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

Annual Report 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Deputy Chairman / Independent Director
Datuk 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)*

Senior Independent Director
Dato' Koh Hong Sun, *MA*

Independent Directors
Yeow See Yuen, *B.Acc.(Hons.)*
Dato' Tan Ang Meng, *CPA*
Pengiran Saifuddin bin Pengiran Tahir, *MBA, LLB*

Non-Independent Non-Executive Director
Tay Kheng Chiong, *B.Eng.(Hons), MBA, C.Eng. MIET (UK)*

AUDIT COMMITTEE

Yeow See Yuen *(Chairman)*
Datuk 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
Datuk Haji Abu Hanifah bin Noordin

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: mfcb@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

WEBSITE

www.mega-first.com

PROFILE OF DIRECTORS

GOH NAN KIOH

Executive Chairman
Malaysian

Mr Goh Nan Kioh, age 62, 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.

DATUK HAJI ABU HANIFAH BIN NOORDIN

Deputy Chairman
Independent Director
Malaysian

Datuk Haji Abu Hanifah bin Noordin, age 64, 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. Datuk 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). Datuk Hanifah is also a director of Datasonic Group Berhad which is listed on Bursa Malaysia.

GOH NAN YANG

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

Mr Goh Nan Yang, age 52, 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.

KHOO TENG KEAT

Executive Director
Malaysian

Mr Khoo Teng Keat, age 45, 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. Prior to joining the Company, Mr Khoo has more than 14 years experience as an equity analyst and has held senior positions with several reputable international investment banks.

PROFILE OF DIRECTORS
[continued]

YEOW SEE YUEN

Independent Director
Malaysian

Mr Yeow See Yuen, age 48, 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.

TAY KHENG CHIONG

Non-Independent
Non-Executive Director
Malaysian

Mr Tay Kheng Chiong, age 52, 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 Stratchclyde, Scotland and is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom. Mr Tay has more than 25 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.

DATO' TAN ANG MENG

Independent Director
Malaysian

Dato' Tan Ang Meng, age 60, 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, iCapital.Biz Berhad and Red Sena Berhad (all listed on Bursa Malaysia).

PROFILE OF DIRECTORS
[continued]

DATO' KOH HONG SUN

Independent Director
Malaysian

Dato' Koh Hong Sun, age 63, 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 is a Director of Genting Malaysia Berhad and GLM REIT Management Sdn Bhd, the manager of Tower Real Estate Investment Trust. He is also the Chairman of QBE Insurance (Malaysia) Berhad.

PENGIRAN SAIFUDDIN BIN PENGIRAN TAHIR

Independent Director
Malaysian

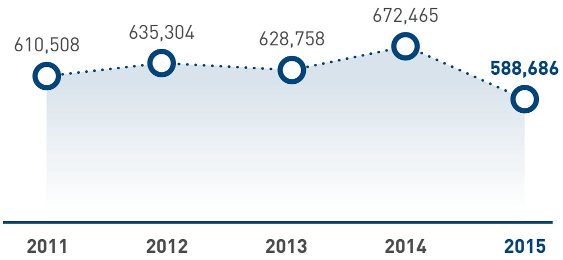
Encik Pengiran Saifuddin bin Pengiran Tahir, age 58, joined the Board on 15 August 2014 as Independent Director. He holds a Law Degree from University of London, England and a Master Degree in Business Administration from Universiti Malaysia Sabah. Encik Pengiran was admitted to the High Court of Borneo 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 Corporaton 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.

Note:

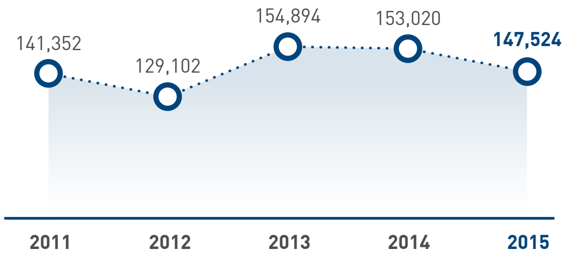
Save as disclosed above, the Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company and have not been convicted for any offence within the past 10 years.

FINANCIAL HIGHLIGHTS

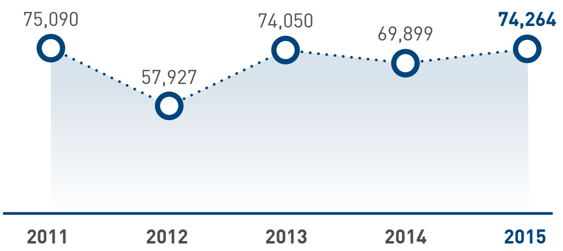
REVENUE
RM'000



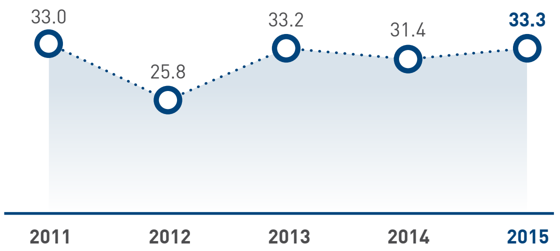
PROFIT BEFORE TAX
RM'000



NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS
RM'000



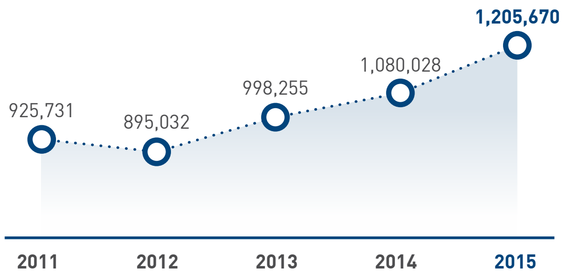
BASIC EARNINGS PER SHARE
RM Sen



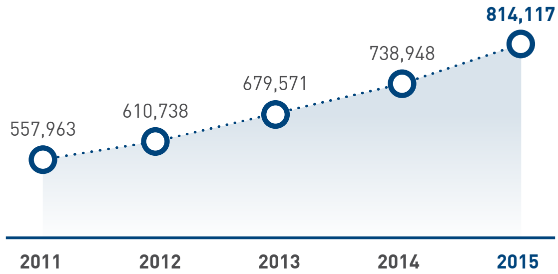
Financial Year Ended 31 December	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income					
Revenue	610,508	635,304	628,758	672,465	**588,686**
Earnings before interest, taxes, depreciation and amortisation	173,900	162,798	188,798	188,960	**189,773**
Profit before tax	141,352	129,102	154,894	153,020	**147,524**
Profit after tax	112,568	93,662	107,185	107,296	**107,654**
Net profit attributable to equity holders	75,090	57,927	74,050	69,899	**74,264**

FINANCIAL HIGHLIGHTS [continued]

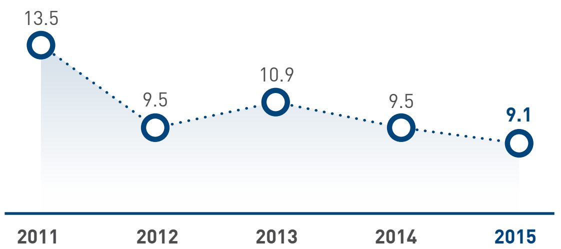
TOTAL ASSETS
RM'000



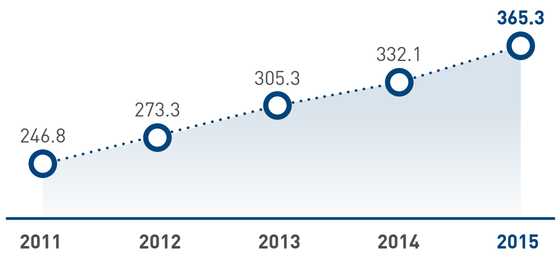
SHAREHOLDERS' EQUITY
RM'000



RETURN ON EQUITY
%



NET ASSETS PER SHARE
RM Sen



Financial Year Ended 31 December	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Consolidated Statements of Financial Position					
Total assets	925,731	895,032	998,255	1,080,028	**1,205,670**
Total borrowings	87,596	68,712	71,779	92,774	**139,976**
Shareholders' equity	557,963	610,738	679,571	738,948	**814,117**
Financial Indicators					
Return on equity	13.5%	9.5%	10.9%	9.5%	**9.1%**
Return on total assets	8.1%	6.5%	7.4%	6.5%	**6.2%**
Gearing ratio	15.7%	11.3%	10.6%	12.6%	**17.2%**
Interest cover (times)	26.6	30.1	51.7	39.4	**28.2**
Basic earnings per share (sen) [1]	33.0	25.8	33.2	31.4	**33.3**
Net assets per share (sen)	246.8	273.3	305.3	332.1	**365.3**
Dividend per share (sen)	9.0	7.1	7.5	8.0	**8.0**
Price earning (PE) ratio	5.1	6.2	6.6	7.6	**7.5**
Gross dividend yield	5.3%	4.4%	3.4%	3.3%	**3.2%**
Share price as at the financial year end (RM)	1.69	1.60	2.18	2.40	**2.49**
Additional Information					
Interest	5,514	4,435	3,053	3,981	**5,425**
Depreciation	26,865	29,086	30,668	31,769	**36,602**
Amortisation	169	175	183	190	**222**

[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%	Mega First Investments (L) Limited
100%	Don Sahong Holdings Limited
100%	Ground Roses Limited
100%	Silver Acreage Limited
80%	Don Sahong Power Company Ltd

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
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

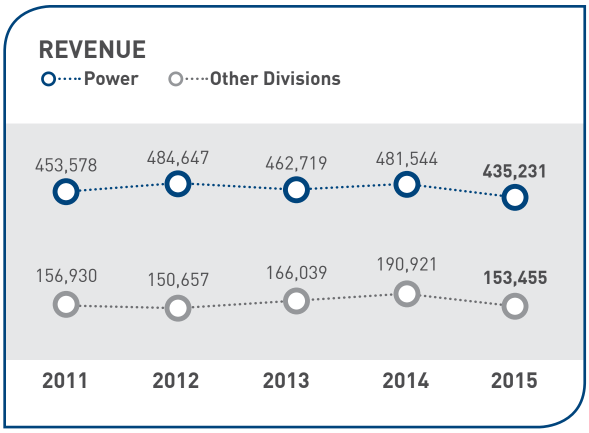
Divisional Revenue & Pre-Tax Profit

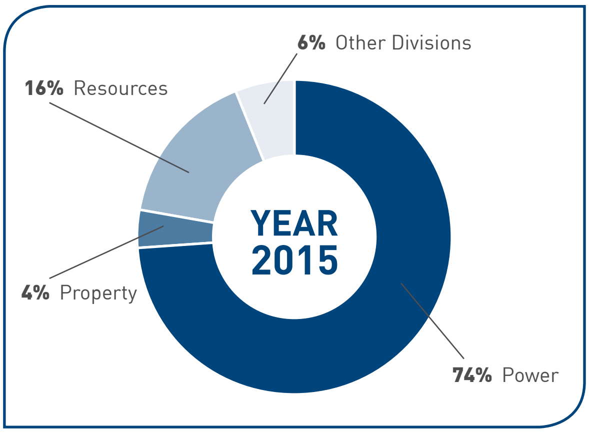
RM'000	2015	2014	% Change	Proportion of Total 2015	Proportion of Total 2014
Revenue					
Power	435,231	481,544	-9.6%	73.9%	71.6%
Resources	94,692	107,864	-12.2%	16.1%	16.1%
Property	26,356	50,672	-48.0%	4.5%	7.5%
Sub-total	556,279	640,080	-13.1%	94.5%	95.2%
Investment holding and others	32,407	32,385	0.1%	5.5%	4.8%
Total Revenue	588,686	672,465	-12.5%	100.0%	100.0%
Pre-Tax Profit					
Power	136,871	120,848	13.3%	92.8%	79.0%
Resources	15,837	22,250	-28.8%	10.7%	14.5%
Property	7,428	28,378 ^	-73.8%	5.0%	18.6%
Sub-total	160,136	171,476	-6.6%	108.5%	112.1%
Investment holding and others	(12,612)	(18,456)	-31.7%	-8.5%	-12.1%
Total Pre-Tax Profit	147,524	153,020	-3.6%	100.0%	100.0%

^ *Including fair value gain on investment propeties of RM 7.1 million.*

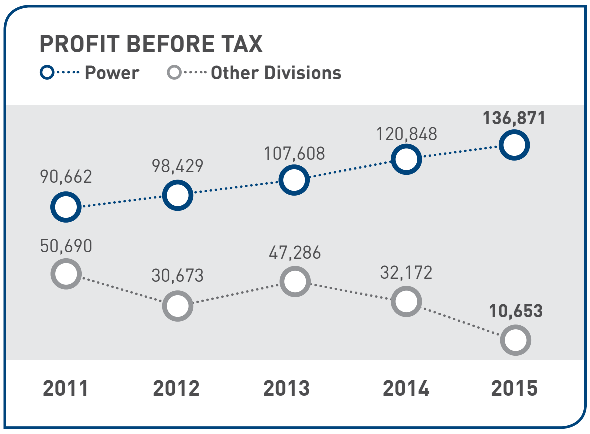
For the financial year ended 31 December 2015, Group revenue declined 12.5% to RM588.7 million and pre-tax profit declined 3.6% to RM147.5 million from 2014. The fall in pre-tax profit was due in part to weaker operational performance of the core operations and a RM2.3 million loss from the de-recognition of an associate company, partially mitigated by substantial foreign exchange gains and lower loss from quoted investments (2015: RM2.8 million; 2014: RM13.4 million).

With the Renminbi strengthening considerably against our Ringgit in 2015, the Power Division contributed 92.8% to the pre-tax profit of the Group in 2015.





MANAGEMENT'S DISCUSSION & ANALYSIS [continued]



Power Division

The Power Division operates two power plants, one in China and the other in Tawau, Sabah. This Division remains the primary contributor to the Group's business.

Pre-tax profit rose 13.3% to RM136.9 million. Despite a 16.9% appreciation in Renminbi against Ringgit, revenue fell 9.6% to RM435.2 million, impacted by weaker demand and lower unit prices amidst slowing economic growth. In China, the power plant experienced lower steam sales volume (-7.8%) largely attributable to the muted economic growth while the steam price and energy tariff respectively registered a 11.2% and 3% reduction as a result of lower coal prices (-9.6%) and downward tariff adjustments. Energy tariff was adjusted downward by 2.4% to RMB0.5238 per kWh in April 2015. In Tawau, revenue slipped significantly due to shorter operating hours (-8.4%) and lower MFO prices (-33.8%) as a result of longer standby time and the oil price slump.

Despite lower revenue, pre-tax profit was propped up by foreign exchange gains from fixed deposits denominated in Renminbi, favourable foreign exchange translation of the results of the China operations, and recovery of short-billings from previous years. Excluding these items, pre-tax profit would have declined by 10.7% to RM106.5 million in line with the lower revenue.

Coal and MFO are the principal fuel for power generation in the Group's operations, which account for a significant portion of the production cost. Fluctuations in the global coal and MFO prices will have some impact on the production cost of the Group. Nonetheless, there are mechanisms to mitigate the Group's exposure to fluctuations in the coal and MFO prices. For instance, Steam prices are adjusted in tandem with fluctuations in coal prices through a price linkage mechanism adopted by the governmental authority in Shaoxing, while changes to MFO prices are passed on via a fuel cost pass-through mechanism.

The average coal price in 2015 fell 9.6% to RMB575 per metric ton resulting in the 11.2% decline in average steam price. The average MFO price slid 33.8% to RM1.39 per litre resulting in a 38.7% decline in the energy payment of the Tawau power plant. These contributed to the revenue decline of the Power Division.

Resources Division

Our Resources Division is mainly involved in the quarrying of limestone, manufacturing of lime products mainly quicklime, hydrated lime and calcium carbonate powder. Our products are used in a wide range of industries, and are sold locally as well as exported to various countries such as India, Singapore, Indonesia, Philippines and Australia.

Revenue declined 12.2% to RM94.7 million. Other than limestone, the other products registered varying rates of contraction in revenue due to sluggish market condition. The lime products segment recorded a 11.1% decline in revenue to RM72.1 million mainly attributable to lower demand from export markets (-33%), while domestic sales volume rose 3.6%. Pre-tax profit declined 28.8% to RM15.8 million on higher costs, due to plant shutdowns for scheduled major maintenance, higher operating expenses and borrowing costs arising from capacity expansion, partially offset by foreign exchange gains from US Dollar sale proceeds. This Division faces several challenges in a highly competitive market but nevertheless is committed to improve its operating performance.

Limestone is the main raw material for the products of the Division of the Group, and all limestone used for the products are sourced from the quarries of the Group located within the vicinity of the manufacturing plants of the Group. The Division is actively sourcing and acquiring limestone hills and land with sizeable limestone reserves to ensure continuous supply of good quality limestone feedstock in the long-term.

The recent commissioning of a new 400 metric ton per day quicklime capacity in August 2015 is expected to translate into long term earnings growth for the Division.

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 two office blocks and a few retail units in PJ8 located in Petaling Jaya as well as own and manage close to 1,000 car parking bays in Greentown, Ipoh.

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

The investment segment's performance remained fairly stable with a pre-tax profit of RM4.7 million in 2015.

Given the weak property and economic outlook, the Division has suspended new property development launches until market condition improves to conserve cash and lower operating overheads. On the other hand, the investment segment remains stable, attributable to the earnings derived from office space rental of the PJ8 office blocks and Greentown car park operations.

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 2015.

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. It is the policy of the Board that its prior approval shall be obtained for material capital expenditure, projects, acquisitions or divestitures. 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 members of whom three are Executive Directors, five are Independent Directors and one 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 has not set specific gender diversity targets but is committed to ensuring diversity and inclusiveness in its composition and deliberations. The Board considers diversity from different aspects, including age, gender, educational and cultural background, ethnicity, nationalities, professional experience, skills, knowledge and length of service. Additionally, the Group will continue with equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business.

The Board considers that the Executive and Non-Executive Directors collectively bring the range of skills, knowledge, independence and experience necessary to direct the Company. The members of the Board with their combined experience and skills in business operations and development, management and professional experience enable the Board to provide stewardship and oversight 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.

In respect of the year ended 31 December 2015, 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.

Board Charter

The Board has adopted a Board Charter, which provides guidance and clarity for Directors and Management in their stewardship of the Group and Company. The Board Charter covers key areas, amongst others, Code of Ethics and Conduct, matters reserved for the Board, Board size and composition, appointment and re-election of Directors, independence of Directors, tenure of independent director, Board evaluation and performance, roles of the Chairman, Executive Directors (including chief executive officer), Board and Board committees, and conflict of interest. The Board Charter may be viewed on the Company's website, www.mega-first.com.

Appointment to the Board

The Nominating Committee is responsible for, amongst others, 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, experience and background (including consideration of diversity and gender) required for an effective Board, and competing time commitments if the candidate has multiple board representations.

Re-election of Directors

All Directors shall subject themselves for re-election at least once in every three 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 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 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.

Datuk Haji Abu Hanifah bin Noordin who has served the Company as an Independent Director for more than nine years, will be retiring by rotation and is not seeking re-election at the forthcoming Annual General Meeting.

