate in the ESOS must be employed for a continuous period of at least one (1) year by the Company and/or a subsidiary within the Group;
- (b) The non-executive directors eligible to participate in the ESOS must have been a member of the Board or its subsidiaries for at least one (1) year;
- (c) No eligible employee or director shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the Group;
- (d) The entitlement under the ESOS for the Directors of the Company and persons connected to them is subject to the approval of the shareholders of the Company in a general meeting;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. RESERVES (CONT'D)**28.2 Employees' share option reserve (Cont'd)**

- (e) The ESOS shall be in force for a period of ten (10) years from its commencement on 1 August 2010 unless otherwise terminated in accordance with the By-Laws;
- (f) No employee or director shall be granted options for less than 100 ordinary shares and not more than 50% of the MFCB Shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the MFCB Group, and not more than 10% of the MFCB Shares available under the ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares);
- (g) The new ordinary shares in the Company allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all respects with the then existing ordinary shares in the Company, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Company; and
- (h) The subscription price shall be at a discount of not more than 10% on the weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares.

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

Grant Date	Exercise Price RM	← Movements During The Financial Year →				Balance As At 31.12.2014 '000
		Balance As At 1.1.2014 '000	Granted '000	Exercised '000	Lapsed '000	
24.8.2010	1.50	2,130	-	(490)	(60)	1,580
29.6.2012	1.52	600	-	(57)	-	543
		2,730	-	(547)	(60)	2,123

During the financial year, no new employees' share options were granted.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

28. RESERVES (CONT'D)**28.2 Employees' share option reserve (Cont'd)**

The fair values of the share options granted were estimated using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

Grant date	GROUP/COMPANY	
	24.8.2010	29.6.2012
Fair value of share options at the grant date (RM)	1.70	1.65
Weighted average share price (RM)	1.67	1.54
Exercise price (RM)	1.50	1.52
Expected volatility (%)	20.54	16.20
Expected life (years)	5	5
Risk free rate (%)	3.87	3.55
Expected dividend yield (%)	4.41	5.45

28.3 Translation reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

28.4 Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

28.5 Capital reserve

The capital reserve comprises reserves arising from consolidation of subsidiaries and amounts transferred from profit after taxation of a subsidiary incorporated in PRC under the PRC laws and regulations.

28.6 Retained profits

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

29. PAYABLES (NON-CURRENT)

	GROUP	
	2014 RM'000	2013 RM'000
Hire purchase payables (non-current)	308	364
Provision	504	680
	812	1,044
The hire purchase payables are payable as follows:-		
Minimum hire purchase payments:		
- Not later than one year	485	384
- Later than one year and not later than five years	308	380
	793	764
Less: Future finance charges	(38)	(46)
Present value of hire purchase payables	755	718
Current:		
- Not later than one year (Note 32)	447	354
Non-current:		
- Later than one year and not later than five years	308	364
	755	718

The hire purchase payables of the Group bear effective interest at rates ranging from 2.85% to 6.31% (2013 : 5.41% to 6.44%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30. LONG-TERM BORROWINGS

	GROUP	
	2014	2013
	RM'000	RM'000
Term loans		
Current – not later than one year (Note 33):		
- Secured	3,721	2,990
- Unsecured	11,268	10,822
	14,989	13,812
Non-current (secured):		
Later than one year and not later than two years	7,825	2,669
Later than two years and not later than five years	10,825	3,150
Later than five years	2,745	957
	21,395	6,776
	36,384	20,588

The term loans of the Group bear interest at rates ranging from 4.00% to 6.95% (2013 : 4.00% to 7.20%), are repayable over a period of 5 years to 15 years and are secured by:-

- (a) Legal charges over certain land and landed properties of certain subsidiaries;
- (b) A debenture covering fixed and floating charges over the present and future assets of a subsidiary;
- (c) Special debentures on certain machinery of certain subsidiaries;
- (d) A letter of undertaking from a subsidiary;
- (e) Legal charges over certain designated bank accounts of a subsidiary;
- (f) Corporate guarantees given by certain subsidiaries; and
- (g) A personal guarantee and joint and several guarantees given by certain directors of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31. DEFERRED TAXATION

	GROUP	
	2014	2013
	RM'000	RM'000
At beginning of financial year	21,912	18,022
Recognised in profit or loss (Note 8)	(1,308)	3,916
Effect of foreign exchange translation	(17)	(26)
At end of financial year	20,587	21,912
Analysed into:		
Deferred tax asset	(448)	(484)
Deferred tax liabilities	21,035	22,396
	20,587	21,912
The deferred tax liabilities represent the tax effects of:		
- Temporary differences of capital allowances and depreciation	14,422	14,916
- Fair value gain on investment properties	4,218	4,218
- Revaluation surplus	2,392	2,765
- Others	(445)	13
	20,587	21,912

32. PAYABLES (CURRENT)

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade payables	26,519	30,949	-	-
Other payables and accruals				
Accrued expenses	15,929	13,229	1,217	1,085
Hire purchase payables due within 12 months (Note 29)	447	354	-	-
Sundry payables	23,364	25,306	6,134	7,077
Amount owing to subsidiaries	-	-	35,076	52,727
Provision	236	-	-	-
	39,976	38,889	42,427	60,889
	66,495	69,838	42,427	60,889

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

32. PAYABLES (CURRENT) (CONT'D)

Trade payables consist of amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases range from 30 to 120 days (2013 : 30 to 120 days).

Included in sundry payables is an amount of RM5,986,485 (2013 : RM5,986,485) in respect of Feasibility Study Grant received from Malaysia External Trade Development Corporation for the Company's power project. This was approved with reimbursement of actual expenses and there are no unfulfilled conditions or contingencies relating to this grant.

Included in the amount owing to subsidiaries is a principal sum of RM25,048,000 (2013 : RM42,709,000) which is non-trade in nature, unsecured, bears interest at an interest rate of 3.70% (2013 : 3.70%) per annum and is repayable on demand. The total amount owing is to be settled in cash.

33. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank overdrafts (Note 39)				
- Secured	-	-	-	-
- Unsecured	-	1,042	-	1,042
	-	1,042	-	1,042
Trust receipts				
- Secured	2,190	2,149	-	-
Revolving credits				
- Secured	39,200	33,000	-	-
- Unsecured	15,000	15,000	15,000	15,000
	54,200	48,000	15,000	15,000
Term loans (Note 30)				
- Secured	3,721	2,990	-	-
- Unsecured	11,268	10,822	-	-
	14,989	13,812	-	-
	71,379	65,003	15,000	16,042

The interest rates of the short-term borrowings, other than term loans disclosed in Note 30 to the financial statements, are as follows:-

- The trust receipts of the Group bear interest at rates ranging from 5.01% to 5.89% (2013 : 4.40% to 5.73%).
- The revolving credits of the Group and of the Company bear interest at rates ranging from 0.75% to 1.00% (2013 : 0.80% to 1.00%) per annum above the bankers' cost of funds.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

33. SHORT-TERM BORROWINGS (CONT'D)

In respect of secured borrowings, other than the long-term borrowings due within 12 months, the nature of the security is as follows:

- (a) Legal charges over certain land and landed properties of certain subsidiaries;
- (b) A deed of assignment over an investment property of a subsidiary and a third party charge of the said investment property upon issuance of individual/strata titles;
- (c) Corporate guarantees from certain subsidiaries;
- (d) Joint and several guarantees from certain directors of certain subsidiaries;
- (e) Debenture covering fixed and floating charges over the present and future assets of certain subsidiaries;
- (f) A letter of undertaking from a subsidiary;
- (g) Legal charges over certain designated bank accounts of a subsidiary; and
- (h) A pledge of a fixed deposit account of a subsidiary.

34. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share has been calculated based on the Group's shareholders' funds as of 31 December 2014 of RM738,948,000 (2013 : RM679,571,000) on 222,513,500 (2013 : 222,573,500) ordinary shares of RM1.00 each in issue (net of treasury shares).

35. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment				
Authorised but not provided for:				
- Contracted	33,637	15,268	-	-
- Not contracted	11,179	1,328	-	-
	44,816	16,596	-	-
Development expenditure				
- Contracted	17,664	24,527	17,664	24,527
	62,480	41,123	17,664	24,527

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

36. OPERATING LEASE COMMITMENTS**LEASES AS LESSOR**

Certain subsidiaries of the Group have leased out certain properties of the Group. The future minimum lease payments under the non-cancellable operating leases are as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
Not more than one year	6,882	6,526
Later than one year and not later than five years	4,657	6,269
	<hr/> 11,539	<hr/> 12,795

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of property, plant and equipment purchased	58,905	51,577	14	24
Amount financed through hire purchase	(531)	(698)	-	-
	<hr/> 58,374	<hr/> 50,879	<hr/> 14	<hr/> 24

38. CONTINGENT LIABILITIES

- (a) In the previous financial year, the authority in the State of Sabah raised an assessment of RM305,000 for year 2013, inclusive of interest, which resulted in a total claim of approximately RM2.0 million for the period from 1998 to 2013. An accrual of RM293,000 had been made in the financial statements. The basis of the remaining assessment of RM1,716,000 was disputed and therefore, no accrual was made.

During the financial year, the authority raised further assessment of RM239,000 for current year together with the interest thereon. The Company paid RM159,000 for the period from 1998 to 2003, which assessments were not disputed, and made an additional accrual of RM907,000 to make up a total accrual of RM1.2 million, an amount proposed by the Company to the authority for the remaining period from 2004 to 2014. The basis of the remaining assessment of RM888,000 is disputed and therefore, no accrual has been made.

- (b) A claim has been made against a subsidiary by a third party in the Malacca High Court for breach of contract, relating 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 has yet to be proven in court. The claim is expected to be immaterial and therefore no provision has been made.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank balances and deposits (Note 25)	235,473	156,635	2,560	1,743
Bank overdrafts (Note 33)	-	(1,042)	-	(1,042)
	235,473	155,593	2,560	701
Less: Deposits pledged to licensed bank	(4,178)	(338)	-	-
	231,295	155,255	2,560	701

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Chinese Renminbi, United States Dollar, Singapore Dollar and Hong Kong Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

GROUP 2014	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets							
Investment in quoted shares	17,866	-	-	17,230	2,233	-	37,329
Investment in unquoted shares	335	-	-	-	-	-	335
Receivables	50,081	44,035	9,420	945	928	980	106,389
Bank balances and deposits	69,572	139,574	7,911	10,405	8,005	6	235,473
	137,854	183,609	17,331	28,580	11,166	986	379,526
Financial liabilities							
Payables (non-current)	812	-	-	-	-	-	812
Long-term borrowings	21,395	-	-	-	-	-	21,395
Payables (current)	53,937	11,949	586	12	11	-	66,495
Short-term borrowings	60,111	11,268	-	-	-	-	71,379
	136,255	23,217	586	12	11	-	160,081
Net financial assets	1,599	160,392	16,745	28,568	11,155	986	219,445
Less: Net financial assets denominated in the respective entities' functional currencies	(1,599)	(55,351)	-	-	(11)	-	(56,961)
Currency exposure	-	105,041	16,745	28,568	11,144	986	162,484

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

GROUP 2013	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets							
Investment in quoted shares	42,857	-	-	20,008	8,024	-	70,889
Investment in unquoted shares	335	-	-	-	-	-	335
Receivables	47,822	39,709	8,373	911	5,773	-	102,588
Bank balances and deposits	39,707	98,878	8,088	7,931	1,825	206	156,635
	130,721	138,587	16,461	28,850	15,622	206	330,447
Financial liabilities							
Payables (non-current)	1,044	-	-	-	-	-	1,044
Long-term borrowings	6,776	-	-	-	-	-	6,776
Payables (current)	55,391	12,882	1,502	-	12	51	69,838
Short-term borrowings	54,181	10,822	-	-	-	-	65,003
	117,392	23,704	1,502	-	12	51	142,661
Net financial assets	13,329	114,883	14,959	28,850	15,610	155	187,786
Less: Net financial assets denominated in the respective entities' functional currencies	(13,329)	(46,482)	(16)	-	-	-	(59,827)
Currency exposure	-	68,401	14,943	28,850	15,610	155	127,959

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

COMPANY 2014	RINGGIT MALAYSIA RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets						
Receivables	158,398	-	-	-	-	158,398
Bank balances and deposits	1,130	129	1,046	255	-	2,560
	159,528	129	1,046	255	-	160,958
Financial liabilities						
Payables (current)	42,427	-	-	-	-	42,427
Short-term borrowings	15,000	-	-	-	-	15,000
	57,427	-	-	-	-	57,427
Net financial assets	102,101	129	1,046	255	-	103,531
Less: Net financial assets denominated in the entity's functional currency	(102,101)	-	-	-	-	(102,101)
Currency exposure	-	129	1,046	255	-	1,430

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**

COMPANY 2013	RINGGIT MALAYSIA RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets						
Receivables	188,113	-	-	-	-	188,113
Bank balances and deposits	126	103	1,268	246	-	1,743
	188,239	103	1,268	246	-	189,856
Financial liabilities						
Payables (current)	60,889	-	-	-	-	60,889
Short-term borrowings	16,042	-	-	-	-	16,042
	76,931	-	-	-	-	76,931
Net financial assets	111,308	103	1,268	246	-	112,925
Less: Net financial assets denominated in the entity's functional currency	(111,308)	-	-	-	-	(111,308)
Currency exposure	-	103	1,268	246	-	1,617

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)**Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Effects on profit after taxation and equity				
Chinese Renminbi/RM:-				
- strengthened by 5%	3,939	2,565	-	-
- weakened by 5%	(3,939)	(2,565)	-	-
United States Dollar/RM:-				
- strengthened by 5%	628	560	5	4
- weakened by 5%	(628)	(560)	(5)	(4)
Singapore Dollar/RM:-				
- strengthened by 5%	1,071	1,082	39	48
- weakened by 5%	(1,071)	(1,082)	(39)	(48)
Hong Kong Dollar/RM:-				
- strengthened by 5%	418	585	10	9
- weakened by 5%	(418)	(585)	(10)	(9)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Notes 29, 30, 32 and 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk (Cont'd)**Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	(149)	(110)	(28)	(30)
Decrease of 25 bp	149	110	28	30

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Effects on profit after taxation				
Increase of 5%	-	-	-	-
Decrease of 5%	-	-	-	-
Effects on equity				
Increase of 5%	1,866	3,544	-	-
Decrease of 5%	(1,866)	(3,544)	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) (2013 : 1) customers which constituted approximately 16% (2013 : 11%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	40,646	39,532	-	-
China	40,264	39,709	-	-
Others	11,123	9,362	-	-
	92,033	88,603	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(b) Credit Risk (Cont'd)**Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

GROUP	GROSS	INDIVIDUAL	COLLECTIVE	CARRYING
2014	AMOUNT	IMPAIRMENT	IMPAIRMENT	VALUE
	RM'000	RM'000	RM'000	RM'000
Not past due	64,598	-	-	64,598
Past due:				
- Less than 3 months	17,713	-	-	17,713
- 3 to 6 months	7,413	-	-	7,413
- Over 6 months	5,066	(2,757)	-	2,309
	94,790	(2,757)	-	92,033
2013				
Not past due	67,489	-	-	67,489
Past due:				
- Less than 3 months	15,120	-	-	15,120
- 3 to 6 months	2,804	-	-	2,804
- Over 6 months	16,588	(13,398)	-	3,190
	102,001	(13,398)	-	88,603

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(c) Liquidity Risk**

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

GROUP 2014	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
Payables:						
- Non-current	-	504	504	-	-	504
- Current	-	66,048	66,048	66,048	-	-
Hire purchase payables	5.41%-6.17%	755	793	485	308	-
Term loans	4.00%-6.95%	36,384	42,457	15,356	22,293	4,808
Trust receipts	4.76%	2,190	2,294	2,294	-	-
Revolving credits	4.56%-5.70%	54,200	54,618	54,618	-	-
		160,081	166,714	138,801	22,601	5,312
2013						
Payables:						
- Non-current	-	680	680	-	-	680
- Current	-	69,484	69,484	69,484	-	-
Hire purchase payables	5.41%-6.44%	718	764	384	380	-
Term loans	4.00%-7.20%	20,588	22,128	13,936	6,922	1,270
Bank overdrafts	6.60%	1,042	1,112	1,112	-	-
Trust receipts	2.04%-5.15%	2,149	2,226	2,226	-	-
Revolving credits	4.28%-4.54%	48,000	48,174	48,174	-	-
		142,661	144,568	135,316	7,302	1,950

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.1 Financial Risk Management Policies (Cont'd)****(c) Liquidity Risk (Cont'd)**

COMPANY 2014	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
Payables:						
- Current	-	42,427	42,427	42,427	-	-
Revolving credits	4.66%-4.82%	15,000	15,058	15,058	-	-
		57,427	57,485	57,485	-	-
2013						
Payables:						
- Current	-	60,889	60,889	60,889	-	-
Bank overdrafts	6.60%	1,042	1,111	1,111	-	-
Revolving credits	4.43%-4.48%	15,000	15,057	15,057	-	-
		76,931	77,057	77,057	-	-

40.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year.