Mr Yeow See Yuen has served the Company as an Independent Director for more than nine years. The Nominating Committee and the Board are satisfied that Mr Yeow See Yuen remains unbiased, objective and independent in expressing his opinions and in participating in the decision making of the Board. His long service has not affected his independence and ability to act in the best interest of the Company. With his vast experience in business, accounting, finance and management, Mr Yeow See Yuen would be able to contribute during deliberations or discussions of the Board and Board Committees. He 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 Mr Yeow See Yuen should be retained as Independent Director. The Board therefore recommends for shareholders' approval to retain Mr Yeow See Yuen as Independent Director.

CORPORATE GOVERNANCE STATEMENT [continued]

Time Commitment

During the year ended 31 December 2015, six Board meetings were held and the attendance record of each Director is as follows:-

Name of Director	Attendance
Goh Nan Kioh	5 out of 6
Datuk Haji Abu Hanifah bin Noordin	5 out of 6
Goh Nan Yang	3 out of 6
Khoo Teng Keat	6 out of 6
Yeow See Yuen	5 out of 6
Tay Kheng Chiong	5 out of 6
Dato' Tan Ang Meng	4 out of 6
Dato' Koh Hong Sun	5 out of 6
Pengiran Saifuddin bin Pengiran Tahir	4 out of 6

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.

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 meeting.

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 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.

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 two professionally qualified and competent Company Secretaries. Each of the Company Secretaries has more than twenty years working experience in company secretarial services. The Company Secretaries attend all Board meetings and ensure that meetings are properly convened, all Directors receive timely information in advance prior to the meeting as well as 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.

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.

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	704	–
Directors' fees	–	312
Attendance fees	–	29

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	1	2
RM50,001 - RM100,000	–	4
RM250,001 - RM300,000	1	–
RM400,001 - RM450,000	1	–

Directors' Training

All Directors have successfully completed the mandatory accreditation programme prescribed by the MMLR.

The Board, through the Nominating Committee, oversees the training needs of its Directors. The Company Secretaries compile training programmes that are available to the Directors for their selection.

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. Each Director also evaluate his 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 Directors are encouraged to visit the Group's operating centres to have an insight into the Group's various operations which would assist the Board to make effective decisions relating to the Group.

CORPORATE GOVERNANCE STATEMENT [continued]

The forums, dialogues, talks and courses that were attended by the Directors during the year under review are as follows:-

- *Amendments to the Bursa Malaysia Listing Rules*
- *Workshop for Audit Committee Members - An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?*
- *Bursa Malaysia's Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure Amongst Listed Issuers*
- *Bursa Malaysia Breakfast Series with Directors - Bringing the Best Out of Boardrooms*
- *Bursa Malaysia Breakfast Series with Directors - Future of Auditor Reporting – The Game Changer for Boardroom*
- *Bursa Malaysia Sustainability Symposium*
- *Sabah Ministry of Finance - Annual Seminar for Board of Statutory Bodies and Government Agencies 2015*
- *Briefing on Goods and Services Tax*
- *Cyber Security Conference : Managing the Risks of Cyber Attacks*
- *Audit Committee Conference 2015 - Rising to New Challenges*
- *Bank Negara briefing on Anti-Money Laundering and Counter Financing of Terrorism – Requirements on Licensed Casino*
- *MAICSA Annual Conference 2015 – Integrity and Professionalism – Key to Business Success*
- *The Institute of Internal Auditors Malaysia 2015 National Conference on Governance, Risk and Control – Gearing for Innovation*
- *Malaysian Institute of Accountants International Accountants Conference 2015*

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.

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 consists wholly of Non-Executive Directors and is chaired by the Senior Independent Director. The composition of the NC is set out in the Corporate Information section of this Annual Report.

The NC's role include assessing and recommending candidature of directors, succession plans and training programs, boardroom diversity, board composition, annual assessment of directors, Board and Board committees. The NC meets as and when required, but at least once a year.

The activities undertaken by the NC in the year under review includes assessing the candidature for appointment to the Board and reviewing the results of the annual assessment on the Board, Board Committees and individual Directors, the effectiveness of the Board as a whole, the succession plan, training for Directors as well as the independence of two Independent Directors whose tenure has exceeded nine years.

In selecting a suitable candidate, the NC takes into consideration the candidate's qualification, gender, experience, skill and background and directorships in other companies, having regard to the size of the Board and the required mix of skill, expertise, experience and diversity for an effective Board.

The Directors are provided with assessment forms to facilitate the annual assessment of the Board as a whole, Board Committees, and Directors. The criteria that are used in the assessment include the roles and responsibilities of the Board, the Board's composition, information to the Board, conduct of Board meetings, performance evaluation of Board Committees and Directors' self and peer assessment. The Company Secretaries would compile the results for the NC's evaluation prior to reporting to the Board for deliberation and approval.

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.

CORPORATE GOVERNANCE STATEMENT [continued]

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.

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.

Relationship with External Auditors

The Company has always maintained a transparent and appropriate relationship with its external auditors in seeking professional advice and ensuring compliance with accounting standards. In addition, the external auditors are invited to attend the annual general meeting of the Company and are available to answer shareholders' questions on the conduct of the audit and the preparation and content of the audit report.

The terms of reference of the AC formalises the relationship with the external auditors. As one of its functions, the AC undertakes an annual assessment of the external auditors to gauge their performance, suitability and independence. It is the policy of the Board that the prior approval of the AC shall be obtained for any contract for non-audit services which will result in the cumulative fee for non-audit services by the external auditor exceeding 30% of the annual audit fee.

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 for reference on the Company's website, www.mega-first.com.

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, www.mega-first.com.

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 24 March 2016.

ADDITIONAL COMPLIANCE INFORMATION 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**

Save as disclosed below, the Company did not issue any warrants or convertible securities during the financial year.

During the financial year, the Company has issued 12,600,000 share options pursuant to the Share Option Scheme ("the ESOS"). As at 31 December 2015, Directors and employees held 14,105,000 share options issued pursuant to the ESOS.

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 for the financial year announced by the Company on 25 February 2016.

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 2015 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

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of Mega First Corporation Berhad and its subsidiaries for the financial year ended 31 December 2015.

OVERVIEW AND FINANCIAL PERFORMANCE

2015 was a challenging year surrounded by negative sentiments about the global economic environment. The price of oil and other strategic commodities fell drastically, the Ringgit depreciated beyond 4 against the US Dollar for the first time since 1998 and China's economic growth at 6.9% was the slowest in 25 years. Despite these setbacks, the Group has performed commendably during the financial year.

- Revenue from the Group's core businesses was RM556.3 million, down 13.1% from 2014. The Power Division which contributed 73.9% of Group revenue, experienced a decline amounting to 9.6% while the Resources and Property divisions experienced a decline of 12.2% and 48% respectively.
- Group pre-tax profit fell 3.6% year-on-year to RM147.5 million in light of the drop in revenue across the core businesses. Profit after tax was marginally higher at RM107.7 million while net profit attributable to shareholders rose 6.2% to RM74.3 million. EPS was 33.34 sen, representing a 9.1% return on shareholders' equity.
- The Group continues to practise prudent financial management and had a total cash balance of approximately RM240 million (including RM41.5 million liquid assets in the form of quoted shares) at the end of 2015.

OPERATIONS REVIEW AND PROSPECT

Power Division

The Power Division recorded a 9.6% decrease in revenue to RM435.2 million mainly as a result of the economic slowdown in China that reduced demand for steam and energy for industrial activities.

However, this decline in revenue was not reflected in the bottom line as the Division recorded a 13.3% increase in pre-tax profit. This better result was attributable to foreign exchange gains on Renminbi fixed deposits as well as the translation of the China operation's results and the recovery of short-billings from previous years.

We expect the Power Division to face short term pressure due to the slowing Chinese economy. However, demand is anticipated to recover in the medium term in line with economic recovery.

The Group remains focused on its strategy to grow its Power Division as we believe it will be the key driver of growth for the Group, providing stable and long-term recurring income. We are in initial discussions for an extension of the power purchase agreement for the power plant in Sabah while the construction of the Don Sahong Hydropower Project (the "Project") in Laos has commenced.

EXECUTIVE CHAIRMAN'S STATEMENT
[continued]

Don Sahong Hydropower Project

Project Overview

The Project is a run-of-river hydroelectric power scheme located in the Khong District of Champasak Province in Southern Laos, several kilometers upstream of the Laos-Cambodia border. The scheme has been designed with a generation capacity of 260MW.

The powerhouse of the Project will be located at the southern end of the Sahong channel, one of seven major channels of the Mekong River in the Siphandone (Four Thousand Islands) area that flow over the geological feature called the "Great Fault Line". The Project would utilise on average only about 15% of the total Mekong flow. This, coupled with the existing channel configuration, that provides natural spillways for fish and sediment passage that are physically separated from the Hou Sahong, differentiates the Don Sahong scheme from typical mainstream dams that span the entire river. It is the only hydropower project located on the mainstream Mekong River that is not bank-to-bank (does not block the whole Mekong River).

The powerhouse and associated embankments will create a small head-pond (inundating approximately 125 hectares of land) between the islands of Don Sahong and Don Sadam. This head-pond will allow the natural fall of approximately 20m across the "Great Fault Line" to be utilised for power generation.

The ultimate goal is not only to build an economically viable project, but also one that is sustainable and will provide the infrastructure, opportunity, and assistance for local development. Accordingly, a strong focus has been placed on understanding the social and environmental impacts of the Project.

We believe that by expanding the Lao national grid, the Project will make a significant contribution to the socio-economic development of the country.

Important Dates and Agreements

In March 2006, Mega First signed a Memorandum of Understanding with the Government of The Lao People's Democratic Republic ("GOL") to conduct feasibility study and environment impact assessment and subsequently a Project Development Agreement in February 2008, which gave the Company the exclusive right to develop the Project.The final feasibility study was completed in September 2009 and has been approved by the GOL.

On 15 September 2015, Don Sahong Power Company Ltd ("DSPC") entered into a Concession Agreement with the GOL whereby the GOL has granted on a build, operate and transfer basis, the concession rights to DSPC for the development of the Project for a period of 25 years after the commercial operation date. The Project is expected to achieve commercial operation ahead of scheduled completion in early 2020.

On 1 October 2015, DSPC entered into a Power Purchase Agreement ("PPA") with Electricité Du Laos ("EDL") for the sale by DSPC and the purchase by EDL of all electricity generated by the Project on a take-or-pay basis. The PPA shall be for a period of 25 years after the commercial operation date. DSPC shall construct a 230kV transmission line from the Project's switchyard to interconnect with the existing EDL Grid System.

DSPC awarded an Engineering, Procurement, Construction and Commissioning Contract to Sinohydro Corporation Ltd on 15 October 2015 for the development, construction and commissioning of the Project over a period of 50 months.

Construction Progress

We are excited by the progress being made at the construction site. At the time of writing, we have:

- Completed construction access and site construction roads.
- Completed upstream, downstream and secondary pre-cofferdams, and Don Sahong channel has been closed.
- Completed resettlement village.
- Completed the construction of a school and related works.
- Completed alternative water supply for upstream and downstream villagers affected by river closure.
- Construction of 3 cofferdams are in progress..
- Embankment foundation stripping and excavation are in progress.
- Powerhouse foundation excavation is in progress.
- Commenced river channel excavation.
- Commenced DSPC's permanent village access road.

Accounting

Under IC Interpretation 12 Service Concession Arrangements and FRS 111 Construction Contracts, the Group is expected to recognise construction profits from the Project during the construction period, which is expected to be material to the Group's earnings in next few financial years.

Resource Division

The Resource Division's pre-tax profit fell compared to the previous year due to a one-off major plant breakdown that limited our product supply.

Despite this fall in profit, this Division remains to be a bright spot with demand being strong despite tough economic conditions. We are currently the biggest lime producer in Malaysia in an industry with two significant big European players and intend to continue to be the market leader in Malaysia. We believe that this Division holds tremendous potential and are placing increased focus on growing and expanding the business.

We are re-evaluating and making changes to the Division's business model and are confident that this, coupled with savings from internal rationalisation will enable us to be very competitive in the global market.

A new lime kiln and downstream processing plants were commissioned in August 2015 while another new lime kiln will be commissioned in the fourth quarter of 2016, boosting capacity significantly. Development works are being undertaken in preparation for the addition of another five kilns in the near future.

We are optimistic that these capacity expansions and the continued strong demand in the Asia Pacific region will drive the growth of the Resource Division and provide a steady stream of income in the medium to longer term. Significant improvement in profits is expected for this Division in year 2016 and the years ahead.

Property Division

The Property Division is small compared to the other two divisions. Pre-tax profit fell due to lower sales of properties as well as the RM7.1 million fair value gain on investment properties in the previous year.

Given the weak property market, we have decided to suspend all property development launches in order to improve cash and lower operating overheads. Moving forward, we will continue to collect recurring rental income from our investment properties and efforts are still in place to sell our completed properties.

In the longer term, we intend to evolve from being a property development focused company to one that is focused on property investment. Our Group's strategy has always been to provide shareholders with long term, sustainable returns and we believe that property investment with its value appreciation and steady stream of income fits this criteria.

EXECUTIVE CHAIRMAN'S STATEMENT [continued]

CORPORATE HIGHLIGHTS

On 26 November 2015, the Joint Principal Advisers announced on behalf of the Board that the Company proposed to undertake, among others, a Rights Issue with Warrants to raise gross proceeds of up to RM250 million. This proposal would enable the Group to raise funds to part finance its core business activities. In particular, the Company intends to utilise up to RM150 million from the proceeds to partially fund the construction of the Don Sahong Hydropower Project, which is expected to be financed by a combination of equity, debt, internally generated funds of the Group and gross proceeds to be raised from the exercise of warrants.

This proposal was approved by shareholders on 4 February 2015 and was completed on 15 April 2016.

DIVIDEND

In line with our efforts to regularly return reasonable value to shareholders, the Board is recommending a final tax-exempt dividend of 5 sen per share for approval of the shareholders at the forthcoming Annual General Meeting. In addition to the 3 sen tax-exempt interim dividend, total dividends for the financial year 2015 is 8 sen, unchanged from the previous year.

SHAREHOLDER VALUE

The delivery of superior shareholder value growth remains the top priority of management. Despite the trying business landscape of 2015 that is expected to continue into 2016, we continue to move rapidly to rebalance and adapt to the changing environment.

We remain focused on the task on hand and are making good progress in managing and lowering costs and capital spending while improving operational efficiencies. We continue to make cautious and disciplined investments that will lay a solid foundation for sustainable growth. The Group's shareholders' equity grew 10.2% to RM814.1 million in 2015. The 5-year compounded annual growth of the Group's shareholders' equity was 9.7%.

It is the Group's practice to ensure that adequate financial resources are available for business growth, particularly in our core power and resources businesses. We 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 of Directors, I would like to extend a sincere thanks to all of our shareholders, customers, suppliers and business associates for their continuous support over the years. I would also like to express my appreciation to my fellow members of the Board for their expert counsel and guidance in leading the Group forward. Last but not least, I would like to extend a heartfelt thanks to the management team and employees for their leadership and hard work. Despite the tough market conditions faced across all divisions, the progress made during the financial year is a credit to their commitment and determination.

Datuk Haji Abu Hanifah bin Noordin, Deputy Chairman of the Group has expressed his desire not to be re-elected as director upon retirement at this year's Annual General Meeting. The Board acknowledges with considerable gratitude the enormous contribution he has made since he became a member of the Board in 1990. Datuk Hanifah has been an outstanding director who has helped lead the Group through a period of exceptional development and growth. On behalf of the Board, I wish him the very best in all his future undertakings.

I am confident that the Group will continue to achieve greater heights with the continued support from all our stakeholders. In doing this, we shall remain steadfast in our commitment to good corporate governance to enable clear accountability to all shareholders, stakeholders and the wider community.

Goh Nan Kioh
Executive Chairman

18 April 2016

CORPORATE SOCIAL RESPONSIBILITY

As a Group with wide ranging business activities across different countries, we are aware that our actions have an impact on various stakeholders. We are committed to being good corporate citizens and to work responsibly, making good business practices our priority.

Corporate Social Responsibility forms an integral part of our business framework. We endeavour to operate in a way that minimises environmental damage and contributes to a better community while balancing the interests of various stakeholders.

Environment

We recognise that the Group's core business activities in the power generation and resource divisions have an impact on the environment. As such, we are constantly seeking alternative technologies to reduce this impact and try to adopt better and more sustainable business solutions whenever possible.

We try to reduce our carbon footprint as much as possible. Our coal fired power plant in China and kilns in the Resource division are monitored daily to ensure adherence to environmental standards and where possible, the plants are upgraded with newer technologies to reduce emissions and meet higher standards. The Don Sahong Hydropower Project that has commenced construction will offer a clean, renewable energy source that is low in greenhouse gas emissions to the people of Laos.

Since the MOU for the Don Sahong Hydropower Project was signed in 2006, numerous environmental studies have been undertaken by the Company with the main objective of ensuring long term environmental sustainability. Many of the recommendations that have resulted from these studies have been implemented including creating alternative routes and improving natural pathways for fish migration. Studies for fish migration are continuing until this day and we will continue to develop detailed fisheries monitoring and action plans to maintain fisheries sustainability. As this is a run-of-river project, there will be minimal storage, hence there will be negligible change to flows downstream of the project. We will continue to perform environmental monitoring to ensure risks to the environment are identified and remedied as swiftly as possible.

Community

MFCB strongly believes in developing the communities in the locations in which we operate. We are committed to serving the basic needs of local people and regularly provide monetary aid to those in need, community welfare as well as access to education for school-going children.

In Laos for example, we have undertaken various infrastructure improvements for remote villages without road access and basic infrastructure. An access road and bridge has been upgraded and built and this has provided faster, safer and easier access to nearby communities.

Fourteen families were directly affected by the hydropower project and we have provided them with new homes. The houses in this resettlement village have access to basic amenities such as clean water, sanitation and electricity supply, greatly improving the quality of life of these people.

CORPORATE SOCIAL RESPONSIBILITY [continued]

Another initiative we have undertaken is to provide irrigation to nearby communities for rice farming. Rice is the single most important crop to the people and proper irrigation has increased yields significantly. Planting has now increased from once to twice a year and each harvest has shown consistently higher yields than before. This initiative has successfully increased food supply and income of the people and we will continue to run this irrigation program, expanding it to wider communities surrounding the project area.

In the long run, we believe that education and skills training provide the strongest foundation for lasting social and economic progress. In line with this, we have built a new school for the local community to ensure that children get access to a quality education. For those above school-going age, we have facilitated skills training and provided support and opportunities to broaden and strengthen the range of activities aimed at enabling more secure livelihoods for the local communities.

Moving forward, we will continue to provide the necessary infrastructure and services to improve the quality of life of the community.

People

As an employer, we value all our employees and aim to provide a conducive and comfortable working environment to ensure staff satisfaction and productivity. Our employees are encouraged to take charge of their personal development and regularly attend training programmes to enhance their skills and knowledge to take advantage of career development opportunities that are available.

Providing and maintaining a safe workplace is of utmost importance to us and we instil a culture that prioritises occupational health and safety across our organisation. We adhere to all health and safety standards mandated by law and have put in place systems and good business practices to minimise accidents and injuries. Our commitment to health and safety is not limited to our employees, but also to our external contractors and consultants as a condition of their engagement with us.

We take our role as responsible corporate citizens very seriously and acknowledge that we have a duty to preserve the environment for the future generations, to contribute positively to the communities we operate in and to ensure that as our most valuable asset, our employees are happy and satisfied with their working environment. By fulfilling all these responsibilities, we believe that our stakeholders will be rewarded with sustainable value in the longer term.

AUDIT COMMITTEE REPORT

A. MEMBERS AND ATTENDANCE

During the financial year ended 31 December 2015, the Audit Committee ("Committee") met 5 times on a scheduled basis. Details of the Committee members and the attendance of each member at these meetings are as follows:-

Name of Committee Members	No. of Meetings Held	No. of Meetings Attended	Percent
Yeow See Yuen (Chairman) *Independent Director*	5	5	100
Datuk Haji Abu Hanifah bin Noordin *Independent Director*	5	5	100
Dato' Tan Ang Meng *Independent Director*	5	4	80

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 is appointed by the Board from among the Directors and consist of not fewer than three (3) members. All members of the Committee are non-executive directors with a majority of them, including the Committee Chairman, being independent directors. No alternate Directors is 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
[continued]

B. SALIENT TERMS OF REFERENCE (CONTINUED)

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 attend 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 acts 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 is 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.

B. SALIENT TERMS OF REFERENCE (CONTINUED)

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.

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.

AUDIT COMMITTEE REPORT
[continued]

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

1. Financial Statement and Reporting Review

1.1 Reviewed and discussed the quarterly management report and accounts on the unaudited results of the Group. The review had included the comparative quarterly and year-to-date results.

1.2 Reviewed the unaudited quarterly financial statements before recommendation to the Board of Directors for consideration and approval and release to Bursa Malaysia. When reviewing these financial statements, the Committee had obtained reasonable assurance that the condensed interim financial statements were prepared in accordance with the applicable financial reporting standards and the Bursa Malaysia Listing Requirements.

1.3 Reviewed the audited financial statements of the Group and of the Company as well as the statutory auditors' report thereon prior to the submission the Board for their consideration and approval, upon being satisfied that, inter alia, the financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards issued by the Malaysian Accounting Standards Board and the Companies Act, 1965. The Committee's review has included an intelligent scrutiny of the statutory financial statements based on an analytical approach whilst at the same time obtaining assurance from management and the external auditors that the financial statements disclosures were in compliance with the relevant and applicable statutory and Malaysian Financial Reporting Standards.

1.4 Reviewed the published annual report of the Company which encompasses the Statement on Corporate Governance, Statement on Risk Management and Internal Control and other documents as set out in Part A of Appendix 9C of the Listing Requirements.

2. Matters Relating to External Audit

2.1 Reviewed and discussed with the external auditors their Audit Planning Memorandum covering inter alia, audit approach, significant events, areas of audit emphasis and timetable, before commencement of the annual audit.

2.2 Reviewed and discussed with the external auditors their Audit Review Memorandum upon completion of the annual audit, covering significant audit findings, internal control points, status of audit and accounting issues and on the matter of independence of the external auditors.

2.3 Met with the external auditors twice during the year without the presence of executive Board members and management, to discuss issues, if any, arising out of the annual audit or any other matters the external auditors may wish to discuss with the Committee.

2.4 Assessed and evaluated the performance and conduct of the audit undertaken by the external auditors for their re-appointment as auditors of the Company. In the evaluation, the Committee considered the scope of audit, the external auditors' performance, their objectivity and independence.

C. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONTINUED)

3. Matters Relating to Internal Audit

3.1 Reviewed and approved the Audit Planning Memorandum of the internal auditors for the financial year ended 31 December 2016 to ensure adequate scope and resources of the internal audit function and coverage on the activities of the Group taking into consideration the assessment of key risk areas.

3.2 Reviewed and discussed the internal audit reports prepared by the Internal Audit Department which consists of the findings, recommendations and the corrective actions committed by the Management to ensure that all key risks will be addressed and adequate controls put in place on a timely basis.

3.3 Reviewed the progress of action plans committed by the Management for the key findings highlighted in previous Internal Audit Reports issued until all material findings have been fully rectified.

3.4 Reviewed with the assistance of the Internal Audit Department on a quarterly basis to determine the presence of any related party transaction to ensure compliance with the internal procedures and the Listing Requirements.

4. Other Matters Considered by The Committee

4.1 Reported to the Board on significant issues and concerns discussed during the Committee meetings together with applicable recommendations. Minutes of meetings were made available to all Board members.

4.2 Discussed and noted the updates on regulatory requirements issued by regulatory, statutory and professional bodies, and business news articles published by the mass media which may be of interest to the Committee and the Board.

4.3 Reviewed with the assistance of Internal Audit Department the allocation of options to ensure compliance with the By-Laws of the Employees' Share Option Scheme.

D. INTERNAL AUDIT FUNCTION

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

The primary responsibility of the Internal Audit Department is to undertake regular and systematic reviews of the risk management process, internal controls and governance practices of the Company and of the Group so as to provide reasonable assurance that the risk management process and internal controls are operating satisfactorily and effective and are in line with the Group's goals and objectives. The total costs incurred for the IA function in respect of the year under review was RM322,888.

During the year under review, the Internal Audit Department has undertaken 11 internal audit assignments in accordance with the Audit Planning Memorandum which have been approved by the Committee, assisted the Committee to prepare the Report of the Audit Committee for inclusion in the Company's Annual Report, and reviewed the appropriateness of the Statement on Corporate Governance and the Statement on Risk Management and Internal Control in regard to the processes adopted by Management were consistent with the Internal Audit function's understanding of the Group's risk management and internal control systems and corporate governance practices. The Head of Internal Audit attends all meetings of the Committee and presents the quarterly work progress report including updates on implementation of corrective actions on past key audit findings, the internal audit reports and the findings on the review of the quarterly related party transactions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Principle 6 of the Malaysian Code on Corporate Governance ("MCCG") requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' interests and the Group's assets. The Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad require Directors of listed companies to include in their annual report a statement about the state of their risk management and internal control as a group. The Statement on Risk Management and 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 and Internal Control for the financial year ended 31 December 2015, which has been prepared in accordance with the Guidance, MMLR and recommendations of MCCG.

Board's Responsibilities

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 control processes in order to provide the Board, the Audit Committee and Executive Directors with independent and objective assurance that the risk management and internal control system is adequate and effective in addressing the risks identified. 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 control.

Management's Responsibilities

Management is accountable to the Board for risk management and internal control and has implemented processes to identify, evaluate, manage and report risk and controls.

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 the day-to-day operations, 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 Risk Management Process

The Group defines risk as any event that may impact upon its business objectives. It is measured in terms of likelihood and consequences. Business risks arise as much from the likelihood of loss opportunities as it does from uncertainties and hazards. Our risk management process is to identify, evaluate, respond and monitor appropriately the risks that might affect the Group's business objectives.

The key aspects of the risk management process are as follows:

- A structure with clearly defined lines of responsibility and the appropriate levels of delegation to Executive Directors and to Management that promotes accountability for appropriate risk management and control procedures. The procedures include the establishment of authority limits for all aspects of the business, which is subject to periodic review throughout the financial year as to their implementation and for their continuing suitability.

- All identified risks are documented in a Key Risk Record after assessing its possibilities and causes of occurrence as well as implications with treatment and ongoing monitoring.

- The level of risk is determined by the relationship between the likelihood and the consequences if the risk occurs. The likelihood and consequences are assessed by taking into account the adequacy and enforcement of controls. The resultant consequences and likelihood are combined to produce a level of risk. The Group uses a five-level scale for probability and a set of scales to measure different aspects of the impact. Risks are then scored in a qualitative risk matrix.

- Risks are categorised into four levels – low, moderate, high and extreme. Risks are managed by taking specific measures that are adapted to each identified risk, with broad participation of the management.

- Risks are evaluated and treated in different ways depending on their nature. The evaluation takes into account the degree of control over each identified risk and the cost impact, benefits and opportunities presented by the risk. The significance of the risk, and the importance of the policy, program, process or activity, are considered in deciding if a risk is acceptable or otherwise.

- Review of the risk profiles, control procedures and status of the action plans are carried out on a regular basis by the respective Head of Division/Business Unit. This is to ensure that appropriate actions are taken to address issues reported on a timely basis or within agreed timelines in addition to keeping abreast of changes in business and operating environment.

- The Key Risk Records from the core business divisions are reviewed by the Group Executive Directors and reported to the Board of Directors.

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 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) 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 enhancement;

(e) 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. Material audit findings are reported immediately to the Audit Committee and Executive Directors;

    The reports outlining all significant audit observations and follow-up actions are submitted to the Audit Committee. The Committee 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; and

(f) A Whistleblowing Policy has been established to facilitate disclosure of any improper conduct within 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL [continued]

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 and internal control. 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.

The Board believes that the development of the Risk Management Framework is an ongoing process and continues to take steps to improve the risk management and internal control processes. For the financial year under review, some weaknesses in risk management and internal control 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.

Review of this Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial year ended 31 December 2015. Their limited assurance review was performed in accordance with Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants, which does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems. It also does not require the external auditors to consider whether the processes to deal with material internal control aspects of any significant problems will, in fact, remedy the problems.

Based on their review, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2015.

PRINCIPAL ACTIVITIES

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

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	147,524	113,821
Income tax expense	(39,870)	(102)
Profit after tax for the financial year	107,654	113,719
Attributable to:-		
Owners of the Company	74,264	113,719
Non-controlling interests	33,390	–
	107,654	113,719

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 5.0 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 December 2014 on 9 July 2015; 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 2015 on 9 October 2015.

The Board proposes a final tax-exempt dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2015 (2014 : 5.0 sen per ordinary 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.

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 Extraordinary General Meeting 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 financial year are set out in Note 28.2 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than Directors, who have been granted options to subscribe for less than 300,000 ordinary shares of RM1 each. The names of the option holders granted options to subscribe for 300,000 ordinary shares and above during the financial year are as follows:

Option holder	Number of share options
Chu Beng Han	1,110,000
Neo Hong Chee	600,000
Yeong Chee Meng	500,000
Liew Leong Ting	300,000
Se Chun Ket	300,000
Kee Keh Chieng	300,000

Details of options granted to Directors are disclosed in the section on Directors' Interests in this report.

The first 50% of the options are exercisable on or after 30 June 2018, and the remaining 50% of the options are exercisable on 1 July 2019. The ESOS will be expiring on or after 31 July 2020.

The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other related corporations of the Company.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM243,002,000 to RM243,345,000 by the issuance of 343,000 new ordinary shares of RM1 each for cash pursuant to the exercise of options under ESOS 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.

DIRECTORS' REPORT
[continued]

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.

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

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 1.1.2015	**Addition**	**Disposal**	**Balance as at 31.12.2015**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	–	–	713,600
- Deemed	71,895,800	–	–	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	–	300,000	-	300,000
Dato' Koh Hong Sun				
- Direct	57,000	43,000	–	100,000

DIRECTORS' REPORT
[continued]

DIRECTORS' INTERESTS (CONT'D)

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:-

		Options over ordinary shares of RM1 each				
	Exercise price	**Balance as at 1.1.2015**	**Granted**	**Exercised**	**Lapsed**	**Balance as at 31.12.2015**
Goh Nan Kioh	RM1.50	500,000	–	–	–	500,000
	RM2.25	–	2,800,000	–	–	2,800,000
Goh Nan Yang	RM1.50	500,000	–	–	–	500,000
	RM2.25	–	2,000,000	–	–	2,000,000
Khoo Teng Keat	RM2.25	–	1,000,000	–	–	1,000,000
Yeow See Yuen	RM1.50	300,000	–	–	–	300,000
	RM2.25	–	1,200,000	–	–	1,200,000
Tay Kheng Chiong	RM1.50	280,000	–	–	–	280,000
	RM2.25	–	100,000	–	–	100,000
Dato' Koh Hong Sun	RM1.52	243,000	–	(43,000)	–	200,000
	RM2.25	–	100,000	–	–	100,000
Dato' Tan Ang Meng	RM1.52	300,000	–	(300,000)	–	–
	RM2.25	–	100,000	–	–	100,000

Goh Nan Kioh, by virtue of his interest in 32.58% (2014 : 32.63%) of the shares of the Company, is deemed to have interests in the shares of all subsidiary companies within the Group to the extent of the Company's interests.

Other than as stated above, none of the Directors of the Company who were in office at the end of the financial year had any other interests in the shares of the Company or of its related corporations during the financial year.

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

The significant events during the financial year are disclosed in Note 48 to the financial statements.

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 49 to the financial statements.

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

18 April 2016

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 2015 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 44 to 137.

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 2015 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.

(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 138 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

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

18 April 2016

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	5	588,686	672,465	124,010	34,647
Cost Of Sales		(433,486)	(483,954)	–	–
Gross Profit		155,200	188,511	124,010	34,647
Distribution Costs		(4,282)	(5,661)	–	–
Administrative Expenses		(36,254)	(29,688)	(6,586)	(4,925)
Other Expenses		(14,036)	(4,726)	(2,769)	(5,768)
Other Income		52,321	9,371	2,823	56
Profit From Operations	6	152,949	157,807	117,478	24,010
Finance Costs	7	(5,425)	(3,981)	(3,657)	(4,085)
Share Of Loss In An Associate, net of tax	14	–	(806)	–	–
Profit Before Tax		147,524	153,020	113,821	19,925
Income Tax Expense	8	(39,870)	(45,724)	(102)	286
Profit After Tax For The Financial Year		107,654	107,296	113,719	20,211
Other Comprehensive Income/(Expenses)	9				
Items that may be reclassified subsequently to profit or loss					
Fair value changes of available-for-sale financial assets		(3,351)	(1,212)	(5,924)	–
Foreign currency translation		34,254	10,606	–	–
Share of associate's foreign currency translation		(1,293)	245	–	–
Total Other Comprehensive Income/(Expenses)		29,610	9,639	(5,924)	–
Total Comprehensive Income For The Financial Year		137,264	116,935	107,795	20,211

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME [continued]

		GROUP		COMPANY	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit After Tax Attributable To:					
- Owners Of The Company		74,264	69,899	113,719	20,211
- Non-controlling Interests		33,390	37,397	–	–
		107,654	107,296	113,719	20,211
Total Comprehensive Income Attributable To:					
- Owners Of The Company		91,034	76,626	107,795	20,211
- Non-controlling Interests		46,230	40,309	–	–
		137,264	116,935	107,795	20,211
Earnings Per Share (sen)	10				
- Basic		33.34	31.40		
- Diluted		33.13	31.29		

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	12	333,500	311,540	197	358
Subsidiaries	13	–	–	229,758	109,351
Associate	14	–	27,628	–	10,779
Investment In Quoted Shares	15	41,512	37,329	6,800	–
Investment In Unquoted Shares	16	335	335	–	–
Land Use Rights	17	6,667	6,198	–	–
Investment Properties	18	140,740	128,433	–	–
Land Held For Property Development	19	51,215	50,287	–	–
Project Development Expenditure	20	221,726	72,459	107,228	72,459
Goodwill On Consolidation	21	10,812	10,812	–	–
Deferred Tax Assets	31	3,068	448	–	–
Long-Term Prepayment		540	711	–	–
		810,115	646,180	343,983	192,947
Current Assets					
Inventories	22	67,575	69,678	–	–
Property Development	23	6,370	15,060	–	–
Receivables	24	123,565	113,637	122,416	158,561
Bank Balances And Deposits	25	198,045	235,473	36,018	2,560
		395,555	433,848	158,434	161,121
TOTAL ASSETS		1,205,670	1,080,028	502,417	354,068

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
[continued]

		GROUP		COMPANY	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
EQUITY AND LIABILITIES					
Share Capital	26	243,345	243,002	243,345	243,002
Treasury Shares	27	(30,046)	(30,025)	(30,046)	(30,025)
Reserves	28	600,818	525,971	175,166	83,664
Equity Attributable To Owners Of The Company		814,117	738,948	388,465	296,641
Non-controlling Interests	13	156,516	146,669	–	–
Total Equity		970,633	885,617	388,465	296,641
Non-Current Liabilities					
Payables	29	1,678	812	–	–
Long-Term Borrowings	30	29,291	21,395	–	–
Deferred Tax Liabilities	31	19,296	21,035	–	–
		50,265	43,242	–	–
Current Liabilities					
Payables	32	63,143	66,495	68,952	42,427
Short-Term Borrowings	33	110,685	71,379	45,000	15,000
Taxation		10,944	13,295	–	–
		184,772	151,169	113,952	57,427
Total Liabilities		235,037	194,411	113,952	57,427
TOTAL EQUITY AND LIABILITIES		1,205,670	1,080,028	502,417	354,068
Net Assets Per Ordinary Share (sen)	34	365	332		

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

GROUP	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable						→	Distributable			
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/ (expenses) 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 to:											
- shareholders of the Company	–	–	–	–	–	–	–	(16,702)	(16,702)	–	(16,702)
- subsidiaries' non-controlling interests	–	–	–	–	–	–	–	–	–	(37,225)	(37,225)
Issuance of ESOS options	–	–	–	46	–	–	–	–	46	–	46
ESOS options lapsed	–	–	–	(18)	–	–	–	18	–	–	–
Purchase of treasury shares	–	(1,356)	–	–	–	–	–	–	(1,356)	–	(1,356)
Exercise of ESOS options	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)
Acquisition of a subsidiary (Note 43)	–	–	–	–	–	–	–	–	–	350	350
Realisation of capital reserve	–	–	–	–	–	–	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 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
[continued]

GROUP	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable						→	Distributable			
Balance at 1 January 2015	243,002	(30,025)	33,940	599	36,635	8,447	15,208	431,142	738,948	146,669	885,617
Profit after taxation for the financial year	–	–	–	–	–	–	–	74,264	74,264	33,390	107,654
Other comprehensive income/ (expenses) for the financial year:-											
Fair value changes of available-for-sale financial assets	–	–	–	–	–	(3,351)	–	–	(3,351)	–	(3,351)
Foreign currency translation difference	–	–	–	–	21,414	–	–	–	21,414	12,840	34,254
Share of associate's foreign currency translation difference	–	–	–	–	(1,293)	–	–	–	(1,293)	–	(1,293)
Total comprehensive income for the financial year	–	–	–	–	20,121	(3,351)	–	74,264	91,034	46,230	137,264
Contributions by and distributions to owners of the Company:-											
Dividends paid to:											
- shareholders of the Company (Note 11)	–	–	–	–	–	–	–	(17,828)	(17,828)	–	(17,828)
- subsidiaries' non-controlling interests	–	–	–	–	–	–	–	–	–	(39,197)	(39,197)
Issuance of ESOS options	–	–	–	1,537	–	–	–	–	1,537	–	1,537
ESOS options lapsed	–	–	–	(180)	–	–	–	–	(180)	–	(180)
Purchase of treasury shares	–	(21)	–	–	–	–	–	–	(21)	–	(21)
Exercise of ESOS options	343	–	239	(61)	–	–	–	–	521	–	521
Total transactions with owners of the Company	343	(21)	239	1,296	–	–	–	(17,828)	(15,971)	(39,197)	(55,168)
Acquisition of a subsidiary (Note 43)	–	–	–	–	–	–	–	–	–	205	205
Issuance of shares by a subsidiary to non-controlling interests	–	–	–	–	–	–	–	–	–	2,540	2,540
Realisation of capital reserve	–	–	–	–	–	–	275	(169)	106	69	175
Balance at 31 December 2015	243,345	(30,046)	34,179	1,895	56,756	5,096	15,483	487,409	814,117	156,516	970,633