The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification Of Financial Instruments

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial assets				
<u>Available-for-sale financial assets</u>				
Investment in quoted shares, at fair value	37,329	70,889	-	-
Investment in unquoted shares, at cost	335	335	-	-
	37,664	71,224	-	-
<u>Loans and receivables financial assets</u>				
Receivables	106,389	102,588	920	866
Bank balances and deposits	235,473	156,635	2,560	1,743
Amount owing by subsidiaries	-	-	157,478	187,247
	341,862	259,223	160,958	189,856
Financial liabilities				
<u>Other financial liabilities</u>				
Payables:				
- Non-current	504	680	-	-
- Current	66,048	69,484	7,351	8,162
Hire purchase payables	755	718	-	-
Term loans	36,384	20,588	-	-
Bank overdrafts	-	1,042	-	1,042
Trust receipts	2,190	2,149	-	-
Revolving credits	54,200	48,000	15,000	15,000
Amount owing to subsidiaries	-	-	35,076	52,727
	160,081	142,661	57,427	76,931

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates ranging from 4.00% to 6.95% (2013: 4.00% to 7.20%). The discounting rates equal to the current market interest rate plus appropriate credit rating, where necessary. These fair values are included in level 2 of the fair value hierarchy.

GROUP	Fair Value of Financial Instruments Carried At			Fair Value of Financial Instruments Not Carried At			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial Assets</u>								
Other investments:								
- Quoted shares	37,329	-	-	-	-	-	37,329	37,329
- Unquoted shares #	-	-	-	-	-	-	#	335
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	755	-	755	755
Term loans	-	-	-	-	36,384	-	36,384	36,384
<hr/>								
2013								
<u>Financial Assets</u>								
Other investments:								
- Quoted shares	70,889	-	-	-	-	-	70,889	70,889
- Unquoted shares #	-	-	-	-	-	-	#	335
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	718	-	718	718
Term loans	-	-	-	-	20,588	-	20,588	20,588

The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)**40.4 Fair Value Information (Cont'd)**

The fair values of level 2 above have been determined using the following basis:-

- (a) The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	GROUP		COMPANY	
	2014 %	2013 %	2014 %	2013 %
Hire purchase payables	5.41 - 6.17	5.41 - 6.44	-	-
Term loans	4.00 - 6.95	4.00 - 7.20	-	-

There were no transfer between level 1 and level 2 during the financial year.

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

Business segments	Description
Power	Build, own and operate power plants.
Resources	Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate and cement bricks.
Property	Property development and property investment.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2014	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
BUSINESS SEGMENTS						
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)
Income tax expense						(45,724)
Profit for the financial year						107,296
Included in the profit for the financial year are the following items:-						
Income						
Dividend income	-	-	-	38,206	(37,029)	1,177
Fair value adjustment on investment properties	-	-	7,070	-	-	7,070
Gain on disposal of quoted shares	-	-	-	162	-	162
Gain on foreign exchange:						
- Realised	11	155	-	320	-	486
- Unrealised	1,780	771	-	1,215	-	3,766
Interest income	2,628	1,195	1,041	94	(1,683)	3,275
Rental income	-	308	9,229	47	(696)	8,888
Expense						
Allowance for impairment losses:						
- Investment in associate	-	-	-	10,862	-	10,862
- Investment in quoted shares	-	-	-	1,666	-	1,666
- Receivables, net	-	150	68	87	-	305
Depreciation of property, plant and equipment	23,318	5,766	318	2,367	-	31,769
Interest expense	166	317	198	4,949	(1,649)	3,981
Loss on disposal of quoted shares	-	-	-	2,935	-	2,935

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2014	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	392,102	203,339	285,034	169,693	-	1,050,168
Inter-segment assets	10,082	15,027	33,722	167,323	(226,154)	-
	402,184	218,366	318,756	337,016	(226,154)	1,050,168
Deferred tax asset						448
Tax recoverable						1,784
Investment in associate						27,628
Consolidated total assets						1,080,028
Liabilities						
Segment liabilities	33,962	25,538	50,953	49,628	-	160,081
Inter-segment liabilities	4,738	23,447	114,343	132,300	(274,828)	-
	38,700	48,985	165,296	181,928	(274,828)	160,081
Deferred taxation						21,035
Provision for taxation						13,295
Consolidated total liabilities						194,411
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	21,178	21,038	52	16,637	-	58,905
- Land held for property development	-	-	245	-	-	245
- Project development expenditure	-	-	-	19,712	-	19,712

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
BUSINESS SEGMENTS						
Revenue						
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
Results						
Profit from operations	107,779	22,299	13,740	49,939	(36,491)	157,266
Finance costs						(3,053)
Share of profit in associate						681
Income tax expense						(47,709)
Profit for the financial year						107,185

Included in the profit for the financial year are the following items:-

Income						
Dividend income	-	-	-	35,213	(34,734)	479
Gain on disposal of quoted shares	-	-	-	22,084	-	22,084
Gain on foreign exchange:						
- Realised	24	82	-	461	-	567
- Unrealised	753	476	-	962	-	2,191
Interest income	1,652	1,294	507	186	(1,757)	1,882
Rental income	-	312	8,745	21	(696)	8,382
Expense						
Allowance for impairment losses:						
- Investment in quoted shares	-	-	-	1,046	-	1,046
- Investment in unquoted shares	-	-	-	1,875	-	1,875
- Investment in associate	-	-	-	7,500	-	7,500
- Receivables	-	611	-	209	-	820
Depreciation of property, plant and equipment	22,752	5,517	351	2,048	-	30,668
Interest expense	171	394	775	3,470	(1,757)	3,053

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	352,093	168,584	268,282	167,052	-	956,011
Inter-segment assets	15,027	26,407	30,651	197,081	(269,166)	-
	367,120	194,991	298,933	364,133	(269,166)	956,011
Deferred tax asset						484
Tax recoverable						3,129
Investment in an associate						38,631
Consolidated total assets						998,255
Liabilities						
Segment liabilities	42,719	15,142	46,864	37,936	-	142,661
Inter-segment liabilities	12	23,569	138,279	155,030	(316,890)	-
	42,731	38,711	185,143	192,966	(316,890)	142,661
Deferred taxation						22,396
Provision for taxation						10,355
Consolidated total liabilities						175,412
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	24,751	20,876	440	5,510	-	51,577
- Land held for property development	-	-	10,026	-	-	10,026
- Project development expenditure	-	-	-	15,576	-	15,576
- Land use rights	-	5,628	-	-	-	5,628

Geographical information

Analysis by geographical information:-

	Revenue		Non-current assets	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	257,882	233,482	510,343	505,091
China	349,547	346,852	135,837	127,410
Other ASEAN countries	26,692	16,661	-	-
India	22,724	20,362	-	-
Australia	9,442	5,868	-	-
New Zealand	1,670	2,566	-	-
Bangladesh	2,336	2,033	-	-
Other countries	2,172	934	-	-
	672,465	628,758	646,180	632,501

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

41. OPERATING SEGMENTS (CONT'D)**Major customers**

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		Division
	2014 RM'000	2013 RM'000	
Customer A	126,944	124,769	Power
Customer B	131,997	115,867	Power
	258,941	240,636	

42. SUBSIDIARIES

The principal activities of the subsidiaries, their place of incorporation and the effective interest of the Company are shown below:-