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY [continued]

COMPANY	Non Distributable Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	ESOS Reserve RM'000	Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Total Equity 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 distributions to owners of the Company:-							
Dividends	–	–	–	–	–	(16,702)	(16,702)
Issuance of ESOS options	–	–	–	46	–	–	46
ESOS options lapsed	–	–	–	(18)	–	18	–
Exercise of ESOS options	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
Balance at 1 January 2015	243,002	(30,025)	33,940	599	6,761	42,364	296,641
Profit after taxation for the financial year	–	–	–	–	–	113,719	113,719
Other comprehensive expenses for the financial year:-							
Fair value changes of available-for-sale financial assets	–	–	–	–	(5,924)	–	(5,924)
Total comprehensive income for the financial year	–	–	–	–	(5,924)	113,719	107,795
Contributions by and distributions to owners of the Company:-							
Dividends (Note 11)	–	–	–	–	–	(17,828)	(17,828)
Issuance of ESOS options	–	–	–	1,537	–	–	1,537
ESOS options lapsed	–	–	–	(180)	–	–	(180)
Exercise of ESOS options	343	–	239	(61)	–	–	521
Purchase of treasury shares	–	(21)	–	–	–	–	(21)
Balance at 31 December 2015	243,345	(30,046)	34,179	1,895	837	138,255	388,465

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

GROUP	Note	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		147,524	153,020
Adjustments for:			
Allowance for impairment losses:			
- Investment in an associate		–	10,862
- Investment in quoted shares		5,357	1,666
- Project development expenditure		2,083	-
- Receivables, net		101	305
Amortisation of land use rights		222	190
Depreciation of property, plant and equipment		36,602	31,769
Interest expense		5,425	3,981
Loss on deconsolidation of a subsidiary		–	245
Loss on derecognition of an associate		2,256	–
Loss on disposal of:			
- Property, plant and equipment		–	4
- Quoted shares		381	2,935
Loss on foreign exchange – Unrealised		–	36
Provision for retirement benefits		24	49
Share of loss in an associate		–	806
ESOS options expenses		1,357	46
Write-off of:			
- Bad debts		15	297
- Goodwill on incorporation of a subsidiary		1,279	–
- Inventories		382	149
- Property, plant and equipment		362	260
Dividend income		(320)	(1,177)
Fair value adjustment on investment properties		–	(7,070)
Gain on disposal of:			
- A subsidiary		(8)	–
- Property, plant and equipment		(286)	(194)
- Quoted shares		–	(162)
Gain on foreign exchange – Unrealised		(10,347)	(3,766)
Interest income		(5,908)	(3,275)
Write-back of:			
- Impairment loss on quoted shares		(57)	–
- Provision no longer required		–	(966)
Operating Profit Before Working Capital Changes		186,444	190,010
Decrease/(Increase) in:			
Inventories		1,721	21
Property development		4,428	9,156
Receivables		(9,085)	933
Decrease in payables		(4,396)	(848)
Cash From Operations		179,112	199,272
Income tax paid		(47,131)	(42,762)
Retirement benefits paid		(64)	(225)
Net Cash From Operating Activities		131,917	156,285

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
[continued]

GROUP	Note	2015 RM'000	2014 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		5,908	3,275
Dividend received		320	1,177
Increase in land held for property development		(928)	(245)
Increase in project development expenditure		(150,479)	(19,712)
Increase in investment properties		(8,045)	–
Net cash inflow from acquisition of subsidiaries	43	23	350
Net cash inflow/(outflow) from deconsolidation of subsidiaries	44	2	(245)
Acquisition of additional equity interest in an associate		–	(420)
Proceeds from disposal of:			
- Property, plant and equipment		1,334	805
- Quoted shares		7,072	57,814
- Interest in an associate		3,792	–
Purchase of:			
- Property, plant and equipment	37	(44,662)	(58,374)
- Land use rights		(559)	–
- Quoted shares		–	(29,905)
Government subsidy received on purchase of property, plant and equipment		9,664	–
Net Cash For Investing Activities		(176,558)	(45,480)
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid		(5,425)	(3,981)
Dividends paid to:			
- Shareholders of the Company		(17,828)	(16,702)
- Subsidiaries' non-controlling interests		(39,197)	(37,225)
Net drawdown/(repayment) of:			
- Trust receipts and revolving credits		42,396	6,241
- Hire purchase payables		(770)	(494)
- Term loans		4,289	15,796
Proceeds from issuance of shares pursuant to exercise of ESOS options		521	821
Proceeds from issuance of shares by a subsidiary to non-controlling interests		1,261	–
Purchase of treasury shares		(21)	(1,356)
Placement of deposits pledged to licensed banks		(20,520)	(3,840)
Net Cash For Financing Activities		(35,294)	(40,740)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		21,470	5,975
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(58,465)	76,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		231,295	155,255
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39	172,830	231,295

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
[continued]

COMPANY	Note	2015 RM'000	2014 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES			
Profit before tax		113,821	19,925
Adjustments for:			
Allowance for impairment losses:			
- Investment in an associate		–	5,285
- Investment in quoted shares		461	–
- Project development expenditure		2,083	–
- Receivables, net		–	87
Depreciation of property, plant and equipment		187	342
Interest expense		3,657	4,085
Loss on disposal of quoted shares		40	-
ESOS options expenses		1,357	46
Write-off of:			
- Bad debt		–	3
- Property, plant and equipment		–	3
Dividend income		(121,800)	(32,006)
Gain on derecognition of an associate		(2,589)	–
(Gain)/Loss on foreign exchange – Unrealised		(105)	36
Interest income		(2)	(13)
Operating Loss Before Working Capital Changes		(2,890)	(2,207)
Increase in receivables		(2,675)	(140)
Increase/(Decrease) in payables		64	(847)
Cash For Operations		(5,501)	(3,194)
Income tax (paid)/refunded		(259)	1,964
Net Cash For Operating Activities		(5,760)	(1,230)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2	13
Dividend received		121,800	32,006
Increase in project development expenditure		(36,852)	(19,712)
Investment in subsidiaries		(120,407)	–
Repayment from subsidiaries		38,977	29,769
Purchase of property, plant and equipment	37	(26)	(14)
Proceeds from disposal of quoted shares		143	–
Net Cash From Investing Activities		3,637	42,062

The accompanying Notes on pages 55 to 137 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
[continued]

COMPANY	Note	2015 RM'000	2014 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES			
Interest paid		(3,657)	(4,085)
Dividends paid		(17,828)	(16,702)
Advances from/(Repayment to) subsidiaries		25,284	(17,651)
Advances from a related party		1,177	–
Proceeds from issuance of shares pursuant to exercise of ESOS options		521	821
Purchase of treasury shares		(21)	(1,356)
Placement of deposits pledged to licensed banks		(23,984)	–
Net drawdown of revolving credits		30,000	–
Net Cash From/(For) Financing Activities		11,492	(38,973)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		105	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,474	1,859
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		2,560	701
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39	12,034	2,560

The accompanying Notes on pages 55 to 137 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. The Company is 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 24 March 2016.

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 are set out in Note 42 to the financial statements.

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 119: Defined Benefit Plans – Employee Contributions
Annual Improvements to FRSs 2010 – 2012 Cycle
Annual Improvements to FRSs 2011 – 2013 Cycle

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.

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

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 (cont'd):-

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application 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. The Group is currently assessing the financial impact of adopting FRS 9.

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 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

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 2018. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
[continued]

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 assets and liabilities 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(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 assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

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.

(c) Equity Instruments

Equity 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 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. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(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.

(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. Income, expenses and other comprehensive income 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; attributed to the owners of the Company and non-controlling interests, as appropriate.

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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion is related to non-controlling interests is derecognised but is not reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

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

	2015 RM	2014 RM
1 Chinese Renminbi	0.661	0.563
1 United States Dollar	4.294	3.497
1 Singapore Dollar	3.040	2.647
1 Hong Kong Dollar	0.554	0.451

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 an 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.

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 into profit or loss.

With the exception of available-for-sale debt 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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Impairment (Cont'd)

(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 an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. 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 using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

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.

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	20% 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, Plant and Equipment (Cont'd)

(b) Other Property, Plant and Equipment (Cont'd)

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.

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, being the different between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

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 as property, plant and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 financial statements using the equity method based on the financial statements of the associate at end of the reporting period. 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 into profit or loss when the equity method is discontinued.

During the financial year, the Group and the Company have disposed of certain interests in its associate and reclassified its retained interests as investment in quoted shares.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 accounting policy for property, plant and equipment up to date of change in use.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Project Development Expenditure

Project development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Project 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 project development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Project development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The project 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.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 less the estimated costs of completion and 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 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Provisions

(a) General Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) 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.

A contingent asset is not recognised but is disclosed in the notes to the financial statements. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statement of financial position.

4.19 Service Concession Arrangement

A service concession arrangement is an arrangement involving an operator constructing and/or upgrading, operating and maintaining infrastructure used to provide a public service for a specified period of time. The operator is paid for its services over the period of the arrangement. The arrangement is governed by a contract that sets out performance standards, mechanisms for adjusting prices and arrangements for arbitrating disputes. The grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Group, as the operator for constructing and operating infrastructure, recognises intangible asset arising from a service concession arrangement to the extent that it receives a right (a license) to charge the grantor, based on usage of the public service, for the construction of assets. Intangible assets recognised as a result of the service concession arrangement are accounted for based on Note 4.20 Intangible Assets.

Revenue from construction services is recognised using the percentage of completion method by reference to the completion of a physical proportion of the contract works performed as assessed by the project engineers and owners. Contract works mean Engineering, Procurement, Construction and Commissioning Contract ("EPC Contract") and construction of Transmission Facility. Provision for anticipated loss on the construction project will be made in the financial statements as soon as the possibility of loss is ascertained.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Service Concession Arrangement (Cont'd)

Contracts of which incurred construction costs exceed calculated construction costs, and costs of project of which revenue have not yet been recognised are shown as "construction work-in-progress" under non-current assets or, conversely, "accrued construction costs" under current liabilities in the statement of financial position.

Revenue from operation services is recognised when the services have been rendered.

4.20 Intangible Assets

Intangible assets recognised as a result of the service concession arrangement are measured at cost, which are the fair value of the consideration received or receivable for the construction services provided and is amortised on a straight-line basis over the period of the Concession Agreement, which is 25 years from the commercial operation date.

The Group estimate the fair value of the consideration received or receivable for the construction services provided to be equal to the projected project costs plus a margin. Project costs comprise all costs incurred during the development and construction phase of the Project and borrowing costs. Development costs include preliminary site works, environmental and social, project development and management, professional fees and insurance costs. Costs during the construction phase include EPC Contract costs and construction costs of Transmission Facility.

4.21 Revenue and Other Income

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.

(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. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(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 goods and services tax, returns, cash and trade discounts.

(g) Rental income is accounted for on a straight-line method over the lease term.

(h) Construction revenue from service concession arrangement is recognised for operator services provided under the terms of a service concession arrangement and receives payment for its services over the period of the arrangement. This typically involves the operator constructing or upgrading infrastructure which is used to provide a public service and then being responsible for operating and maintaining that infrastructure for a specified period of time. Revenue and costs of the operator relating to the construction or upgrade services and revenue and costs relating to the operation services are accounted for as described in Note 4.19 Service Concession Arrangement.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Income Tax

Income tax for the reporting period comprises current tax 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 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. Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets.

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 taxes relate to the same taxable entity and 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 adjusted against 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.

4.23 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Employee Benefits (Cont'd)

(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 (known as "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.

4.24 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 expense and deferred tax balances in the period in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 Significant Accounting Estimates and Judgements (Cont'd)

(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.

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 Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(g) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 Significant Accounting Estimates and Judgements (Cont'd)

(h) 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.

(i) 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.

(j) Share-based Payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(k) Intangible Assets, Construction Revenue and Costs

Revenue from construction services is recognised using the percentage of completion method by reference to the completion of a physical proportion of the contract works performed as assessed by the project engineers and owners. Use of the percentage-of-completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Intangible assets which is measured at the fair value of the consideration received or receivable for the construction services will also vary.

4.25 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

4.27 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.

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 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).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.28 Government Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

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

Grants that compensate the Group for the cost of an asset are presented in the statement of financial position by deducting the grants in arriving at the carrying amount of the relevant asset.

4.29 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 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of electricity and steam	435,231	481,544	–	–
Sale of goods	127,562	140,511	–	–
Sale of properties	18,378	42,746	–	–
Dividend income	14	214	121,800	32,006
Interest income	3	4	2	13
Rental income	7,498	7,446	–	–
Management fee	–	–	2,208	2,628
	588,686	672,465	124,010	34,647

NOTES TO THE FINANCIAL STATEMENTS
[continued]

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After crediting:				
Fair value adjustment on investment properties	–	7,070	–	–
Gain on derecognition of an associate	–	–	2,589	–
Gain on disposal of:				
- A subsidiary	8	–	–	–
- Property, plant and equipment	286	194	–	–
- Quoted shares	–	162	–	–
Gain on foreign exchange:				
- Realised	22,197	486	–	–
- Unrealised	10,347	3,766	105	–
Gross dividends:				
- Subsidiaries	–	–	121,800	32,006
- Others	320	1,177	–	–
Interest income	5,908	3,275	2	13
Rental income:				
- Investment properties	7,498	7,446	–	–
- Others	1,491	1,442	–	–
Write-back of:				
- Bad debts written off	13	164	–	–
- Impairment loss on quoted shares	57	–	–	–
- 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	5,357	1,666	461	–
- Investment in an associate	–	10,862	–	5,285
- Project development expenditure	2,083	–	2,083	–
- Receivables, net	101	305	–	87
Amortisation of land use rights	222	190	–	–
Auditors' remuneration:				
- For the financial year	458	430	66	61
- Underprovision in the previous financial year	24	92	5	15

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
After charging:				
Depreciation of property, plant and equipment	36,602	31,769	187	342
Direct operating expenses arising from investment properties	2,354	2,122	–	–
Directors' remuneration:				
- Salary, bonus and other remuneration	704	697	704	697
- Fees	312	301	312	301
- Share options to Directors	896	46	896	46
- Other emoluments	29	23	29	23
Loss on deconsolidation of a subsidiary	–	245	–	–
Loss on derecognition of an associate	2,256	–	–	–
Loss on disposal of:				
- Property, plant and equipment	–	4	–	–
- Quoted shares	381	2,935	40	–
Loss on foreign exchange:				
- Realised	–	52	–	11
- Unrealised	–	36	–	36
Provision for retirement benefits	24	49	–	–
Rental of:				
- Access road	3	3	–	–
- Land and buildings	209	347	170	170
- Plant and machinery	572	174	–	–
- Motor vehicles	–	271	–	–
Share of loss in an associate	–	806	–	–
Staff costs:				
- Defined contribution plan	4,221	3,666	246	289
- Salaries, wages, bonuses and allowances	32,480	28,917	2,089	2,435
- Share options to staff	461	–	461	–
- Other benefits	2,681	1,846	183	111
Write-off of:				
- Bad debts	15	297	–	3
- Goodwill on incorporation of a subsidiary	1,279	–	–	–
- Inventories	382	149	–	–
- Property, plant and equipment	362	260	–	3

There was no monetary value of benefits-in-kind received by Directors of the Group and of the Company for the respective financial year ended 31 December 2015 and 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS
[continued]

7. FINANCE COSTS

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Interest on:				
- Bank overdrafts	161	470	159	358
- Revolving credits	2,498	2,138	2,175	1,963
- Term loans	1,954	877	–	–
- Others	812	496	1,323	1,764
	5,425	3,981	3,657	4,085

8. INCOME TAX EXPENSE

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Current tax:				
- Malaysian taxation	12,450	15,675	102	188
- Foreign taxation	31,764	31,717	–	–
- Overprovision in previous financial years	(230)	(360)	–	(474)
	43,984	47,032	102	(286)
Deferred tax (Note 31):				
- Relating to originating and recognition of temporary differences	(3,229)	(1,291)	–	–
- Overprovision in previous financial years	(885)	(17)	–	–
	(4,114)	(1,308)	–	–
	39,870	45,724	102	(286)

8. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014 : 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit before tax	147,524	153,020	113,821	19,925
Tax at Malaysian statutory rate of 25% (2014 : 25%)	36,881	38,255	28,455	4,981
Tax effects of:				
- Effect of lower tax rate in Malaysia	(72)	(115)	–	–
- Share of loss in an associate	–	201	–	–
- Income not subject to tax	(7,449)	(2,767)	(31,135)	(8,001)
- Expenses not deductible	6,706	5,986	2,782	3,208
- Tax incentive claimed	(554)	–	–	–
- Deferred tax assets not recognised during the financial year	699	25	–	–
- Utilisation of previously unrecognised:				
- deferred tax assets	(572)	–	–	–
- reinvestment allowances	(276)	(183)	–	–
- Overprovision in previous financial years:				
- current tax	(230)	(360)	–	(474)
- deferred tax	(885)	(17)	–	–
- Withholding tax	5,622	4,699	–	–
Income tax expense	39,870	45,724	102	(286)

The statutory tax rate of 25% for the current financial year will be reduced to 24% effective in year of assessment 2016.

8. INCOME TAX EXPENSE (CONT'D)

Tax saving during the financial year arising from:-

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Utilisation of tax losses:				
- Current year	452	783	–	–
- Previously not recognised	1,561	450	–	–
Utilisation of capital allowances:				
- Current year	19,381	3,041	76	66
Utilisation of reinvestment allowances:				
- Current year	850	–	–	–
- Previously not recognised	1,104	183	–	–

No deferred tax assets/(liabilities) are recognised in respect of the following items:-

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses	4,810	3,926	–	–
Unabsorbed capital allowances	4,397	859	–	–
Provision	682	390	–	–
Accelerated capital allowances	(6,292)	(2,522)	–	–
Others	(434)	–	–	–
	3,163	2,653	–	–

Deferred tax assets have not been recognised in respect of the unutilised tax losses and unabsorbed capital allowances 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 2015, subject to agreement with the Inland Revenue Board, apart from the unutilised tax losses and unabsorbed capital allowances, the Group has unutilised reinvestment allowances of approximately RM24,838,000 (2014 : RM1,608,000) available to be carried forward to be offset against future taxable income.

9. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Items that may be reclassified subsequently to profit or loss				
Fair value changes of available-for-sale financial assets:				
- Changes during the financial year	(5,251)	(7,798)	(3,796)	–
- Reclassification adjustment to profit or loss on disposal	(3,457)	4,920	(2,589)	–
- Transfer to profit or loss for an impairment loss	5,357	1,666	461	–
	(3,351)	(1,212)	(5,924)	–
Foreign currency translation:				
- Changes during the financial year	34,254	10,606	–	–
- Share of associate	(1,293)	245	–	–
	32,961	10,851	–	–
	29,610	9,639	(5,924)	–

10. EARNINGS PER SHARE

	GROUP	
	2015	2014
Basic earnings per share		
Profit after tax for the financial year attributable to owners of the Company (RM'000)	74,264	69,899
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares on 1 January	243,002	242,455
Effect of new ordinary shares issued	226	330
Effect of treasury shares held	(20,494)	(20,151)
Weighted average number of ordinary shares for the financial year	222,734	222,634
Basic earnings per share (sen)	33.34	31.40

NOTES TO THE FINANCIAL STATEMENTS
[continued]

10. EARNINGS PER SHARE (CONT'D)

	GROUP 2015	GROUP 2014
Diluted earnings per share		
Profit after tax for the financial year attributable to owners of the Company # (RM'000)	74,264	69,899
Weighted average number of ordinary shares for the financial year ('000)	222,734	222,634
Weighted average number of shares under option ('000)	14,105	2,123
Weighted average number of shares that would have been issued at average market price # ('000)	(12,661)	(1,377)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	224,178	223,380
Diluted earnings per share (sen)	33.13	31.29

\# Earnings have not increased because the increase in the weighted average number of ordinary shares of 1,444,000 shares (2014: 746,000) 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 5.0 sen per ordinary share of RM1.00 each amounting to RM11,142,575 for the financial year ended 31 December 2014 was paid on 9 July 2015.

An interim tax-exempt dividend of 3.0 sen per ordinary share of RM1.00 each amounting to RM6,685,434 for the financial year ended 31 December 2015 (2014 : interim tax-exempt dividend of 3.0 sen) was paid on 9 October 2015.

The Board proposes a final tax-exempt dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2015 (2014 : final tax-exempt dividend of 5.0 sen). 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.

12. PROPERTY, PLANT AND EQUIPMENT

GROUP 2015	AT COST Beginning of year RM'000	Additions RM'000	Acquisition of a subsidiary (Note 43) RM'000	Disposals/ Write-offs RM'000	Government grant received RM'000	Reclassi-fications RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	108,109	857	–	(300)	–	1,639	10,604	120,909
Long leasehold land	4,328	137	935	(79)	–	696	–	6,017
Short leasehold quarry land	34,865	–	–	–	–	(696)	–	34,169
Plant and machinery, equipment, vehicles and construction-in-progress	494,029	45,555	–	(9,064)	(9,664)	(1,639)	40,795	560,012
Total	641,331	46,549	935	(9,443)	(9,664)	–	51,399	721,107

GROUP 2015	ACCUMULATED DEPRECIATION Beginning of year RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Reclassi-fications RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	40,799	4,020	(83)	–	5,868	50,604
Long leasehold land	1,082	83	(23)	30	–	1,172
Short leasehold quarry land	9,434	964	–	(30)	–	10,368
Plant and machinery, equipment, vehicles and construction-in-progress	278,252	31,535	(7,927)	–	23,379	325,239
Total	329,567	36,602	(8,033)	–	29,247	387,383

GROUP 2015	ACCUMULATED IMPAIRMENT LOSSES Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	NET BOOK VALUE End of year RM'000	Beginning of year RM'000
Freehold land and buildings	–	–	–	70,305	67,310
Long leasehold land	–	–	–	4,845	3,246
Short leasehold quarry land	224	–	224	23,577	25,207
Plant and machinery, equipment, vehicles and construction-in-progress	–	–	–	234,773	215,777
Total	224	–	224	333,500	311,540

NOTES TO THE FINANCIAL STATEMENTS
[continued]

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

GROUP 2014	AT COST Beginning of year RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Reclassi-fications RM'000	Exchange rate fluctuation adjustments RM'000	End of year 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

GROUP 2014	ACCUMULATED DEPRECIATION Beginning of year RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Reclassi-fications RM'000	Exchange rate fluctuation adjustments RM'000	End of year 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

GROUP 2014	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

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
2015										
Equipment and vehicles	2,685	26	(7)	2,704	2,327	187	(7)	2,507	197	358
2014										
Equipment and vehicles	2,893	14	(222)	2,685	2,204	342	(219)	2,327	358	689

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plant with total carrying values of RM122,461,000 (2014 : RM127,445,000) and power plant construction-in-progress with a carrying value of RM4,479,000 (2014 : RM3,599,000).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM51,911,000 (2014 : RM47,341,000) have been charged as security for banking facilities granted to those subsidiaries.

Property, plant and equipment of subsidiaries with a total carrying value of RM2,664,000 (2014 : RM904,000) were acquired under hire purchase arrangements.

13. SUBSIDIARIES

	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Unquoted ordinary shares in Malaysia, at cost		
At beginning of financial year	315,702	315,702
Addition	38	–
At end of financial year	315,740	315,702
Less : Accumulated impairment losses	(207,391)	(207,391)
	108,349	108,311
Unquoted ordinary shares outside Malaysia, at cost		
At beginning of financial year	1,040	1,040
Addition	11,428	–
At end of financial year	12,468	1,040

NOTES TO THE FINANCIAL STATEMENTS
[continued]

13. SUBSIDIARIES (CONT'D)

	COMPANY	
	2015 RM'000	2014 RM'000
Unquoted preference shares in Malaysia, at cost		
At beginning of financial year	77,326	77,326
Addition	108,941	–
At end of financial year	186,267	77,326
Less : Accumulated impairment losses	(77,326)	(77,326)
	108,941	–
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	229,758	109,351

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

During the financial year, the Company subscribed for non-convertible 9% cumulative redeemable preference shares of USD1 per share for approximately RM108,941,000.

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

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

	GROUP	
	2015 RM'000	2014 RM'000
Power related companies	106,685	99,515
Idaman Harmoni Sdn. Bhd.	29,789	29,348
Other individually immaterial subsidiaries	20,042	17,806
Total	156,516	146,669

13. SUBSIDIARIES (CONT'D)

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 2015		
Non-current assets	163,454	98,698
Current assets	248,853	29,566
Non-current liabilities	(3,080)	(3,518)
Current liabilities	(146,422)	(49,750)
Net assets	262,805	74,996
Financial year ended 31 December 2015		
Revenue	435,230	6,951
Profit after tax for the financial year	76,596	1,261
Total comprehensive income	108,607	1,261
Total comprehensive income attributable to non-controlling interests	30,917	441
Dividends paid to non-controlling interests	(39,197)	–
Net cash flows from operating activities	4,281	4,225
Net cash flows for investing activities	(12,992)	(13,688)
Net cash flows from financing activities	11,106	11,000
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 [continued]

14. ASSOCIATE

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
Quoted shares in Malaysia, at cost	–	43,981	–	19,055
Share of post-acquisition profits	–	716	–	–
Share of other comprehensive income	–	1,293	–	–
	–	2,009	–	–
	–	45,990	–	19,055
Less: Accumulated impairment losses	–	(18,362)	–	(8,276)
	–	27,628	–	10,779
Market value of quoted shares in Malaysia	–	19,303	–	7,836

During the financial year, the Group and the Company disposed of part of the equity interest held in the associate to below 20%. Accordingly, the investment in associate was reclassified to investment in quoted shares.

In the previous financial year, the share of results of the associate was 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 2015 %	Effective Group Interest 2014 %
Jadi Imaging Holdings Berhad	Manufacturing and sale of toner	Malaysia	–	22.30

14. ASSOCIATE (CONT'D)

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

	GROUP	
	2015 RM'000	2014 RM'000
At 31 December		
Non-current assets	–	102,832
Current assets	–	53,415
Non-current liabilities	–	(473)
Current liabilities	–	(31,882)
Net assets	–	123,892
Financial year ended 31 December		
Revenue	–	71,452
Loss for the financial year	–	(2,372)
Other comprehensive income	–	1,097
Total comprehensive expenses	–	(1,275)
Group's share of loss for the financial year	–	(806)
Group's share of other comprehensive income	–	245
Reconciliation of net assets to carrying amount		
Group's share of net assets	–	27,628
Goodwill	–	18,362
Impairment	–	(18,362)
Carrying amount of the Group's interests in the associate	–	27,628

15. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Carrying value/Market value:				
- Quoted in Malaysia	23,394	17,866	6,800	–
- Quoted outside Malaysia	18,118	19,463	–	–
	41,512	37,329	6,800	–

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	
	2015 RM'000	2014 RM'000
Unquoted shares in Malaysia, at cost	5,866	5,866
Less : Accumulated impairment losses	(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	
	2015 RM'000	2014 RM'000
Rights for foreign subsidiaries to use land	1,043	570
Rights to conduct mineral extraction, quarry and mining operations in Perak	5,624	5,628
	6,667	6,198

18. INVESTMENT PROPERTIES

	GROUP	
	2015 RM'000	2014 RM'000
Leasehold land and buildings, at fair value		
At beginning of financial year	128,433	121,363
Addition during the financial year	8,045	–
Reclassified from property development expenditure (Note 23)	4,262	–
Fair value adjustment	–	7,070
At end of financial year	140,740	128,433

The details of the Group's investment properties that carried at fair values are analysed as follows:-

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2015				
Leasehold land and buildings	–	101,980	38,760	140,740
2014				
Leasehold land and buildings	–	88,033	40,400	128,433

18. INVESTMENT PROPERTIES (CONT'D)

The level 2 fair value of the leasehold land and buildings have been derived using the market comparison approach performed by independent valuers. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The level 3 fair value of the leasehold land and buildings has been determined based on the following significant unobservable inputs:-

Unobservable Inputs			Relationship of Unobservable Inputs to Fair Value
(a)	Discount applied to the market value per square foot of similar properties as valued by independent valuer	Based on management's experience and knowledge of the market conditions of the specific industry.	The higher the discount applied, the lower the fair value.
(b)	Rental yield of approximately 8% per annum	Based on the projected rental income and the cost of the leasehold land.	The higher the rental yield, the higher the fair value.

Investment properties of a subsidiary with a total carrying value of RM78,111,000 (2014 : RM76,549,000) have been charged as security for a revolving credit facility granted to the subsidiary.

19. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2015 **RM'000**	**2014** **RM'000**
At beginning 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
Addition:		
- Leasehold land	–	129
- Development expenditure	928	116
	928	245
At end of financial year	51,215	50,287

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

	GROUP 2015 RM'000	GROUP 2014 RM'000
Land held for property development at the end of the financial year is represented by:		
- Freehold land	3,093	3,093
- Leasehold land	17,372	17,372
- Development expenditure	31,250	30,322
- Allowance for foreseeable losses	(500)	(500)
	51,215	50,287

20. PROJECT DEVELOPMENT EXPENDITURE

	GROUP 2015 RM'000	GROUP 2014 RM'000	COMPANY 2015 RM'000	COMPANY 2014 RM'000
At cost:-				
Don Sahong Hydropower Project	206,447	57,246	92,699	57,246
Plantation Project and long-term lease land in Cambodia	14,632	12,676	13,882	12,676
Other Projects	2,730	2,537	2,730	2,537
	223,809	72,459	109,311	72,459
Less: Accumulated impairment losses	(2,083)	–	(2,083)	–
	221,726	72,459	107,228	72,459

On 13 February 2008, the Company had signed the Project Development Agreement with the Government of Lao People's Democratic Republic ("Lao PDR") to develop, build, own and operate the Don Sahong Hydropower Project in the Khong District, Champassak Province, Lao PDR. The Don Sahong Hydropower 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 Hydropower Project has commenced towards the end of the financial year 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, Mondulkiri 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. As at the end of the financial year, all major conditions have yet to be fulfilled.

21. GOODWILL ON CONSOLIDATION

	GROUP	
	2015 RM'000	2014 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	
	2015 RM'000	2014 RM'000
Property segment	2,455	2,455
Resources segment	4,582	4,582
Printing business	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:

a) Fair value less costs of disposal

The impairment assessment is based on fair value less costs of disposal estimated using the market approach. Property segment determines its fair value less costs of disposal by reference to market price less estimated transaction costs on disposal.

b) Value-in-use approach

This is derived from the present value of the future cash flows from the operating segments computed based on the financial projections approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts of goodwill arising from the following operating segments are as follows:-

	Average Growth Rate		Discount Rate	
	2015	2014	2015	2014
Resources segment	5%	13%	11.5%	8%
Printing business	28%	22%	11.5%	8%

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

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

NOTES TO THE FINANCIAL STATEMENTS [continued]

22. INVENTORIES

	GROUP 2015 RM'000	GROUP 2014 RM'000
At cost:		
- Finished goods and work-in-progress	9,953	17,222
- Raw materials and consumables	35,813	22,000
- Completed properties for sale	18,271	26,773
	64,037	65,995
At net realisable value:		
- Raw materials and consumables	718	863
- Completed properties for sale	2,820	2,820
	3,538	3,683
	67,575	69,678
Recognised in profit or loss		
Inventories recognised as cost of sales	380,657	416,513
Amount written down	382	149

In the previous financial year, certain completed properties for sale of the Group with a carrying value of approximately RM475,000 were under a third party first legal charge as security for a bank guarantee facility granted by a local bank to a subsidiary of the Company.

23. PROPERTY DEVELOPMENT

	GROUP	
	2015 RM'000	2014 RM'000
Cumulative costs at beginning of financial year:		
- Freehold land	735	735
- Leasehold land	2,767	2,767
- Development costs	18,499	30,659
	22,001	34,161
Addition:		
- Development costs	723	21,208
Less: Unsold completed units transferred to inventories	–	(2,877)
Less: Costs for completed projects		
- Development costs	–	(30,491)
Less: Reclassified to investment properties (Note 18)		
- Leasehold land	(2,767)	–
- Development costs	(1,495)	–
	(4,262)	–
Cumulative costs at end of financial year:		
- Freehold land	735	735
- Leasehold land	–	2,767
- Development costs	17,727	18,499
	18,462	22,001
Costs recognised in profit or loss:		
Cumulative costs recognised at beginning of financial year	(7,020)	(17,075)
Costs recognised during the financial year	(5,920)	(20,436)
Costs recognised for completed projects	–	30,491
Cumulative costs recognised at end of financial year	(12,940)	(7,020)
Property development costs at end of financial year	5,522	14,981
Cumulative revenue recognised in statements of profit or loss and other comprehensive income	17,152	60,172
Less: Cumulative billings to purchasers	(16,304)	(60,093)
Progress billings recognised as revenue but not yet raised	848	79
Net balance at end of financial year	6,370	15,060

NOTES TO THE FINANCIAL STATEMENTS [continued]

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	83,068	83,345	–	–
Accrued billings	18,300	11,057	–	–
Retention sums	–	388	–	–
	101,368	94,790	–	–
Less: Allowance for impairment losses				
- At beginning of financial year	(2,757)	(13,398)	–	–
- Addition	(101)	(150)	–	–
- Write-off	697	10,791	–	–
- At end of financial year	(2,161)	(2,757)	–	–
	99,207	92,033	–	–
Other receivables				
Sundry receivables	22,738	18,939	3,929	1,449
Less: Allowance for impairment losses				
- At beginning of financial year	(8,099)	(7,944)	(702)	(615)
- Addition	–	(155)	–	(87)
- At end of financial year	(8,099)	(8,099)	(702)	(702)
	14,639	10,840	3,227	747
Refundable deposits	3,086	3,516	178	173
Prepaid expenses	4,061	5,464	229	39
Tax recoverable	2,572	1,784	281	124
	9,719	10,764	688	336
Amount owing by subsidiaries	–	–	138,870	177,847
Less: Allowance for impairment losses	–	–	(20,369)	(20,369)
	–	–	118,501	157,478
	123,565	113,637	122,416	158,561

24. RECEIVABLES (CONT'D)

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 (2014 : 21 to 120 days).

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

In the previous financial year, the retention sums were unsecured, interest-free and were expected to be collected within periods ranging between 8 months to 24 months.

25. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Deposits with licensed financial institutions	88,396	134,431	–	–
Cash and bank balances	98,001	83,763	36,018	2,560
Housing Development Accounts	11,648	17,279	–	–
	198,045	235,473	36,018	2,560

Included in bank balances and deposits are the following amounts pledged as security for banking facilities granted to certain subsidiaries.

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Amounts pledged to licensed banks	24,698	4,178	23,984	–

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 0.05% to 5.10% (2014 : 0.05% to 4.20%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2014 : 1 to 365 days).

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 projects 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 RM27,606,000 (2014 : RM34,532,000) 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 issued and paid-up share capital of the Company are as follows:-

	COMPANY			
	Number of Shares		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 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	243,002	242,455	243,002	242,455
New shares issued pursuant to exercise of ESOS options	343	547	343	547
At 31 December	243,345	243,002	243,345	243,002

During the financial year, the Company increased its issued and paid-up ordinary shares from RM243,002,000 to RM243,345,000 by the issuance of 343,000 new ordinary shares arising from the exercise of ESOS options at the issue price of RM1.52 per share.

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

On 5 May 2015, the Company had granted 12,600,000 share options under the Company's ESOS to eligible Directors and employees of the Group with the exercise price of RM2.25 per share.

As at 31 December 2015, options over 14,105,000 (2014 : 2,123,000) unissued ordinary shares remained outstanding.

Of the 243,345,000 (2014 : 243,002,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2015, 20,497,200 (2014 : 20,488,500) ordinary shares were held as treasury shares by the Company.

27. TREASURY SHARES

	COMPANY			
	Number of Shares		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
At beginning of financial year	20,489	19,882	30,025	28,669
Purchase of shares	8	607	21	1,356
At end of financial year	20,497	20,489	30,046	30,025

During the financial year, the Company purchased 8,700 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM2.32 per share for a total consideration of RM20,151. 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.

27. TREASURY SHARES (CONT'D)

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	5,000	2.52	2.52	2.52	12,580
March	–	–	–	–	–
April	–	–	–	–	–
May	–	–	–	–	–
June	–	–	–	–	–
July	–	–	–	–	–
August	3,700	2.05	2.05	2.05	7,571
September	–	–	–	–	–
October	–	–	–	–	–
November	–	–	–	–	–
December	–	–	–	–	–
Total	8,700				20,151

28. RESERVES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable reserves				
Share premium	34,179	33,940	34,179	33,940
ESOS reserve	1,895	599	1,895	599
Translation reserve	56,756	36,635	–	–
Fair value reserve	5,096	8,447	837	6,761
Capital reserve	15,483	15,208	–	–
	113,409	94,829	36,911	41,300
Distributable reserves				
Retained profits	487,409	431,142	138,255	42,364
	600,818	525,971	175,166	83,664

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 ESOS reserve

The ESOS 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 ESOS is governed by ESOS By-Laws as approved by shareholders on 1 August 2010 and subsequently modified upon approval by shareholders on 21 May 2014. The ESOS tenure is 10 years effective from 1 August 2010.