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2014 %	2013 %
Mega First Power Industries Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Power (HK) Limited *	Investment holding	Hong Kong	100	100
Mega First Power Services Sdn. Bhd.	Contractor for operation and maintenance of power plants	Malaysia	100	100
Serudong Power Sdn. Bhd.	Build, own and operate a power plant	Malaysia	51	51
Shaoxing Mega Heat And Power Co. Limited *	Own and operate a power plant	The People's Republic of China	60	60
Mega First Housing Development Sdn. Bhd.	Property development	Malaysia	100	100
Gombak Land Sdn. Bhd.	Property development	Malaysia	100	100
Community Consortium Sdn. Bhd.	Property development	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2014 %	2013 %
Empayar Permai Sdn. Bhd. ^	Dormant	Malaysia	-	100
Highland Resources Sdn. Bhd. ^	Dormant	Malaysia	-	100
Idaman Harmoni Sdn. Bhd.	Property investment	Malaysia	65	65
Kinta Ceria Sdn. Bhd.	Property investment	Malaysia	100	100
Paya Emas Sdn. Bhd.	Property development	Malaysia	60	60
Public Ventures Management Sdn. Bhd.	Dormant	Malaysia	100	100
Megah Harmonik Property Management Sdn. Bhd.	Property management	Malaysia	100	100
Greentown Parking Sdn. Bhd.	Investment holding and car park operator	Malaysia	100	100
Rock Chemical Industries (Malaysia) Sdn. Berhad	Investment holding and provision of management consultancy services	Malaysia	100	100
Batamas Sdn. Berhad	Investment holding and manufacture and sale of bricks	Malaysia	100	100
Usaha Takzim Sdn. Bhd.	Property investment	Malaysia	100	100
Mega First Ventures Limited ^^	De-registered	Hong Kong	-	100
Mesrasasi Sdn. Bhd.	Limestone quarry operator	Malaysia	100	100
RCI Lime Sdn. Bhd.	Manufacture and sale of lime products and limestone quarry operator	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2014 %	2013 %
RCI Marketing Sdn. Bhd.	Dormant	Malaysia	100	100
RCI Minerals Sdn. Bhd.	Investment holding	Malaysia	100	100
RCI Ventures Sdn. Bhd.	Investment holding	Malaysia	100	100
Teratai Kembara Sdn. Bhd.	Investment holding	Malaysia	77.8	77.8
Teratai ANR Sdn. Bhd.	Pre-operating	Malaysia	70.0	70.0
Identiti Jitu Sdn. Bhd.	Sand mining	Malaysia	55	55
Runding Kualiti Sdn. Bhd.	Pre-operating	Malaysia	60	60
Runding ANR Sdn. Bhd.	Pre-operating	Malaysia	60	-
Cheng Sun Industries Sdn. Bhd.	Investment holding	Malaysia	99.6	99.6
Syarikat Cheng Sun Quarry Sdn. Bhd.	Quarrying of limestone and production of fine calcium carbonate powder	Malaysia	99.6	99.6
Bloxwich International Sdn. Bhd.	Investment holding	Malaysia	100	100
Bloxwich (Malaysia) Sdn. Bhd.	Engineering, design and manufacture of automotive components	Malaysia	95	95
Bloxwich Lighting Sdn. Bhd.	Trading of light emitting diode (LED) for lighting	Malaysia	100	100
Hexachase Corporation Sdn. Bhd.	Desktop publishing	Malaysia	52.4	52.4
Hexachase Labels Sdn. Bhd. #	Manufacturer of labels and printed products	Malaysia	47.1	47.1
Hexachase Marketing & Trading Sdn. Bhd. #	Marketing and trading of labels and printed products	Malaysia	47.1	47.1

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2014 %	2013 %
Hexachase Labels (Kuala Lumpur) Sdn. Bhd. # ^	Dormant	Malaysia	-	47.1
Hexachase Packaging Sdn. Bhd. #	Manufacturer of packaging materials	Malaysia	41.9	41.9
Hexachase Paper Products Sdn. Bhd. # ^	Dormant	Malaysia	-	41.9
Hexachase Flexipack Sdn. Bhd. #	Marketing and trading of paper and associated products	Malaysia	34.1	-
Authentic Excellence Sdn. Bhd.	Investment holding	Malaysia	100	100
Bayangan Sutera Sdn. Bhd.	Dormant	Malaysia	100	100
Don Sahong Holdings Limited (formerly known as Don Sahong Power Company Limited)	Investment holding	British Virgin Islands	100	100
Silver Acreage Limited	Dormant	British Virgin Islands	100	100
Ground Roses Limited	Dormant	British Virgin Islands	100	100
Geo-Mobile Asia Sdn. Bhd.	Investment holding	Malaysia	100	100
Mamut Copper Mining Sdn. Bhd.	Dormant	Malaysia	100	100
Geo-Mobile Asia (HK) Limited *	Dormant	Hong Kong	100	100
Mega First Corporate Services Sdn. Bhd. ^	Dormant	Malaysia	-	100
Mega First Development Sdn. Bhd. ^	Dormant	Malaysia	-	100

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2014 %	2013 %
MFCB Marketing Sdn. Bhd. ^	Dormant	Malaysia	-	100
Mega First Properties Sdn. Bhd. ^	Dormant	Malaysia	-	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Industries Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Resources Sdn. Bhd.	Investment holding	Malaysia	100	100
Anting Sendirian Berhad	Quarry operator	Malaysia	100	100
Sri Anting Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Ventures Sdn. Bhd. ^	Dormant	Malaysia	-	100
Propera Sdn. Bhd.	Dormant	Malaysia	100	100
Goleman Limited	Dormant	British Virgin Islands	100	100
Mega First Plantation (Cambodia) Ltd	Plantation	Kingdom of Cambodia	100	100

* *These subsidiaries were audited by other firms of chartered accountants.*

These companies are subsidiaries of Hexachase Corporation Sdn. Bhd..

^ *These companies were placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 (Note 44).*

^^ *On 24 July 2014, Mega First Ventures Limited ("MFVL") obtained approval for de-registration from the Registrar of Companies in Hong Kong and was eventually dissolved on 12 December 2014.*

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

43. ACQUISITION OF SUBSIDIARIES**2014**

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.

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:-

	AT DATE OF ACQUISITION CARRYING AMOUNT RM'000	FAIR VALUE RECOGNISED RM'000
Bank balances and deposits	1,000	1,000
Non-controlling interests	(350)	(350)
Net identifiable assets acquired	650	650
Add: Goodwill on acquisition		-
Total purchase consideration		650
Less: Cash and cash equivalents of the subsidiary acquired		(1,000)
Net cash inflow from acquisition of the subsidiary		(350)
The acquired subsidiary has contributed the the following results to the Group:-		
		2014 RM'000
Revenue		-
Loss after taxation		(389)

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and loss after taxation from continuing operations would have been the same.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

43. ACQUISITION OF SUBSIDIARIES (CONT'D)**2013**

On 4 January 2013, Rock Chemical Industries (Malaysia) Sdn. 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. for an aggregate cash consideration of RM3.89 million.

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.

On 22 November 2013, RCI acquired 600 fully paid-up ordinary shares of RM1.00 each representing 59% of the issued and paid-up share capital of Runding Kualiti Sdn. Bhd. for a cash consideration of RM1,200,000.

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:-

	AT DATE OF ACQUISITION CARRYING AMOUNT RM'000	FAIR VALUE RECOGNISED RM'000
Land use rights	-	5,628
Bank balances and deposits	98	98
Payables	(58)	(58)
Provision for taxation	(18)	(18)
Non-controlling interests	(10)	(10)
Net identifiable assets acquired	12	5,640
Add : Goodwill on acquisition		-
Total purchase consideration		5,640
Less : Cash and cash equivalents of the subsidiaries acquired		(98)
Net cash outflow from acquisition of subsidiaries		5,542

The acquired subsidiaries have contributed the following results to the Group:-

	2013 RM'000
Revenue	94
Loss after taxation	34

If the acquisitions had taken place at the beginning of the financial year, the Group's revenue and profit after taxation from continuing operations would have been RM628,869,000 and RM107,226,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. DECONSOLIDATION OF SUBSIDIARIES**2014**

On 24 July 2014, Mega First Ventures Limited ("MFVL") obtained approval for de-registration from the Registrar of Companies in Hong Kong and was eventually dissolved on 12 December 2014. MFVL was a wholly-owned subsidiary of RCI, which in turn is a wholly-owned subsidiary of the Company.

The deconsolidation has the following effects on the financial position of the Group as at the end of the reporting period:-

	GROUP 2014 RM'000
Fair value of net assets deconsolidated	-
Loss on deconsolidation	(245)
<hr/>	
Effect of the deconsolidation of subsidiary	(245)
Cash and cash equivalents of subsidiary deconsolidated	-
<hr/>	
Net cash outflow from deconsolidation of subsidiary	(245)
<hr/>	

2013

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.

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.

On 5 July 2013, the following dormant subsidiaries were placed under members' 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

44. DECONSOLIDATION OF SUBSIDIARIES (CONT'D)

The deconsolidation has the following effects on the financial position of the Group as at the end of the reporting period:-

	GROUP 2013 RM'000
Bank balance	12
Other payables	(8)
Capital reserves on consolidation	(163)
<hr/>	
Fair value of net assets deconsolidated	(159)
Gain on deconsolidation	159
<hr/>	
Effect of the deconsolidation of subsidiaries	-
Cash and cash equivalents of subsidiaries deconsolidated	(12)
<hr/>	
Net cash outflow from deconsolidation of subsidiaries	(12)

45. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable (excluding share options to Directors) by the Directors of the Group and of the Company during the financial year are as follows:-

	GROUP		COMPANY		
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	
Directors of the Company					
Executive Directors					
- Salary, bonus and other remuneration, including benefits-in-kind (gross)	697	684	697	684	
- Share options to Directors	14	30	14	30	
Non-Executive Directors					
- Fees	301	263	301	263	
- Other emoluments	23	19	23	19	
- Share options to Directors	32	76	32	76	
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	1,067	1,072	1,067	1,072	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

45. DIRECTORS' REMUNERATION (CONT'D)

The details of Directors' remuneration received and receivable (excluding share options to Directors) for the financial year in bands of RM50,000 are as follows:-

	GROUP	
	2014	2013
	Number of Directors	
Executive Directors		
Below RM50,000	1	1
RM50,001 – RM100,000	–	–
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	–	–
RM200,001 – RM250,000	–	–
RM250,001 – RM300,000	1	1
RM300,001 – RM350,000	–	–
RM350,001 – RM400,000	–	–
RM400,001 – RM450,000	1	1
RM450,001 – RM500,000	–	–
Non-Executive Directors		
Below RM50,000	4	4
RM50,001 – RM100,000	3	4

46. RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationships with its subsidiaries as disclosed in Note 42 to the financial statements and key management personnel.

In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:-

(a) The details of the transactions with subsidiaries are as follows:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Dividend income received and receivable	–	–	32,006	34,734
Management fee received and receivable	–	–	2,628	3,438
Interest income received and receivable	–	–	11	60
Interest expense paid and payable	–	–	(1,636)	(1,697)
Rental received and receivable	–	–	310	310
Rental paid and payable	–	–	(480)	(480)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

46. RELATED PARTY DISCLOSURES (CONT'D)

(b) The remuneration of key management personnel is as follows:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' fees	301	263	301	263
Salary, bonus and other remuneration, including benefits-in-kind (gross)	4,747	3,997	2,032	1,892
Share options to Directors	46	106	46	106

(c) The movement in share options of key management personnel is as follows:-

	GROUP/COMPANY	
	2014 '000	2013 '000
At 1 January	2,730	3,210
Exercised	(547)	(60)
Lapsed	(60)	(420)
At 31 December	2,123	2,730

(d) The details of significant transactions with related parties are as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
Purchase of light emitting diode (LED) lightings components	126	1,025
Sale of LED lightings	186	240

47. MATERIAL LITIGATION

On 15 November 2013, 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. 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, however, have failed to agree on a settlement within the agreed time frame. Consequently, SPSB has proceeded with the arbitration and the Kuala Lumpur Regional Centre for Arbitration has recently appointed the arbitrators. The potential gains arising therefrom have not been recognised in the financial statements pending the outcome of the arbitration.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

48. SUBSEQUENT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

- (a) On 3 March 2015, Ground Roses Limited ("Ground Roses"), Silver Acreage Limited ("Silver Acreage") and Electricite du Laos ("EDL") entered into a Shareholders' Agreement to regulate the parties' participation in a project company that will be undertaking the development and implementation of the Don Sahong Hydropower Project. Pursuant to the Shareholders' Agreement, Ground Roses, Silver Acreage and EDL respectively will hold 79%, 1% and 20% in the project company which will be a private company to be incorporated in Lao People's Democratic Republic ("Lao PDR").

The project company to be named as "Don Sahong Power Company Ltd" (hereafter referred to as "DSPC") will eventually sign a Concession Agreement with the Government of Lao PDR to develop, build, and operate the Don Sahong Hydropower Project. DSPC will have an initial registered and paid-up capital of US\$3,000,000 and the eventual registered and paid-up capital is currently estimated at US\$53,790,000.

Both Ground Roses and Silver Acreage are direct wholly-owned subsidiaries of Don Sahong Holdings Limited ("DSHL") (formerly known as Don Sahong Power Company Limited). DSHL is a direct wholly-owned subsidiary of MFCB. DSHL, Ground Roses and Silver Acreage are incorporated in the British Virgin Islands. EDL is a state-owned enterprise duly organised and existing under the laws of Lao PDR.

The Don Sahong Hydropower Project is a run-of-river hydropower project located at the Hou Sahong channel of the Mekong River in Khong District, Champassak Province, Lao PDR. It will have a capacity of 260MW and capable of generating about 2,000 GWh of electricity per year.

- (b) 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 reduction of the Group's equity interest in Jadi to below 20%. Consequently, the Group's remaining investment in Jadi will henceforth be reclassified as "investment in quoted shares" under non-current assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

49. COMPARATIVE FIGURES

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

	GROUP		COMPANY	
	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Financial Position (Extract):-				
Non-Current Assets				
Project Development Expenditure	52,747	50,372	52,747	50,372
Current Assets				
Receivables	115,055	117,430	189,958	192,333
Consolidated Statement of Cash Flows (Extract):-				
Cash flows from operating activities				
- (Increase)/Decrease in Receivables	(13,685)	(13,878)	113	(80)
Net cash from operating activities	123,489	123,296	1,856	1,663
Cash flows (for)/from investing activities				
- Increase in project development expenditure	(15,769)	(15,576)	(15,769)	(15,576)
Net cash (for)/from investing activities	(53,486)	(53,293)	40,190	40,383
Cash flows for financing activities				
- Placement of deposits pledged with licensed banks	(338)	-	-	-
Net cash for financing activities	(49,997)	(49,659)	-	-
Cash and cash equivalents at end of financial year	155,255	155,593	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

50. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profits:				
- Realised	279,642	233,075	41,752	38,189
- Unrealised	59,229	56,490	612	648
	338,871	289,565	42,364	38,837
Total share of retained profits from associated Company:				
- Realised	(89)	683	-	-
- Unrealised	1,085	1,004	-	-
	339,867	291,252	42,364	38,837
Consolidation adjustments	91,275	86,864	-	-
Total Group retained profits	431,142	378,116	42,364	38,837

STATEMENT BY DIRECTORS

We, **GOH NAN YANG** and **KHOO TENG KEAT**, being two of the Directors of **MEGA FIRST CORPORATION BERHAD** state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 50, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance
with a resolution of the Directors,

GOH NAN YANG

KHOO TENG KEAT

Petaling Jaya
31 March 2015

STATUTORY DECLARATION

I, **NEO HONG CHEE**, the officer primarily responsible for the financial management of **MEGA FIRST CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements, are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
NEO HONG CHEE at **PETALING JAYA** on this
31st day of March 2015

Before me,

SELVARAJAH A/L SIVALINGAM B. 103
COMMISSIONER FOR OATHS

LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2014

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
1	Factory land and building	Qi Yang Gong Lu Qi Xian Town Shaoxing County Zhejiang Province People's Republic of China	17	61,960	Leasehold 22 years (Expire in 2019)	1997	n/a	27,701
2	Quarry and limestone hill	HS(D) KA 46712 PT 3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	193,300	Leasehold 30 years (Expire in 2025)	1996	1996	2,118
3	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	12	22,600	Freehold	1997	1997	4,559
4	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	18,700	Freehold	1996	1996	163
5	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	10,600	Freehold	1996	1996	40
6	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	16,415	Freehold	2006	2006	386
7	Integrated lime kiln and hydration plant	Geran 58731 Lot 45155 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	22,384	Freehold	2009	n/a	584
8	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	6	864	Freehold	2009	n/a	439
9	Warehouse	Lot 45155 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	4	2,970	Freehold	2011	n/a	1,293
10	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	64,041	Freehold	2012	2012	3,564

LIST OF PROPERTIES HELD (cont'd)

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
11	Stockyard	Lot 45160 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	25,040	Freehold	2012	2012	1,279
12	Stockyard	Lot 45137, 45138 & 45139 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	87,817	Freehold	2013	2013	4,045
13	Stockyard	Lot 9479, Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	64,547	Freehold	2013	2012	1,408
14	Stockyard	Lot 312555, 312556 & 312557 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	62,290	Freehold	2014	2013	2,376
15	Crushing plant and guardhouse	Lot 45152 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	16,010	Freehold	2007	n/a	479
16	Quarry and limestone hill	PT 1491, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	58,474	Leasehold (Expire in 2037)	2007	n/a	63
17	Quarry and limestone hill	PT 3962, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	28,328	Leasehold (Expire in 2022)	2007	n/a	20
18	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	15	892	Freehold	2000	2000	833
19	3 storey shophouse	Station 18 170 Jalan Pengkalan Barat 32 Stesyen 18 Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	12	185	Leasehold (Expire in 2096)	2002	n/a	270
20	Vacant land	PT 4728, Jalan Raja Musa Mukim Batang Berjuntai 45600 Batang Berjuntai Selangor Darul Ehsan	n/a	77,118	Freehold	1997	n/a	1,595