NOTES TO THE FINANCIAL STATEMENTS
[continued]

28. RESERVES (CONT'D)

28.2 ESOS reserve (Cont'd)

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;

(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:-

		Number of Options Over Ordinary Shares of RM1 Each				
		Balance	← Movements during the financial year →			Balance
Grant date	Exercise price RM	as at 1.1.2015 '000	Granted '000	Exercised '000	Lapsed '000	as at 31.12.2015 '000
24.8.2010	1.50	1,580	–	–	–	1,580
29.6.2012	1.52	543	–	(343)	–	200
5.5.2015	2.25	–	12,600	–	(275)	12,325
		2,123	12,600	(343)	(275)	14,105

The options which lapsed during the financial year were due to cessation of employment.

28. RESERVES (CONT'D)

28.2 ESOS reserve (Cont'd)

During the financial year, the Company has granted 12,600,000 share options under the ESOS. The first 50% of the options are exercisable on or after 30 June 2018, and the remaining 50% of the options are exercisable on or after 1 July 2019. The ESOS will be expiring on 31 July 2020.

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:-

		GROUP/COMPANY	
Grant date	**24.8.2010**	**29.6.2012**	**5.5.2015**
Fair value of share options (RM)	1.70	2.29^	2.46
Weighted average share price (RM)	1.67	2.11^	2.45
Exercise price (RM)	1.50	1.52	2.25
Expected volatility (%)	24.54	24.74^	28.88
Expected life (years)	10	8	5
Risk free rate (%)	3.87	4.08^	3.84
Expected dividend yield (%)	4.41	3.28^	3.25

^ - *Modified upon approval of amendment to ESOS By-Laws by shareholders on 21 May 2014.*

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
[continued]

29. PAYABLES (NON-CURRENT)

	GROUP	
	2015 RM'000	2014 RM'000
Hire purchase payables (non-current)	1,214	308
Provision	464	504
	1,678	812

	GROUP	
	2015 RM'000	2014 RM'000
The hire purchase payables are payable as follows:-		
Minimum hire purchase payments:		
- Not later than one year	662	485
- Later than one year and not later than five years	1,443	308
	2,105	793
Less: Future finance charges	(233)	(38)
Present value of hire purchase payables	1,872	755
Current:		
- Not later than one year (Note 32)	658	447
Non-current:		
- Later than one year and not later than five years	1,214	308
	1,872	755

The hire purchase payables of the Group bear effective interest at rates ranging from 5.41% to 8.37% (2014 : 5.41% to 6.31%) per annum.

30. LONG-TERM BORROWINGS

	GROUP	
	2015 RM'000	2014 RM'000
Term loans		
Current – not later than one year (Note 33):		
- Secured	11,382	3,721
- Unsecured	–	11,268
	11,382	14,989
Non-current (secured):		
Later than one year and not later than two years	11,230	7,825
Later than two years and not later than five years	15,649	10,825
Later than five years	2,412	2,745
	29,291	21,395
	40,673	36,384

30. LONG-TERM BORROWINGS (CONT'D)

The term loans of the Group bear interest at rates ranging from 4.75% to 6.95% (2014 : 4.00% to 6.95%), 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) A pledge of a fixed deposit account of a subsidiary;

(g) Corporate guarantees given by certain subsidiaries; and

(h) A personal guarantee and joint and several guarantees given by certain directors of certain subsidiaries.

31. DEFERRED TAX LIABILITIES/(ASSETS)

	GROUP	
	2015 RM'000	**2014 RM'000**
At beginning of financial year	20,587	21,912
Recognised in profit or loss (Note 8)	(4,114)	(1,308)
Effect of foreign exchange translation	(245)	(17)
At end of financial year	16,228	20,587
Analysed into:		
Deferred tax assets	(3,068)	(448)
Deferred tax liabilities	19,296	21,035
	16,228	20,587
The deferred tax (assets)/liabilities represent the tax effects of:		
- Temporary differences of capital allowances and depreciation	12,825	14,422
- Fair value gain on investment properties	4,218	4,218
- Revaluation surplus	2,209	2,392
- Provisions	(219)	–
- Government grant received	(2,881)	–
- Others	76	(445)
	16,228	20,587

NOTES TO THE FINANCIAL STATEMENTS
[continued]

32. PAYABLES (CURRENT)

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	25,389	26,519	–	–
Other payables and accruals				
Accrued expenses	12,471	15,929	1,193	1,217
Hire purchase payables due within 12 months (Note 29)	658	447	–	–
Sundry payables	23,193	23,364	6,222	6,134
Amount owing to subsidiaries	–	–	60,360	35,076
Amount owing to a related party	1,177	–	1,177	–
Provision	255	236	–	–
	37,754	39,976	68,952	42,427
	63,143	66,495	68,952	42,427

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 (2014 : 30 to 120 days).

Included in sundry payables is an amount of RM5,986,485 (2014 : 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 RM22,840,000 (2014 : RM25,048,000) which is non-trade in nature, unsecured, bears interest at an interest rate of 3.70% (2014 : 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank overdrafts (Note 39)				
- Secured	517	–	–	–
Trust receipts				
- Secured	3,786	2,190	–	–
Revolving credits				
- Secured	80,000	39,200	30,000	–
- Unsecured	15,000	15,000	15,000	15,000
	95,000	54,200	45,000	15,000
Term loans (Note 30)				
- Secured	11,382	3,721	–	–
- Unsecured	–	11,268	–	–
	11,382	14,989	–	–
	110,685	71,379	45,000	15,000

33. SHORT-TERM BORROWINGS (CONT'D)

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

(a) The bank overdrafts of the Group bear interest rates ranging from 1.00% to 1.25% per annum above the bankers' base lending rate.

(b) The trust receipts of the Group bear interest rates ranging from 2.25% to 8.60% (2014 : 5.01% to 5.89%).

(c) The revolving credits of the Group and of the Company bear interest rates ranging from 0.80% to 1.50% (2014 : 0.75% to 1.00%) per annum above the bankers' cost of funds.

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 legal charge over an investment property of a subsidiary;

(c) Corporate guarantees given by certain subsidiaries;

(d) Joint and several guarantees given by certain directors of certain subsidiaries;

(e) A debenture covering fixed and floating charges over the present and future assets of a subsidiary;

(f) A letter of undertaking from a subsidiary;

(g) Legal charges over certain designated bank accounts of the Company and 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 2015 of RM814,117,000 (2014 : RM738,948,000) on 222,847,800 (2014 : 222,513,500) ordinary shares of RM1.00 each in issue (net of treasury shares).

35. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment				
Authorised but not provided for:				
- Contracted	6,613	33,637	–	–
- Not contracted	6,666	11,179	–	–
	13,279	44,816	–	–
Project development expenditure				
- Contracted	1,034,748	17,664	11,020	17,664
	1,048,027	62,480	11,020	17,664

Included in the table above are commitments of USD241 million, of which approximately USD53 million shall be payable in RMB at an average rate of RMB6.205 to USD1.

NOTES TO THE FINANCIAL STATEMENTS
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36. OPERATING LEASE COMMITMENTS

LEASES AS LESSOR

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

	GROUP	
	2015 RM'000	2014 RM'000
Not more than one year	5,783	6,882
Later than one year and not later than five years	9,114	4,657
	14,897	11,539

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cost of property, plant and equipment purchased (Note 12)	46,549	58,905	26	14
Amount financed through hire purchase	(1,887)	(531)	–	–
Cash disbursed for purchase of property, plant and equipment	44,662	58,374	26	14

38. CONTINGENT LIABILITIES

(a) In the previous financial year, the authority in the State of Sabah raised an assessment to Serudong Power Sdn Bhd ("SPSB"), a 51% owned subsidiary of Mega First Power Industries Sdn Bhd ("MFPI"), which in turn is a 51% owned subsidiary of the Company, amounting to RM239,000 for year 2014, inclusive of interest, which resulted in a total claim of approximately RM2.247 million for the period from 1998 to 2014. 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 SPSB to the authority for the remaining period from 2004 to 2014. The basis of the remaining assessment of RM888,000 was disputed and therefore, no accrual was made.

During the financial year, the authority raised further assessment of RM223,000 for the current year together with the interest thereon. SPSB made an additional accrual of RM339,000 to make up a total accrual of RM1,539,000, an amount proposed by SPSB to the authority for the remaining period from 2004 to 2015. The basis of the remaining assessment of RM601,000 (after an adjustment of RM171,000 that is mutually agreed upon) was disputed and therefore, no accrual was made.

(b) A claim has been made against Paya Emas Sdn Bhd ("PESB"), a 60% indirect subsidiary of the Company by a third party in the Malacca High Court for breach of contract, related to the sale and purchase of 40% of the undivided share of a piece of land. On 6 January 2005, the Malacca High Court ordered PESB to pay damages to the third party. The decision for assessment of damages has initially been fixed on 19 February 2016 but has been vacated by the Malacca High Court to a date to be informed. The damages that may be awarded is expected to be immaterial and therefore no provision has been made.

39. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank balances and deposits (Note 25)	198,045	235,473	36,018	2,560
Bank overdrafts (Note 33)	(517)	–	–	–
Less: Amounts pledged to licensed banks	(24,698)	(4,178)	(23,984)	–
	172,830	231,295	12,034	2,560

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, balances and capital commitments (Note 35) that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Chinese Renminbi ("RMB"), United States Dollar ("USD"), Singapore Dollar ("SGD") and Hong Kong Dollar ("HKD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS [continued]

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

GROUP 2015	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	23,394	–	–	16,541	1,577	–	41,512
Investment in unquoted shares	335	–	–	–	–	–	335
Receivables	61,527	43,126	9,565	2,552	–	162	116,932
Bank balances and deposits	63,135	87,040	23,699	11,921	12,228	22	198,045
	148,391	130,166	33,264	31,014	13,805	184	356,824
Financial liabilities							
Payables (non-current)	1,678	–	–	–	–	–	1,678
Long-term borrowings	29,291	–	–	–	–	–	29,291
Payables (current)	48,874	11,684	2,536	36	13	–	63,143
Short-term borrowings	110,685	–	–	–	–	–	110,685
	190,528	11,684	2,536	36	13	–	204,797
Net financial assets	(42,137)	118,482	30,728	30,978	13,792	184	152,027
Less: Net financial assets/(liabilities) denominated in the respective entities' functional currencies	42,137	(59,047)	(12,048)	–	13	–	(28,945)
Currency exposure	–	59,435	18,680	30,978	13,805	184	123,082

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency is as follows:-

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
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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 2015	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						
Investment in quoted shares	6,800	–	–	–	–	6,800
Receivables	120,288	1,569	–	49	–	121,906
Bank balances and deposits	11,389	645	11,756	12,228	–	36,018
	138,477	2,214	11,756	12,277	–	164,724
Financial liabilities						
Payables (current)	67,758	1,194	–	–	–	68,952
Short-term borrowings	45,000	–	–	–	–	45,000
	112,758	1,194	–	–	–	113,952
Net financial assets	25,719	1,020	11,756	12,277	–	50,772
Less: Net financial assets denominated in the entity's functional currency	(25,719)	–	–	–	–	(25,719)
Currency exposure	–	1,020	11,756	12,277	–	25,053

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

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Effects on profit after taxation and equity				
RMB/RM:				
- strengthened by 5%	2,229	3,939	–	–
- weakened by 5%	(2,229)	(3,939)	–	–
USD/RM:				
- strengthened by 5%	701	628	38	5
- weakened by 5%	(701)	(628)	(38)	(5)
SGD/RM:				
- strengthened by 5%	1,162	1,071	441	39
- weakened by 5%	(1,162)	(1,071)	(441)	(39)
HKD/RM:				
- strengthened by 5%	518	418	460	10
- weakened by 5%	(518)	(418)	(460)	(10)

(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 [continued]

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	(255)	(149)	(84)	(28)
Decrease of 25 bp	255	149	84	28

(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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Effects on equity				
Increase of 5%	2,076	1,866	340	–
Decrease of 5%	(2,076)	(1,866)	(340)	–

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 amount owing by 2 (2014 : 2) customers which constituted approximately 21% (2014 : 16%) 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	45,200	40,646	–	–
China	42,760	40,264	–	–
Others	11,247	11,123	–	–
	99,207	92,033	–	–

NOTES TO THE FINANCIAL STATEMENTS
[continued]

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:-

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
GROUP 2015				
Not past due	65,686	–	–	65,686
Past due:				
- Less than 3 months	20,190	–	–	20,190
- 3 to 6 months	6,974	–	–	6,974
- Over 6 months	8,518	(2,161)	–	6,357
	101,368	(2,161)	–	99,207
GROUP 2014				
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

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.

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):-

	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
GROUP						
2015						
Payables:						
- Non-current	–	464	464	–	464	–
- Current	–	62,485	62,485	62,485	–	–
Hire purchase payables	5.41%-8.37%	1,872	2,105	662	1,443	–
Term loans	4.75%-6.95%	40,673	48,778	14,458	30,100	4,220
Bank overdrafts	5.85%-8.23%	517	555	555	–	–
Trust receipts	2.25%-8.60%	3,786	3,858	3,858	–	–
Revolving credits	4.6%-4.94%	95,000	95,382	95,382	–	–
		204,797	213,627	177,400	32,007	4,220
GROUP						
2014						
Payables:						
- Non-current	–	504	504	–	–	504
- Current	–	66,048	66,048	66,048	–	–
Hire purchase payables	5.41%-6.31%	755	793	485	308	–
Term loans	4.00%-6.95%	36,384	42,457	15,356	22,293	4,808
Trust receipts	5.01%-5.89%	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

NOTES TO THE FINANCIAL STATEMENTS
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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

	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
COMPANY 2015						
Payables:						
- Current	–	68,952	68,952	68,952	–	–
Revolving credits	4.6%-4.81%	45,000	45,186	45,186	–	–
		113,952	114,138	114,138	–	–
COMPANY 2014						
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	–	–

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 that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest.

There was no change in the Group's approach to capital management during the 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) more than 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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification Of Financial Instruments

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets				
Available-for-sale financial assets				
Investment in quoted shares, at fair value	41,512	37,329	6,800	–
Investment in unquoted shares, at cost	335	335	–	–
	41,847	37,664	6,800	–
Loans and receivables financial assets				
Receivables	116,932	106,389	3,405	920
Bank balances and deposits	198,045	235,473	36,018	2,560
Amount owing by subsidiaries	–	–	118,501	157,478
	314,977	341,862	157,924	160,958
Financial liabilities				
Other financial liabilities				
Payables:				
- Non-current	464	504	–	–
- Current	61,308	66,048	7,415	7,351
Hire purchase payables	1,872	755	–	–
Term loans	40,673	36,384	–	–
Bank overdrafts	517	–	–	–
Trust receipts	3,786	2,190	–	–
Revolving credits	95,000	54,200	45,000	15,000
Amount owing to subsidiaries	–	–	60,360	35,076
Amount owing to a related party	1,177	–	1,177	–
	204,797	160,081	113,952	57,427

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 4.75% to 8.37% (2014 : 4.00% to 6.95%). 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.

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value				
GROUP 2015	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total Fair Value RM'000**	**Carrying Amount RM'000**
Financial Assets								
Other investments:								
- Quoted shares	41,512	–	–	–	–	–	41,512	41,512
- Unquoted shares #	–	–	–	–	–	–	#	335
Financial Liabilities								
Hire purchase payables	–	–	–	–	1,872	–	1,872	1,872
Term loans	–	–	–	–	40,673	–	40,673	40,673
GROUP 2014								
Financial Assets								
Other investments:								
- Quoted shares	37,329	–	–	–	–	–	37,329	37,329
- Unquoted shares #	–	–	–	–	–	–	#	335
Financial Liabilities								
Hire purchase payables	–	–	–	–	755	–	755	755
Term loans	–	–	–	–	36,384	–	36,384	36,384

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

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Value Information (Cont'd)

The fair values above are for disclosure purposes and have been determined using the following basis:-

(a) The fair values of quoted investments are measured at their quoted closing bid prices at the end of the reporting period.