LIST OF PROPERTIES HELD (cont'd)

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
21	Factory buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	32	42,576	Leasehold (Expire in 2045)	1982	1985	1,466
22	Double storey terrace house	HS (D) 128830 PT 194343 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	6	121	Leasehold (Expire in 2103)	2009	n/a	118
23	Industrial land	HS (D) 198575 PT 37292 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	n/a	8,237	Leasehold 60 years (Expire in 2071)	2012	n/a	274
24	Agricultural land	HS (D) 198576 PT 37293 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	n/a	15,070	Leasehold 60 years (Expire in 2071)	2012	n/a	500
25	Industrial land	HS (D) 198577 PT 37294 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	n/a	254	Leasehold 60 years (Expire in 2071)	2012	n/a	10
26	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	27	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	3,423
27	Quarrying limestone hill	Lot PT23156 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	n/a	36,422	Leasehold 30 years (Expire in 2042)	1981	n/a	597
28	Vacant land	Lot PT 1109 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	n/a	8,099	Leasehold 30 years (Expire in 2022)	1992	n/a	2
29	Agricultural land	GRN 46180 Lot 22974 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	33,336	Freehold	2012	2011	2,160
30	Quarry land	HS (D) 3238 PT 1008 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	40,467	Leasehold (Expire in 2020)	2012	2011	5,699

LIST OF PROPERTIES HELD (cont'd)

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
31	Quarry land	PN 283888 Lot 303752 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	60,710	Leasehold (Expire in 2033)	2012	2011	9,174
32	Agricultural land and buildings	GRN 11527 Lot 15588 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	68,796	Freehold	2012	2011	3,315
33	Agricultural land	GRN 49450 Lot 22993 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	7,664	Freehold	2012	2011	355
34	Industrial land	PN 70403 Lot 158432 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	7,522	Leasehold 60 years (Expire in 2050)	2012	2011	684
35	Industrial land	PN 71751 Lot 187404 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	16,180	Leasehold 60 years (Expire in 2051)	2012	2011	1,474
36	Industrial land	PN 71752 Lot 197220 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	12,132	Leasehold 60 years (Expire in 2052)	2012	2011	1,107
37	Corporate office tower and office suite	PT 24605 Bandar Petaling Jaya Selangor Darul Ehsan	6	18,806	Leasehold 99 years (Expire in 2106)	2006	n/a	105,298
38	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	4	14,204	Leasehold 99 years (Expire in 2094)	2010	2010	11,650
39	Vacant land held for development	PT 134909 Greentown, Ipoh Perak Darul Ridzuan	n/a	8,094	Leasehold 99 years (Expire in 2094)	2005	n/a	11,485
40	Vacant land held for development	Lot 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	n/a	291,894	Leasehold 99 years (Expire in 2097)	1996	n/a	34,568

LIST OF PROPERTIES HELD (cont'd)

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
41	Vacant land held for development	PT 2388, 2397, 2401 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	n/a	2,298	Leasehold 99 years (Expire in 2086)	1987	n/a	247
42	Vacant land held for development	PT 134908, 134914 Greentown, Ipoh Perak Darul Ridzuan	n/a	10,072	Leasehold 99 years (Expire in 2094)	1995	n/a	4,972
43	Vacant land held for development	Lot 277 to 279 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	n/a	184,990	Freehold	1993	n/a	5,838
44	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	18	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,534
45	Factory	Lot 77 Jalan IKS MJ 6 Kawasan Perindustrian Malim Jaya 75250 Melaka	18	711	Leasehold 99 years (Expire in 2096)	2000	2012	400
46	Factory and office	6 & 8, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	10	596	Leasehold 99 years (Expire in 2077)	2000	2012	416
47	Factory and office	Lot 4788-4789 Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75250 Melaka	5	3,916	Leasehold 99 years (Expire in 2096)	2009	2011	2,709
48	Factory	Lot 2233-2234, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	5	603	Leasehold 99 years (Expire in 2077)	2007	2008	418
49	Factory	104 & 105, Jalan IKS MJ 6 Taman IKS Malim Jaya 75250 Melaka	18	1,760	Leasehold 99 years (Expire in 2096)	2005	2005	1,003
50	Factory and office	PN20205 Lot 4916 18, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	2	4,961	Leasehold 99 years (Expire in 2096)	2005	2014	4,633

n/a Not applicable

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2015

Authorised Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.
Issued and Paid-up Capital	:	RM243,045,000 divided into 243,045,000 ordinary shares of RM1.00 each fully paid-up.
Class of Shares	:	Ordinary shares of RM1.00 each.
Voting Rights	:	One vote per ordinary share on a poll. One vote per shareholder on a show of hands.

Size of Shareholdings	No. of Shareholders	No. of Shares Held	% of Shareholdings [^]
Less than 100	668	35,521	0.02
100 to 1,000	3,824	3,556,401	1.60
1,001 to 10,000	5,328	20,095,204	9.03
10,001 to 100,000	744	21,154,020	9.50
100,001 to less than 5% of issued shares	117	92,387,074	41.51
5% and above of issued shares	3	85,323,280	38.34
Total	10,684	222,551,500[^]	100.00

([^]) - Excludes 20,493,500 treasury shares retained by the Company as reflected in the Record of Depositors.

STATISTICS OF SHAREHOLDINGS (cont'd)

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Securities Account Holder	No. of shares held	% of Total Issued Shares
1)	Rubber Thread Industries (M) Sdn Berhad	47,905,000	19.71
2)	Cartaban Nominees (Asing) Sdn Bhd - <i>BBH And Co. Boston for Fidelity Low-Priced Stock Fund (Prin Allsec Sub)</i>	22,630,800	9.31
3)	Mega First Corporation Berhad - <i>Share Buy-Back Account</i>	20,493,500	8.43
4)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.08
5)	Kah Hin Loong Sdn Bhd	8,686,420	3.57
6)	Citigroup Nominees (Asing) Sdn Bhd - <i>UBS AG Singapore for Keen Capital Investments Limited</i>	8,617,800	3.55
7)	HLB Nominees (Asing) Sdn Bhd - <i>Pledged Securities Account for Keen Capital Investments Limited (SIN 9534-6)</i>	7,643,000	3.14
8)	PRT Capital Pte Ltd	5,802,800	2.39
9)	Shoptra Jaya (M) Sdn Bhd	3,668,300	1.51
10)	Maybank Nominees (Tempatan) Sdn Bhd - <i>Etiqa Insurance Berhad (Life Non-Par Fund)</i>	3,329,000	1.37
11)	Zulkifli bin Hussain	3,005,000	1.24
12)	Grand Terrace Sdn Bhd	2,990,600	1.23
13)	Andrew Lim Cheong Seng	2,250,000	0.93
14)	Koay Keng Huat	2,200,000	0.91
15)	Lanai Etika Sdn Bhd	1,927,200	0.79
16)	Maybank Nominees (Tempatan) Sdn Bhd - <i>Etiqa Insurance Berhad (Life Par Fund)</i>	1,876,600	0.77
17)	Hoe Seng Company Pte Limited	1,660,000	0.68
18)	Wan Poh Mining Company Sdn Bhd	1,574,900	0.64
19)	Cartaban Nominees (Asing) Sdn Bhd - <i>SSBT Fund F9EX for Fidelity Northstar Fund</i>	1,556,400	0.64
20)	Maybank Nominees (Tempatan) Sdn Bhd - <i>Etiqa Insurance Berhad (Shareholder's Fund)</i>	1,497,000	0.62
21)	Citigroup Nominees (Asing) Sdn Bhd - <i>CBNY for Dimensional Emerging Markets Value Fund</i>	1,381,900	0.57
22)	Lee Sei Fah	1,370,300	0.56
23)	Citigroup Nominees (Tempatan) Sdn Bhd - <i>Employees Provident Fund (Nomura)</i>	1,175,000	0.48
24)	Koay Keng Ling	1,000,000	0.41
25)	Juwitawan Sdn Bhd	974,000	0.40
26)	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Koay Keng Ling</i>	865,000	0.36
27)	Maybank Nominees (Tempatan) Sdn Bhd - <i>Etiqa Insurance Berhad (Par Fund 2)</i>	832,900	0.34
28)	CK Goh Holdings Sdn Bhd	750,000	0.31
29)	Toh Yew Keong	742,000	0.31
30)	Goh Nan Kioh	713,600	0.29
	Total	173,906,500	71.55

STATISTICS OF SHAREHOLDINGS (cont'd)

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	Direct Interest		Deemed Interest	
		Shares	% ^	Shares	% ^
1)	Goh Nan Kioh	713,600	0.32	71,895,800	^(a) 32.31
2)	Rubber Thread Industries (M) Sdn Berhad	47,905,000	21.53	1,927,200	^(b) 0.87
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.64	-	-
4)	Keen Capital Investments Limited	16,260,800	7.31	-	-
5)	Laju Riang Sdn Bhd	-	-	49,832,200	^(c) 22.39
6)	Kema Development Sdn Bhd	-	-	49,832,200	^(c) 22.39
7)	Cambrew (Malaysia) Sdn Bhd	-	-	49,832,200	^(c) 22.39
8)	Dr. Lim Thian Soo	10,000	*	49,832,200	^(c) 22.39
9)	Lim Thiam Cheok	10,000	*	49,832,200	^(c) 22.39
10)	Lim Yam Poh	-	-	49,832,200	^(c) 22.39
11)	FMR LLC	-	-	24,220,500	^(d) 10.88

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY

Director	Direct Interest		Deemed Interest		Employees' Share Options	
	Shares	% ^	Shares	% ^	Number	Exercise Price
1) Goh Nan Kioh	713,600	0.32	71,895,800	^(a) 32.31	500,000	RM1.50
2) Dato' Haji Abu Hanifah bin Noordin	300,000	0.13	-	-	-	-
3) Goh Nan Yang	510,000	0.23	-	-	500,000	RM1.50
4) Khoo Teng Keat	200,000	0.09	-	-	-	-
5) Yeow See Yuen	436,500	0.20	26,000	0.01	300,000	RM1.50
6) Tay Kheng Chiong	20,000	0.01	-	-	280,000	RM1.50
7) Dato' Tan Ang Meng	-	-	-	-	300,000	RM1.52
8) Dato' Koh Hong Sun	100,000	0.04	-	-	200,000	RM1.52
9) Pengiran Saifuddin bin Pengiran Tahir	-	-	-	-	-	-
Total	2,280,000	1.02	71,921,800	32.32	2,080,000	-

Notes:

* Less than 0.01%.

^ Based on the issued and paid-up share capital of the Company of RM243,045,000 comprising 243,045,000 fully paid ordinary shares of RM1.00 each minus 20,493,500 treasury shares retained by the Company as reflected in the Record of Depositors.

(a) Deemed interest by virtue of interest in Rubber Thread Industries (M) Sdn Berhad, Lanai Etika Sdn Bhd, Keen Capital Investments Limited and PRT Capital Pte Ltd.

(b) Deemed interest by virtue of interest in Lanai Etika Sdn Bhd.

(c) Deemed interest by virtue of interest in Rubber Thread Industries (M) Sdn Berhad.

(d) In respect of Fidelity Northstar Fund Sub B and FID Low Priced Stock Fund.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 49th Annual General Meeting (“AGM”) of Mega First Corporation Berhad (“MFCB” or “the Company”) will be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 22 May 2015 at 10:00 a.m. for the following purposes:-

AGENDA

- | | | |
|----|---|---------------------------------------|
| 1) | To receive and consider the Directors’ Report and Audited Financial Statements for the year ended 31 December 2014. | <i>(Please refer to Note B below)</i> |
| 2) | To declare a tax-exempt final dividend of 5.0 sen per ordinary share of RM1.00 each in respect of the year ended 31 December 2014. | <i>(Resolution 1)</i> |
| 3) | To re-elect the following Directors who are retiring by rotation pursuant to Article 99 of the Company’s Articles of Association, and being eligible, offer themselves for re-election:- | |
| | 3.1 Mr Goh Nan Kioh | <i>(Resolution 2)</i> |
| | 3.2 Mr Khoo Teng Keat | <i>(Resolution 3)</i> |
| | 3.3 Mr Tay Kheng Chiong | <i>(Resolution 4)</i> |
| 4) | To re-elect Encik Pengiran Saifuddin bin Pengiran Tahir who is retiring pursuant to Article 104 of the Company’s Articles of Association, and being eligible, offers himself for re-election. | <i>(Resolution 5)</i> |
| 5) | To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Board of Directors to fix their remuneration. | <i>(Resolution 6)</i> |

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:-

- | | | |
|----|--|-----------------------|
| 6) | Retention of Independent Directors | |
| | To retain the following Directors who have served for more than nine years as Independent Directors of the Company:- | |
| | 6.1 Dato’ Haji Abu Hanifah bin Noordin | <i>(Resolution 7)</i> |
| | 6.2 Mr Yeow See Yuen | <i>(Resolution 8)</i> |
| 7) | Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 | |
| | “THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person/persons or party/parties whomsoever the Directors may deem fit provided that the aggregate nominal value of shares to be issued during the preceding 12 months does not exceed 10% of the nominal value of the issued and paid-up share capital (excluding treasury shares) of the Company at the time of issuance of shares, and that such authority shall continue in force until the conclusion of the next annual general meeting.” | <i>(Resolution 9)</i> |

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

8) Renewal of Share Buy-Back Authority

“THAT, subject to the Companies Act, 1965 (“the Act”), rules, regulations and orders made pursuant to the Act, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) and any applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to :-

(Resolution 10)

- i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company as quoted on BMSB as at the time of purchase and the total funds allocated shall not exceed the total retained earnings and share premium of the Company which would otherwise be available for dividends AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next annual general meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next annual general meeting is required by law to be held, whichever occurs first);
- ii) retain the shares so purchased as treasury shares or cancel them or both, with an appropriate announcement to be made to BMSB in respect of the intention of the Directors whether to retain the shares so purchased as treasury shares or cancel them or both together with the rationale of the decision so made;
- iii) deal with the shares purchased in the manner prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of BMSB and any other relevant authorities for the time being in force; and
- iv) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares.”

9) Allocation of Options to Goh Mei Sze

“THAT, approval be and is hereby given for the Company to offer and to grant to Goh Mei Sze, an employee of the Company and a person connected to certain Directors and major shareholder of the Company, options to subscribe for such number of new MFCB Shares under the Company’s Employees Share Option Scheme (“the ESOS”), AND subject always to such terms and conditions, and in accordance with the provisions of the By-Laws governing the ESOS.”

(Resolution 11)

- 10) To transact any other business that may be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company’s Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders for the payment of the tax-exempt final dividend of 5.0 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2014 under Resolution 1 at the 49th AGM, the dividend will be paid to the shareholders on 9 July 2015. The entitlement for the dividend shall be 23 June 2015.

Shareholders of the Company will only be entitled to the dividend in respect of :-

- a) Securities transferred into their securities account before 4:00 p.m. on 23 June 2015; and
- b) Securities bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
28 April 2015

NOTES:**A) Entitlement of Attendance and Appointment of Proxy**

- (i) Depositors whose names appear in the Record of Depositors as at 15 May 2015 shall be regarded as members of the Company entitled to attend the 49th Annual General Meeting or to appoint proxies to attend on their behalf.
- (ii) A member of the Company entitled to attend and on a poll, vote at the meeting, is entitled to appoint a proxy or proxies to attend and to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.
- (iii) In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its Common Seal or (b) under the hand of its attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
- (iv) A member shall, subject to Paragraph (v) below, be entitled to appoint no more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (v) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (vi) The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

B) Audited Financial Statements

The agenda is meant for discussion as the provisions of Section 169(1) of the Companies Act, 1965 do not require a formal approval of the shareholders on the audited financial statements. Hence, the matter will not be put for voting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1) Resolutions 7 and 8 - Retention of Independent Directors

Dato' Haji Abu Hanifah bin Noordin has served as Independent Director for a cumulative term of more than 9 years. By the 49th AGM, Mr Yeow See Yuen will have served the Company as Independent Director for more than 9 years. The Board of Directors has vide the Nominating Committee conducted an assessment of independence of both gentlemen.

The Board is satisfied that both Dato' Haji Abu Hanifah bin Noordin and Mr Yeow See Yuen will remain unbiased, objective and independent in expressing their opinions and in participating in the decision making of the Board. Their long service has not affected their independence and ability to act in the best interest of the Company. With their vast experience in business, accounting, finance and management, both gentlemen would be able to contribute during deliberations or discussion of the Board. Additionally, each of them has devoted sufficient attention to his responsibilities as an Independent Director and in carrying out his duty in the best interest of the Company and its shareholders. The Board believes that Dato' Haji Abu Hanifah bin Noordin and Mr Yeow See Yuen should be retained as Independent Directors. The Board therefore recommends for shareholders' approval to retain Dato' Haji Abu Hanifah bin Noordin and Mr Yeow See Yuen as Independent Directors.

2) Resolution 9 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

Resolution 9, if passed, will empower the Directors to issue new shares up to 10% of the issued share capital (excluding treasury shares) of the Company at the time of issuance, for purposes of funding future investment projects, working capital, acquisitions and so forth. The approval is a renewed general mandate and is sought to provide flexibility and avoid any delay and cost in convening a general meeting for such issuance of shares for fund raising activities, including placement of shares. The authorisation, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. The Company has not issued any new shares under the general authority given at the last AGM.

3) Resolution 10 - Renewal of Share Buy-Back Authority

Resolution 10, if passed, will give the Company the authority to purchase its own ordinary shares of up to 10% of the issued and paid-up share capital of the Company at the time of purchase ("Share Buy-Back"). This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by law to be held, whichever occurs first.

For further information, please refer to the Share Buy-back Statement dated 28 April 2015 which is circulated together with the Company's Annual Report 2014.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

4) Resolution 11 - Allocation of Options to Goh Mei Sze

Resolution 11, if passed, will allow Goh Mei Sze, an employee of the Company and a person connected to certain Directors and major shareholder of the Company, to participate in the Employees' Share Option Scheme of the Company. Under the By-Laws governing the Scheme, not more than 50% of the MFCB Shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the MFCB Group, and not more than 10% of the MFCB Shares available under the ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares).

Goh Mei Sze and persons connected to her will abstain from voting on this resolution in respect of their direct and indirect shareholdings in the Company.

**Statement Accompanying Notice of Annual General Meeting
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

No individual is seeking election as a Director at the forthcoming 49th AGM of the Company.

GROUP OF COMPANIES DIRECTORY

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
1.	Mega First Power Industries Sdn. Bhd. mfcb@mega-first.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Khoo Teng Keat
2.	Shaoxing Mega Heat And Power Co. Limited ltliew@smhp.sxmail.net	Qi Yang Gong Lu, Qi Xian Town, Shaoxing County, Zhejiang Province, 312065 China.	0086-575-85181025	0086-575-85182287	Mr. Liew Leong Ting
3.	Serudong Power Sdn. Bhd. serudongpower@yahoo.com	KM6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Jeff Fernandez
4.	Mega First Power Services Sdn. Bhd. serudongpower@yahoo.com	KM6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Jeff Fernandez
5.	Rock Chemical Industries (Malaysia) Sdn. Berhad info@rci.com.my	Lot 45157 & 45158, Gunung Panjang, 31600 Gopeng, Perak Darul Ridzuan.	05-3593188	05-3593228	Mr. John Chu
6.	Syarikat Cheng Sun Quarry Sdn. Bhd. csquarry@yahoo.com.my	Lot 67887, Mukim Sg. Raia, 31300 Keramat Pulai, Perak Darul Ridzuan.	05-3571502/3/5	05-3571504	Mr. John Chu
7.	Batamas Sdn. Berhad batamasmy@yahoo.com	Lot 138321, Jalan Changkat Larang, P.O. Box 15, 31007 Batu Gajah, Perak Darul Ridzuan.	05-3661654/3500	05-3663555	Mr. John Chu
8.	Anting Sendirian Berhad antingsb@hotmail.com	Lot 15588, Mukim Sungai Raya, 31300 Simpang Pulai, Ipoh, Perak Darul Ridzuan.	05-3574105	05-3576472	Mr. John Chu
9.	Gombak Land Sdn. Bhd. mfcb.property@mega-first.com	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Steven Chu
10.	Gombak Land Sdn. Bhd. mfcb.property@mega-first.com	No. 12-1, Persiaran Greentown 10, Pusat Perdagangan Greentown, 30450 Ipoh, Perak Darul Ridzuan.	05-2433093/92	05-2433094	Mr. Steven Chu
11.	Gombak Land Sdn. Bhd. mfcb.property@mega-first.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Steven Chu
12.	Mega First Housing Development Sdn. Bhd. mfcb.property@mega-first.com	No. 34 & 36, Jalan Mawar 1B, Taman Mawar, Bandar Baru Salak Tinggi, 43900 Selangor Darul Ehsan.	03-87060088/8800	03-87060808	Mr. Steven Chu

GROUP OF COMPANIES DIRECTORY (cont'd)

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
13.	Paya Emas Sdn. Bhd. mfcb.property@mega-first.com	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Steven Chu
14.	Idaman Harmoni Sdn. Bhd. mfcb.property@mega-first.com	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Steven Chu
15.	Greentown Parking Sdn. Bhd. mfcb.property@mega-first.com	GA-D-15 Ground Floor, No. 15 Persiaran Greentown 4A, Greentown Avenue, 30450 Ipoh, Perak Darul Ridzuan.	05-2433033	05-2433033	Mr. Steven Chu
16.	Bloxwich (Malaysia) Sdn. Bhd. admin@bloxwich.com.my	Lot 31, Seri Iskandar Technology Park, Mukim Bota, Daerah Perak Tengah, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
17.	Bloxwich Lighting Sdn. Bhd. admin@bloxwich.com.my	Lot 31, Seri Iskandar Technology Park, Mukim Bota, Daerah Perak Tengah, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
18.	Hexachase Labels Sdn. Bhd. info@hexachase.com	No. 6 & 8, Jalan Berkat 12, Taman Malim Jaya, 75250 Melaka.	06-3357461/72	06-3357429	Mr. Danny Yeo
19.	Hexachase Packaging Sdn. Bhd. pkgcs@hexachase.com	Lot 4788 & 4789, Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75250 Melaka.	06-3371201/02	06-3371200	Mr. Deric Sim
20.	Hexachase Flexipack Sdn. Bhd. cs.hfp@hexachase.com	No. 18, Jalan TTC 26, Taman Teknologi Cheng, 75250 Melaka.	06-3358299	06-3350009	Mr. Danny Yeo

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MFCB

MEGA FIRST CORPORATION BERHAD

(Company No. 6682-V)
(Incorporated in Malaysia)

FORM OF PROXY

(To be completed in block letters)

No. of MFCB shares held:	
CDS Account Number:	

I/We
(Full Name as per NRIC/Certificate of Incorporation in block letters)

Company No. / NRIC No.
of
(Full address)

being a member of MEGA FIRST CORPORATION BERHAD ("the Company") hereby appoint:-

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of MFCB Shares	%
Address:			

And / Or

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of MFCB Shares	%
Address:			

as my/our proxy/proxies to attend and, on a poll, to vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company, to be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on 22 May 2015 at 10:00 a.m. and at any adjournment thereof, in the manner indicated below.

RESOLUTIONS		For	Against	Abstain
1.	Declaration of the tax-exempt final dividend of 5.0 sen per share.			
2.	Re-elect Goh Nan Kioh as Director.			
3.	Re-elect Khoo Teng Keat as Director.			
4.	Re-elect Tay Kheng Chiong as Director.			
5.	Re-elect Pengiran Saifuddin bin Pengiran Tahir as Director.			
6.	Re-appoint Crowe Horwath as auditors and authorise the Board of Directors to fix their remuneration.			
7.	Retention of Dato' Haji Abu Hanifah bin Noordin as Independent Director.			
8.	Retention of Yeow See Yuen as Independent Director.			
9.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.			
10.	Renewal of Share Buy-Back Authority.			
11.	Allocation of Options to Goh Mei Sze.			

(Please indicate with an (X) in the space provided as to how you wish your vote to be cast. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit).

Date:	
Telephone No:	

.....
Signature/Common Seal of Shareholder

NOTES:

- (i) Depositors whose names appear in the Record of Depositors as at 15 May 2015 shall be regarded as members of the Company entitled to attend the 49th Annual General Meeting or to appoint proxies to attend on their behalf.
- (ii) A member of the Company entitled to attend and on a poll, vote at the meeting, is entitled to appoint a proxy or proxies to attend and to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.
- (iii) In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its Common Seal or (b) under the hand of its attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
- (iv) A member shall, subject to Paragraph (v) below, be entitled to appoint no more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (v) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (vi) The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting.

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60 sen
Postage
Stamp

The Company Secretaries
MEGA FIRST CORPORATION BERHAD
A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya, Selangor
MALAYSIA

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MFCB