(b) 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	
	2015	2014	2015	2014
	%	%	%	%
Hire purchase payables	5.41 - 8.37	5.41 - 6.31	–	–
Term loans	4.75 - 6.95	4.00 - 6.95	–	–

In regard to financial instruments carried at fair value, 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 lime products, calcium carbonate powder and 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
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41. OPERATING SEGMENTS (CONT'D)

GROUP 2015 BUSINESS SEGMENTS	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	435,231	94,692	26,356	32,407	–	588,686
Inter-segment revenue	–	–	–	124,488	(124,488)	–
Consolidated revenue	435,231	94,692	26,356	156,895	(124,488)	588,686
Results						
Profit from operations	136,908	16,894	3,388	119,305	(123,546)	152,949
Finance costs						(5,425)
Income tax expense						(39,870)
Profit for the financial year						107,654

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

GROUP 2015	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	–	–	–	122,120	(121,800)	320
Gain on foreign exchange, net:						
- Realised	13,163	745	2,581	5,708	–	22,197
- Unrealised	6,586	3,755	–	42	(36)	10,347
Interest income	5,667	552	678	721	(1,710)	5,908
Rental income	–	302	9,095	72	(480)	8,989
Expense						
Allowance for impairment losses:						
- Investment in quoted shares	–	–	–	5,357	–	5,357
- Project development expenditure	–	–	–	2,083	–	2,083
- Receivables, net	–	–	–	101	–	101
Depreciation of property, plant and equipment	26,453	6,712	255	3,182	–	36,602
Interest expense	37	1,224	117	5,165	(1,118)	5,425
Loss on derecognition of an associate	–	–	–	(2,859)	5,115	2,256
Loss on disposal of quoted shares	–	–	317	64	–	381
Write-off of goodwill on incorporation of a subsidiary	–	–	–	1,279	–	1,279

41. OPERATING SEGMENTS (CONT'D)

GROUP 2015	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	336,232	242,305	249,202	375,065	(2,774)	1,200,030
Inter-segment assets	12,049	8,687	49,862	249,232	(319,830)	–
	348,281	250,992	299,064	624,297	(322,604)	1,200,030
Deferred tax assets						3,068
Tax recoverable						2,572
Consolidated total assets						1,205,670
Liabilities						
Segment liabilities	22,493	41,321	57,110	83,702	171	204,797
Inter-segment liabilities	150	22,920	73,045	273,747	(369,862)	–
	22,643	64,241	130,155	357,449	(369,691)	204,797
Deferred tax liabilities						19,296
Provision for taxation						10,944
Consolidated total liabilities						235,037
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	13,298	28,576	178	4,497	–	46,549
- Investment properties	–	–	8,045	–	–	8,045
- Land held for property development	–	–	928	–	–	928
- Project development expenditure	–	–	–	151,350	–	151,350

NOTES TO THE FINANCIAL STATEMENTS
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41. OPERATING SEGMENTS (CONT'D)

GROUP 2014 BUSINESS SEGMENTS	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	481,544	107,864	50,672	32,385	–	672,465
Inter-segment revenue	–	–	–	40,150	(40,150)	–
Consolidated revenue	481,544	107,864	50,672	72,535	(40,150)	672,465
Results						
Profit from operations	121,014	22,568	28,576	24,326	(38,677)	157,807
Finance costs						(3,981)
Share of loss in an 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:-

GROUP 2014	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
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, net:						
- Realised	11	114	–	309	–	434
- Unrealised	1,780	771	–	1,179	–	3,730
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 an 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

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 an 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 tax liabilities						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
[continued]

41. OPERATING SEGMENTS (CONT'D)

Geographical information

Analysis by geographical information:-

	Revenue		Non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	190,201	257,882	444,907	510,343
China	346,145	349,547	142,755	135,837
Laos	–	–	220,976	–
Other ASEAN countries	17,864	26,692	1,477	–
India	14,175	22,724	–	–
Australia	8,934	9,442	–	–
New Zealand	3,558	1,670	–	–
Bangladesh	2,788	2,336	–	–
Other countries	5,021	2,172	–	–
	588,686	672,465	810,115	646,180

Major customers

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

	Revenue		Division
	2015 RM'000	2014 RM'000	
Customer A	132,930	126,944	Power
Customer B	89,108	131,997	Power
	222,038	258,941	

42. SUBSIDIARIES

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

Company	Principal Activities	Country of Incorporation	Effective Equity Interest 2015 %	2014 %
Mega First Power Industries Sdn. Bhd.	Investment holding and provision of management services to its subsidiaries	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 a power plant	Malaysia	100	100
Shaoxing Mega Heat And Power Co. Limited *	Own and operate a power plant	The People's Republic of China	60	60
Serudong Power Sdn. Bhd.	Build, own and operate a power generation plant	Malaysia	51	51
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
Greentown Parking Sdn. Bhd.	Car park operator	Malaysia	100	100
Kinta Ceria Sdn. Bhd.	Property investment	Malaysia	100	100
Megah Harmonik Property Management Sdn. Bhd.	Property management	Malaysia	100	100
Public Ventures Management Sdn. Bhd.	Dormant	Malaysia	100	100
Idaman Harmoni Sdn. Bhd.	Property investment	Malaysia	65	65
Paya Emas Sdn. Bhd.	Property development	Malaysia	60	60

NOTES TO THE FINANCIAL STATEMENTS [continued]

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %
Rock Chemical Industries (Malaysia) Sdn. Berhad	Investment holding and provision of management consultancy services	Malaysia	100	100
Batamas Sdn. Berhad	Manufacturing and selling of bricks	Malaysia	100	100
Mesrasasi Sdn. Bhd.	Quarry operator	Malaysia	100	100
RCI Lime Sdn. Bhd.	Manufacture and sale of lime products and limestone quarry operator	Malaysia	100	100
RCI Marketing Sdn. Bhd.	Trading in building materials and chemical products	Malaysia	100	100
RCI Minerals Sdn. Bhd.	Investment holding	Malaysia	100	100
RCI Ventures Sdn. Bhd.	Investment in quoted securities	Malaysia	100	100
Usaha Takzim Sdn. Bhd.	Property investment	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
Runding Kualiti Sdn. Bhd.	Pre-operating	Malaysia	60	60
Runding ANR Sdn. Bhd.	Pre-operating	Malaysia	60	60
Identiti Jitu Sdn. Bhd.	Sand mining	Malaysia	55	55
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
Mega First Resources Sdn. Bhd.	Investment holding	Malaysia	100	100
Anting Sendirian Berhad	Quarry operator	Malaysia	100	100

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %
Sri Anting Sdn. Bhd.	Operating quarries	Malaysia	100	100
Bloxwich International Sdn. Bhd.	Investment holding and provision of management services	Malaysia	100	100
Bloxwich (Malaysia) Sdn. Bhd.	Engineering, designing and manufacturing of automotive components	Malaysia	95	95
Bloxwich Lighting Sdn. Bhd. ^	Trading of light emitting diode (LED) for lighting	Malaysia	–	100
Hexachase Corporation Sdn. Bhd.	Investment holding	Malaysia	52.4	52.4
Hexachase Labels Sdn. Bhd. #	Manufacturing 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
Hexachase Packaging Sdn. Bhd. #	Manufacturing of packaging products	Malaysia	41.9	41.9
Hexachase Flexipack Sdn. Bhd. #	Manufacturing of flexible packaging products	Malaysia	34.1	34.1
Authentic Excellence Sdn. Bhd.	Investment holding	Malaysia	100	100
Bayangan Sutera Sdn. Bhd.	Dormant	Malaysia	100	100
Geo-Mobile Asia Sdn. Bhd.	Investment holding	Malaysia	100	100
Geo-Mobile Asia (HK) Limited *	Dormant	Hong Kong	100	100
Mamut Copper Mining Sdn. Bhd.	Dormant	Malaysia	100	100
Mega First Industries Sdn. Bhd.	Investment holding	Malaysia	100	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS
[continued]

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Equity Interest 2015 %	Effective Equity Interest 2014 %
Propera 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
Ground Roses Limited @	Investment holding	British Virgin Islands	100	100
Silver Acreage Limited @	Investment holding	British Virgin Islands	100	100
Goleman Limited @	Dormant	British Virgin Islands	100	100
Mega First Plantation (Cambodia) Ltd @	Plantation	Royal Kingdom of Cambodia	100	100
Melewar Jutamas Sdn. Bhd.	Pre-operating	Malaysia	51.2	–
Mega First Investments (L) Limited &	General investment	Malaysia (Labuan)	100	–
Don Sahong Power Company Ltd *	Develop and operate hydroelectric power plant	Lao People's Democratic Republic	80	–

* *Subsidiary companies audited by other firms of chartered accountants.*

& *Subsidiary company audited by a member firm of Crowe Horwath International.*

@ *Not required to be audited under the laws of the country of incorporation.*

Subsidiary companies of Hexachase Corporation Sdn. Bhd..

^ *Disposed during the financial year. Details of the disposal are disclosed in Note 44.*

43. ACQUISITION OF SUBSIDIARIES

2015

On 19 June 2015, Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI"), and Authentic Excellence Sdn. Bhd., which are the wholly owned subsidiaries of the Company subscribed for a total of 210,000 new ordinary shares of RM1.00 each representing 51.22% equity interest in the enlarged issued and paid-up share capital of Melewar Jutamas Sdn. Bhd. ("MJSB") for the cash consideration of RM12,690,000.00.

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**
Property, plant and equipment	935	935
Other payables	(753)	(753)
Bank balances	12,713	12,713
Net identifiable assets acquired	12,895	12,895
Less: Non-controlling interests		(205)
Total purchase consideration		12,690
Less: Cash and cash equivalents of the subsidiary acquired		(12,713)
Net cash inflow from acquisition of subsidiary		(23)

The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

The acquired subsidiary has contributed the following results to the Group:-

	2015 RM'000
Revenue	–
Loss after taxation	(24)

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
[continued]

43. ACQUISITION OF SUBSIDIARIES (CONT'D)

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 subsidiary		(350)

The acquired subsidiary has contributed the following results to the Group:-

	2014 RM'000
Revenue	–
Loss after taxation	(389)

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

44. DECONSOLIDATION OF A SUBSIDIARY

2015

On 28 December 2015, Bloxwich International Sdn Bhd which is a wholly-owned subsidiary of the Company, disposed of 10,000 fully paid ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Bloxwich Lighting Sdn Bhd ("Bloxwich Lighting") for a total cash consideration of RM1,500.00. The disposal is in line with the Group's internal rationalisation initiative.

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

	GROUP 2015 RM'000
Tax recoverable	8
Other payables	(14)
Fair value of net liabilities deconsolidated	(6)
Gain on deconsolidation	8
Effect of deconsolidation of subsidiary	2
Cash and cash equivalents of subsidiary deconsolidated	–
Net cash inflow from deconsolidation of subsidiary	2

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)
Effect of deconsolidation of subsidiary	(245)
Cash and cash equivalents of subsidiary deconsolidated	–
Net cash outflow from deconsolidation of subsidiary	(245)

NOTES TO THE FINANCIAL STATEMENTS
[continued]

45. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year are as follows:-

	GROUP		COMPANY	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Directors of the Company				
Executive Directors				
- Salary, bonus and other remuneration	704	697	704	697
- Share options to Directors	701	14	701	14
Non-Executive Directors				
- Fees	312	301	312	301
- Other emoluments	29	23	29	23
- Share options to Directors	195	32	195	32
	1,941	1,067	1,941	1,067

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	
	2015	**2014**
	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
Non-Executive Directors		
Below RM50,000	2	4
RM50,001 – RM100,000	4	3

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Dividend income received and receivable	–	–	121,800	32,006
Management fee received and receivable	–	–	2,208	2,628
Interest income received and receivable	–	–	–	11
Interest expense paid and payable	–	–	(1,118)	(1,636)
Rental received and receivable	–	–	310	310
Rental paid and payable	–	–	(480)	(480)

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

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' fees	312	301	312	301
Salary, bonus and other remuneration, including benefits-in-kind (gross)	5,050	4,747	2,218	2,032
Share options	1,220	46	1,220	46

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

	GROUP/COMPANY	
	2015 '000	2014 '000
At 1 January	2,123	2,730
Granted	10,410	–
Exercised	(343)	(547)
Lapsed	(80)	(60)
At 31 December	12,110	2,123

NOTES TO THE FINANCIAL STATEMENTS
[continued]

46. RELATED PARTY DISCLOSURES (CONT'D)

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

	GROUP	
	2015 RM'000	2014 RM'000
Purchase of light emitting diode (LED) lightings components	–	126
Sale of LED lightings	513	186

47. MATERIAL LITIGATION

On 15 November 2013, SPSB commenced arbitration proceedings against Sabah Electricity Sdn Bhd ("SESB") at the Kuala Lumpur Regional Centre for Arbitration. SPSB's claim in the arbitration is in relation to the recovery of the capacity and energy payments pursuant to the Power Purchase Agreement dated 13 April 1995 entered into between SPSB and SESB where under which electrical energy is sold by SPSB to SESB.

On 5 June 2015, SPSB submitted the statement of claim for the outstanding capacity and energy payments ranging from RM24.1 million to RM25.8 million due to the adjustment of the fixed operating rate and variable operating rate for the period from December 2000 to March 2015, as well as interests at 1.5% above the base lending rate as provided for in the Power Purchase Agreement. The arbitration has been fixed for hearing on various dates in April 2016 and is at the stage of documents disclosure and the exchanging of witness statements.

While there have been discussions between SPSB and SESB for settlement of SPSB's claim prior to and after the commencement of the arbitration, as at the end of the financial year, there had been no settlement and SPSB's claim was being contested.

Notwitstanding the above, SPSB and SESB have agreed in-principle that by virtue of SESB's own defence of SPSB's claims, a principal amount of approximately RM7.7 million for the period from 15 November 2007 to 31 December 2015 is payable to SPSB and in this regard, the parties have been exploring the prospect of jointly seeking a partial arbitral award.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 16 February 2015, Jadi Imaging Holdings Berhad ("Jadi") ceased to be an associate of the Group following the open market disposal of Jadi shares, which resulted in the reduction of the Group's equity interest in Jadi to below 20%. Consequently, the Group's remaining investment in Jadi has been henceforth reclassified to "investment in quoted shares" under non-current assets.

(b) On 3 March 2015, Ground Roses Limited ("GRL"), Silver Acreage Limited ("SAL") and Electricite du Laos ("EDL") have 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, GRL, SAL 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 "Don Sahong Power Company Ltd" ("DSPC") will 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 GRL and SAL 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 the Company. DSHL, GRL and SAL are incorporated in the British Virgin Islands. EDL is a state-owned enterprise duly organised and existing under the laws of Lao PDR.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) On 13 May 2015, the following subsidiaries were dissolved upon expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia:

(i) Mega First Corporate Services Sdn Bhd.
(ii) Mega First Development Sdn Bhd.
(iii) Mega First Properties Sdn Bhd.
(iv) Mega First Ventures Sdn Bhd.
(v) Empayar Permai Sdn Bhd.
(vi) MFCB Marketing Sdn Bhd.
(vii) Hexachase Labels (Kuala Lumpur) Sdn Bhd.
(viii) Hexachase Paper Products Sdn Bhd.

(d) On 2 June 2015, Highland Resources Sdn. Bhd. was dissolved upon expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia.

(e) On 19 June 2015, Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI") and Authentic Excellence Sdn. Bhd., which are the wholly owned subsidiaries of the Company subscribed for a total of 210,000 new ordinary shares of RM1.00 each representing 51.22% equity interest in the enlarged issued and paid-up share capital of Melewar Jutamas Sdn. Bhd. ("MJSB") for the cash consideration of RM12,690,000.00. MJSB is the registered owner of a piece of land measuring approximately 34.398 hectares held under H.S. (D) 13091, PT 9796 in Mukim Teja, District of Kampar, State of Perak with a leasehold period expiring on 6 May 2073.

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

(f) On 6 July 2015, Mega First Investments (L) Limited ("MFIL") was incorporated and registered under the Labuan Companies Act, 1990 of Malaysia. MFIL which is a direct wholly-owned subsidiary of the Company is principally involved in investment related activities.

(g) On 7 July 2015, Don Sahong Power Company Ltd. ("DSPC") was incorporated as a limited company upon issuance of the Investment Certificate under the laws of the Lao PDR. DSPC has an initial registered and paid-up capital of USD3,000,000 and the eventual registered and paid-up capital is currently estimated at USD53,790,000. DSPC is 79%, 1% and 20% owned by GRL, SAL and EDL respectively.

(h) On 15 September 2015, DSPC has entered into a Concession Agreement with the Government of The Lao People's Democratic Republic ("GOL") whereby the GOL has granted on a build, operate and transfer basis, the concession rights to DSPC for the development of a 260MW hydropower project commonly referred to as the Don Sahong Hydropower Project ("the Project") to be located in the Hou Sahong Channel of the Mekong River in Khong District, Champassak Province, Lao PDR.

The Project which is a 260MW run-of-river hydropower project capable of generating about 2,000 GWh of electricity per year, is expected to achieve commercial operation in early 2020. The concession period shall end on the date occurring twenty-five (25) years after the commercial operation date. Electricity generated shall be sold to Electricite Du Laos ("EDL") under a power purchase agreement.

At the expiration of the concession period or upon the early termination of the Concession Agreement by either Party, DSPC shall transfer the Project Assets to the GOL, in accordance with the terms and conditions of the Concession Agreement including DSPC's obligations with respect to Prudent Utility Practices and in compliance with the Lao PDR Law, together with all data and information required to be provided to the GOL.

48. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

In addition, DSPC is required to comply with several terms and conditions that include but are not limited to constructions, financing arrangements, royalty fees, health and safety, tax and land rental.

There was no change in the arrangement occurring during the period.

This service concession arrangement falls within the scope of IC Interpretation 12 Service Concession Arrangements following the intangible asset model whereby the operator (DSPC) recognises an intangible asset to the extent that it receives a right (a license) to charge the grantor, based on usage of the public service, for the construction of assets.

(i) On 1 October 2015, DSPC has entered into a Power Purchase Agreement ("PPA") with EDL for the sale by DSPC and the purchase by EDL of all electricity generated by the Project on a take-or-pay basis.

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

(j) On 15 October 2015, DSPC has entered into an EPC Contract with Sinohydro Corporation Ltd for the development, construction and commissioning of the Project over a period of 50 months for the contract sum of approximately USD320 million.

(k) On 26 November 2015, the Company had announced the proposal to undertake a corporate exercise involving:

(i) proposed renounceable rights issue of new ordinary shares of RM1.00 each in the Company together with free detachable warrants to raise gross proceeds of up to RM250.0 million ("Proposed Rights Issue with Warrants"); and

(ii) proposed exemptions to Goh Nan Kioh ("GNK") and persons acting in concert with him ("PACs") from the obligation to undertake a mandatory take-over offer for all MFCB Shares and Warrants not held by GNK and his PACs under Paragraphs 16.1(b) and 16.1(c) of the Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 ("Proposed Exemptions"),

(collectively, the "Proposals").

Further details on the Proposals are disclosed in Note 49.

(l) On 18 December 2015, the Company has obtained the approval of Bursa Malaysia Securities Berhad for the listing and quotation on the Main Market of Bursa Securities in relation to the Proposals as follows:

(i) listing of and quotation for the new MFCB Shares to be issued pursuant to the Proposed Rights Issue with Warrants;

(ii) admission to the Official List and the listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants; and

(iii) listing of and quotation for the new MFCB Shares to be issued pursuant to the exercise of the Warrants.

(m) On 28 December 2015, Bloxwich International Sdn Bhd which is a wholly-owned subsidiary of the Company, has disposed of 10,000 fully paid ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of Bloxwich Lighting Sdn Bhd ("Bloxwich Lighting") for a total cash consideration of RM1,500.00. The disposal is in line with the Group's internal rationalisation initiative.

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

(a) On 20 January 2016, the Company has issued a circular to shareholders in relation to the Proposals, independent advice letter from Kenanga Investment Bank Berhad to the non-interested shareholders of the Company in relation to the Proposed Exemptions and Notice of EGM.

(b) On 4 February 2016, shareholders of the Company at the EGM have approved the Proposed Rights Issue with Warrants and the Proposed Exemptions.

(c) On 5 February 2016, the Company has obtained the approval of the Securities Commission Malaysia on the Proposed Exemptions.

(d) On 17 February 2016, the Company has fixed the issue price, entitlement basis and exercise price of the Warrants as follows:

   (i) the Issue Price was fixed at RM1.59 or USD0.38 per Rights Share at an entitlement basis of seven (7) Rights Shares for every ten (10) MFCB Shares held by the Entitled Shareholders on the Entitlement Date;

   (ii) the entitlement basis for the Warrants was fixed at three (3) Warrants for every seven (7) Rights Shares subscribed for; and

   (iii) the exercise price of the Warrants was fixed at RM2.22 for each Warrant.

(e) On 11 March 2016, the Company has issued the Abridged Prospectus in relation to the renounceable rights issue of 157,048,290 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.59 per share, which can be subscribed for at US$0.38 pursuant to the Subscription Option, together with 67,306,410 free detachable warrants on the basis of seven (7) Rights Shares for every ten (10) MFCB shares held by entitled shareholders as at 5.00 p.m. on 11 March 2016 and three (3) Warrants for every seven (7) Rights Shares subscribed for.

(f) The Rights Issue with Warrants has completed following the listing of and quotation for the 157,048,290 Rights Shares and the admission of, listing of and quotation for 67,306,410 warrants on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2016.

50. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS OR 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits:				
- Realised	299,626	279,642	137,538	41,752
- Unrealised	74,506	59,229	717	612
	374,132	338,871	138,255	42,364
Total share of retained profits from associated Company:				
- Realised	–	(89)	–	–
- Unrealised	–	1,085	–	–
	374,132	339,867	138,255	42,364
Consolidation adjustments	113,277	91,275	–	–
Total Group retained profits	487,409	431,142	138,255	42,364

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 2015 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

18 April 2016

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
the abovenamed **NEO HONG CHEE**
at **PETALING JAYA** in the State of Selangor
on 18 April 2016

Before me,

SELVARAJAH A/L SIVALINGAM B.103
COMMISSIONER FOR OATHS

LIST OF PROPERTIES HELD
AS AT 31 DECEMBER 2015

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
1	Factory land and building	Qi Yang Gong Lu Qi Xian Town Shaoxing County Zhejiang Province 312065 China	18	70,143	Leasehold 22 years (Expire in 2019)	1997	n/a	31,232
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	1,908
3	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	13	22,600	Freehold	1997	1997	2,363
4	Warehouse	Lot 45155 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	5	2,970	Freehold	2011	n/a	1,221
5	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	864	Freehold	2009	n/a	439
6	Integrated lime kiln and hydration plant	Lot 45155 Geran 58731 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	22,384	Freehold	2009	n/a	584
7	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	18,700	Freehold	1996	1996	163
8	Stockyard	Lot 9479 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	64,547	Freehold	2013	2012	1,408
9	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	10,600	Freehold	1996	1996	40
10	Stockyard	Lot 312555, 312556, 312557 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	62,290	Freehold	2014	2013	2,376
11	Stockyard	Lot 45137, 45138, 45139 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	87,817	Freehold	2013	2013	4,045
12	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	16,415	Freehold	2006	2006	386

LIST OF PROPERTIES HELD [continued]

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
13	Stockyard	Lot 45160 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	4	25,040	Freehold	2012	2012	1,279
14	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	4	64,041	Freehold	2012	2012	3,564
15	Road access	Lot 23358 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	5,893	Freehold	2015	n/a	187
16	Crushing plant and guardhouse	Lot 45152 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	16,010	Freehold	2007	n/a	478
17	Quarry and limestone hill	PT 1491 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	58,474	Leasehold (Expire in 2037)	2007	n/a	60
18	Quarry and limestone hill	PT 3962 Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	28,328	Leasehold (Expire in 2022)	2007	n/a	16
19	Agriculture land	Lot 0320491 Mukim Kampar Perak Darul Ridzuan	1	344,100	Leasehold (Expire in 2073)	2015	n/a	894
20	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	16	892	Freehold	2000	2000	776
21	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
22	Factory building	Lot 15588 Mukim Sungai Raia 31300 Simpang Pulai Kinta District Perak Darul Ridzuan	2	n/a	Leasehold	2013	n/a	449
23	Factory land and buildings	Lot 138321 Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	33	42,576	Leasehold (Expire in 2045)	1982	1985	1,635
24	Double storey terrace house	HS (D) 353154 PT 355802 Mukim Hulu Kinta Daerah Kinta Perak Darul Ridzuan	7	121	Leasehold (Expire in 2103)	2009	n/a	116

LIST OF PROPERTIES HELD
[continued]

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
25	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	769
26	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	1,408
27	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	24
28	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District Perak Darul Ridzuan	28	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	3,330
29	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	575
30	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
31	Agricultural land	Lot 22974 GRN 46180 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	33,336	Freehold	2012	2011	2,160
32	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	5,376
33	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	8,898
34	Agricultural land and buildings	Lot 15588 GRN 11527 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	68,796	Freehold	2012	2011	3,187
35	Agricultural land	Lot 22993 GRN 49450 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	7,664	Freehold	2012	2011	355

LIST OF PROPERTIES HELD
[continued]

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
36	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	668
37	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	1,438
38	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	1,080
39	Corporate office tower and office suite	PJ8, Seksyen 8 46050 Petaling Jaya Selangor Darul Ehsan	7	18,806	Leasehold 99 years (Expire in 2106)	2006	n/a	113,343
40	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	5	14,204	Leasehold 99 years (Expire in 2094)	2010	2010	11,650
41	Vacant land held for development	PN 147624, 295228 Greentown, Ipoh Perak Darul Ridzuan	n/a	8,094	Leasehold 99 years (Expire in 2094)	2005	n/a	15,747
42	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	35,058
43	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	256
44	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	750
45	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	5,866
46	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota Perak Darul Ridzuan	19	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,506

LIST OF PROPERTIES HELD
[continued]

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Carrying Amount RM'000
47	Factory	Lot 77 Jalan IKS MJ 6 Kawasan Perindustrian Malim Jaya 75250 Melaka	19	711	Leasehold 99 years (Expire in 2096)	2000	2012	389
48	Factory and office	6 & 8, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	11	596	Leasehold 99 years (Expire in 2077)	2000	2012	407
49	Factory and office	Lot 4788-4789, Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75250 Melaka	6	3,916	Leasehold 99 years (Expire in 2096)	2009	2011	2,657
50	Factory	Lot 2233-2234, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	6	603	Leasehold 99 years (Expire in 2077)	2007	2008	409
51	Factory	104 & 105, Jalan IKS MJ 6 Taman IKS Malim Jaya 75250 Melaka	19	1,760	Leasehold 99 years (Expire in 2096)	2005	2005	984
52	Factory and office	PN 20205 Lot 4916 18, Jalan TTC 26 Taman Teknologi Cheng 75250 Melaka	3	4,961	Leasehold 99 years (Expire in 2096)	2014	2014	4,558

n/a Not applicable

STATISTICS OF SHAREHOLDINGS
AS AT 15 APRIL 2016

Authorised Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each
Issued and Paid-up Capital	:	RM401,900,290 divided into 401,900,290 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

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	No. of Shares Held	% of Shareholdings^
Less than 100	602	31,104	0.01
100 to 1,000	3,089	2,797,002	0.73
1,001 to 10,000	5,269	20,055,950	5.26
10,001 to 100,000	1,210	35,374,656	9.27
100,001 to less than 5% of issued shares	243	177,447,147	46.52
5% and above of issued shares	3	145,697,131	38.20
Total	**10,416**	**381,402,990**	**100.00**

(^) - Excludes 20,497,300 treasury shares retained by the Company as reflected in the Record of Depositors.

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	81,438,500	20.26
2)	Cartaban Nominees (Asing) Sdn Bhd - *BBH And Co. Boston for Fidelity Low-Priced Stock Fund (ALLSEC SUB)*	32,700,045	8.14
3)	Citigroup Nominees (Asing) Sdn Bhd - *UBS AG Singapore for Keen Capital Investments Limited*	31,558,586	7.85
4)	Mega First Corporation Berhad - *Share Buy-Back Account*	20,497,300	5.10
5)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	3.68
6)	Kah Hin Loong Sdn Bhd	10,901,200	2.71
7)	PRT Capital Pte Ltd	9,864,760	2.45
8)	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (AFFIN-HWG)*	7,882,050	1.96
9)	Shoptra Jaya (M) Sdn Bhd	6,137,000	1.53
10)	Grand Terrace Sdn Bhd	5,084,020	1.26
11)	Zulkifli bin Hussain	4,913,000	1.22
12)	Koay Keng Huat	4,269,200	1.06
13)	Andrew Lim Cheong Seng	4,200,000	1.05
14)	Cartaban Nominees (Tempatan) Sdn Bhd - *RHB Trustees Berhad for Manulife Investment Shariah Progress Fund*	3,833,750	0.95
15)	Lanai Etika Sdn Bhd	3,276,240	0.82
16)	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (Nomura)*	3,060,000	0.76
17)	Wan Poh Mining Company Sdn Bhd	2,230,000	0.55

STATISTICS OF SHAREHOLDINGS
[continued]

TOP 30 SECURITIES ACCOUNT HOLDERS (CONT'D)

No.	Name of Securities Account Holder	No. of Shares held	% of Total Issued Shares
18)	Maybank Nominees (Tempatan) Sdn Bhd - *Exempt AN for Affin Hwang Asset Management Berhad (TST AC/CLT-MB-T)*	2,119,390	0.53
19)	Goh Nan Kioh	2,063,120	0.51
20)	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - *Affin Hwang Asset Management Berhad for Affin Hwang Absolutereturn Fund II*	2,040,000	0.51
21)	HSBC Nominees (Tempatan) Sdn Bhd - *HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Quantum Fund (4579)*	1,990,800	0.50
22)	Hoe Seng Company Pte Ltd	1,860,000	0.46
23)	Juwitawan Sdn Bhd	1,855,800	0.46
24)	Lim Gaik Bway @ Lim Chiew Ah	1,753,000	0.44
25)	Goh Nan Yang	1,717,000	0.43
26)	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - *Exempt* AN for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	1,659,270	0.41
27)	Citigroup Nominees (Tempatan) Sdn Bhd - *Kumpulan Wang Persaraan (DiPerbadankan) (AFFIN HWNG SM CF)*	1,628,890	0.41
28)	Maybank Nominees (Asing) Sdn Bhd - *Nomura Singapore Limited for Xcess Finance Co. Ltd. (250251)*	1,616,700	0.40
29)	Cartaban Nominees (Asing) Sdn Bhd - *SSBT Fund F9EX for Fidelity Northstar Fund*	1,556,400	0.39
30)	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - *Deutsche Trustees Malaysia Berhad for Affin Hwang Select Asia Pacific (Ex Japan) Dividend Fund*	1,556,000	0.39
	Total	**270,049,501**	**67.19**

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		← Direct Interest →		← Deemed Interest →		
No.	**Name of Substantial Shareholder**	**Shares**	**% ^**	**Shares**		**% ^**
1)	Goh Nan Kioh	2,063,120	0.54	126,138,086	[a]	33.07
2)	Rubber Thread Industries (M) Sdn Berhad	81,438,500	21.35	3,276,240	[b]	0.86
3)	Keen Capital Investments Limited	31,558,586	8.27	–		–
4)	Laju Riang Sdn Bhd	–	–	84,714,740	[c]	22.21
5)	Kema Development Sdn Bhd	–	–	84,714,740	[c]	22.21
6)	Cambrew (Malaysia) Sdn Bhd	–	–	84,714,740	[c]	22.21
7)	Dr. Lim Thian Soo	10,000	*	84,714,740	[c]	22.21
8)	Lim Thiam Cheok	10,000	*	84,714,740	[c]	22.21
9)	Lim Yam Poh	–	–	84,714,740	[c]	22.21
10)	FMR LLC	–	–	34,256,445	[d]	8.98

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY

	Director	Direct Interest Shares	Direct Interest % ^	Deemed Interest Shares		Deemed Interest % ^	Number of ESOS Exercise Price RM1.50	Number of ESOS Exercise Price RM2.25
1)	Goh Nan Kioh	2,063,120	0.54	126,138,086	[a]	33.07	–	2,800,000
2)	Datuk Haji Abu Hanifah bin Noordin	510,000	0.13	–		–	–	–
3)	Goh Nan Yang	1,717,000	0.45	–		–	–	2,000,000
4)	Khoo Teng Keat	340,000	0.09	–		–	–	1,000,000
5)	Yeow See Yuen	1,292,000	0.34	44,200	[e]	0.01	–	1,200,000
6)	Dato' Tan Ang Meng	438,000	0.11	–		–	–	100,000
7)	Dato' Koh Hong Sun	390,000	0.10	–		–	–	100,000
8)	Tay Kheng Chiong	45,900	0.01	–		–	273,000	100,000
9)	Pengiran Saifuddin bin Pengiran Tahir	–	–	–		–	–	–
	Total	**6,796,020**	**1.77**	**126,182,286**		**33.08**	**273,000**	**7,300,000**

Notes:

**	Less than 0.01%.*
*^	Based on the issued and paid-up share capital of the Company of RM401,900,290 comprising 401,900,290 fully paid ordinary shares of RM1.00 each minus 20,497,300 treasury shares retained by the Company as reflected in the Record of Depositors.*
*(a)	Deemed interest by virtue of his interest in Rubber Thread Industries (M) Sdn Berhad, Lanai Etika Sdn Bhd, Keen Capital Investments Limited and PRT Capital Pte Ltd pursuant to Section 6A of the Companies Act, 1965 ("the Act").*
*(b)	Deemed interest by virtue of its interest in Lanai Etika Sdn Bhd pursuant to Section 6A of the Act.*
*(c)	Deemed interest by virtue of his/her/its interest in Rubber Thread Industries (M) Sdn Berhad and Lanai Etika Sdn Bhd pursuant to Section 6A of the Act.*
*(d)	In respect of Fidelity Northstar Fund Sub B and Fidelity Low-Priced Stock Fund.*
*(e)	Deemed interest by virtue of his mother's shareholdings in the Company.*

STATISTICS OF WARRANT HOLDINGS
AS AT 15 APRIL 2016

Number of Outstanding Warrants	:	67,306,410
Exercise Price of Warrants	:	RM2.22 for each Warrant
Exercise Period of Warrants	:	8 April 2016 to 8 April 2020
Exercise Rights	:	Each Warrant entitles the registered holder to subscribe for one new ordinary share of RM1.00 each
Voting Rights at Meeting of Warrant Holders	:	One vote per Warrant on a poll One vote per Warrant holder on a show of hands

ANALYSIS OF WARRANT HOLDINGS

Size of Shareholdings	No. of Holders	No. of Warrants Held	% of Warrant Holdings
Less than 100	89	4,566	0.01
100 to 1,000	1,307	681,002	1.01
1,001 to 10,000	1,221	4,062,076	6.04
10,001 to 100,000	315	9,839,313	14.62
100,001 to less than 5% of issued Warrants	75	52,719,453	78.33
5% and above of issued Warrants	–	–	–
Total	**3,007**	**67,306,410**	**100.00**

DIRECTORS' WARRANT HOLDINGS

		Number of Warrants Held				
Director		**Direct**	**%**	**Deemed**		**%**
1)	Goh Nan Kioh	364,080	0.54	23,247,255	(*)	34.54
2)	Datuk Haji Abu Hanifah bin Noordin	90,000	0.13	–		–
3)	Goh Nan Yang	303,000	0.45	–		–
4)	Khoo Teng Keat	60,000	0.09	–		–
5)	Yeow See Yuen	236,571	0.35	7,800	(**)	0.01
6)	Dato' Tan Ang Meng	–	–	–		–
7)	Dato' Koh Hong Sun	90,000	0.13	–		–
8)	Tay Kheng Chiong	8,100	0.01	–		–
9)	Pengiran Saifuddin bin Pengiran Tahir	–	–	–		–
	Total	**1,151,751**	**1.70**	**23,255,055**		**34.55**

(*) - Deemed interest by virtue of his interest in Rubber Thread Industries (M) Sdn Berhad, Lanai Etika Sdn Bhd, Keen Capital Investments Limited and PRT Capital Pte Ltd pursuant to Section 6A of the Act.

(**) - Deemed interest by virtue of his mother's warrant holdings in the Company.

STATISTICS OF WARRANT HOLDINGS
[continued]

TOP 30 WARRANT HOLDERS

No.	Name of Securities Account Holder	No. of Warrants held	% of Total Warrants
1)	Rubber Thread Industries (M) Sdn Berhad	14,371,500	21.35
2)	Citigroup Nominees (Asing) Sdn Bhd - *UBS AG Singapore for Keen Capital Investments Limited*	6,556,755	9.74
3)	Cartaban Nominees (Asing) Sdn Bhd - *BBH And Co. Boston for Fidelity Low-Priced Stock Fund (ALLSEC SUB)*	4,315,390	6.41
4)	Kah Hin Loong Sdn Bhd	1,928,777	2.87
5)	PRT Capital Pte Ltd	1,740,840	2.59
6)	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (AFFIN-HWG)*	1,390,950	2.07
7)	Shoptra Jaya (M) Sdn Bhd	1,083,000	1.61
8)	Grand Terrace Sdn Bhd	897,180	1.33
9)	Koay Keng Huat	886,800	1.32
10)	Zulkifli bin Hussain	867,000	1.29
11)	HSBC Nominees (Tempatan) Sdn Bhd - *HSBC (M) Trustee Bhd for Affin Hwang Select Asia (Ex Japan) Quantum Fund (4579)*	853,200	1.27
12)	Andrew Lim Cheong Seng	810,000	1.20
13)	Maybank Nominees (Tempatan) Sdn Bhd - *Exempt AN for Affin Hwang Asset Management Berhad (TST AC/CLT-MB-T)*	785,438	1.17
14)	Toh Ean Hai	685,714	1.02
15)	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - *Deutsche Trustees Malaysia Berhad for Affin Hwang Select Asia Pacific (Ex Japan) Dividend Fund*	666,857	0.99
16)	Cartaban Nominees (Tempatan) Sdn Bhd - *RHB Trustees Berhad for Manulife Investment Shariah Progress Fund*	656,250	0.98
17)	Lanai Etika Sdn Bhd	578,160	0.86
18)	JF Apex Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Teo Kwee Hock (STA 1)*	577,328	0.86
19)	CIMB Group Nominees (Tempatan) Sdn Bhd - *Exempt AN for Petroliam Nasional Berhad (Affin)*	560,571	0.83
20)	Citigroup Nominees (Tempatan) Sdn Bhd - *Employees Provident Fund Board (Nomura)*	540,000	0.80
21)	JF Apex Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Teo Siew Lai (Margin)*	514,885	0.76
22)	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - *Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi Fund II*	432,411	0.64
23)	Ng Wai Yuan	424,457	0.63
24)	Wan Poh Mining Company Sdn Bhd	398,571	0.59
25)	Maybank Nominees (Tempatan) Sdn Bhd - *Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (PAR-220082)*	379,200	0.56
26)	Juwitawan Sdn Bhd	377,914	0.56
27)	Tan Saw Gnoh	369,000	0.55
28)	Goh Nan Kioh	364,080	0.54
29)	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - *Affin Hwang Asset Management Berhad for Affin Hwang Absolutereturn Fund II*	360,000	0.53
30)	Lim Gaik Bway @ Lim Chiew Ah	348,000	0.52
	Total	**44,720,228**	**66.44**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 50th 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 Monday, 30 May 2016 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 2015. *(Please refer to Note B below)*

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 2015. *(Resolution 1)*

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 Yeow See Yuen *(Resolution 2)*
3.2 Dato' Koh Hong Sun *(Resolution 3)*
3.3 Dato' Tan Ang Meng *(Resolution 4)*

4) To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Resolution 5)*

<u>Special Business</u>

As Special Business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-

5) **Retention of Mr Yeow See Yuen as Independent Director**

"THAT, subject to the passing of Ordinary Resolution 2, approval be and is hereby given to Mr Yeow See Yuen who has served as an Independent Director of the Company for a cumulative term of more than 9 years, to continue to act as an Independent Director of the Company." *(Resolution 6)*

6) **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." *(Resolution 7)*

7) **Renewal of Share Buy-Back Authority**

"THAT, subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, and the Main Market Listing Requirements ("MMLR") 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 8)*

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;

ii) retain the shares so purchased as treasury shares or cancel them or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or to distribute the shares as dividend, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR of BMSB and any other relevant authority for the time being in force; and

iii) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares,

AND THAT the authority conferred by this resolution shall commence immediately 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."

8) 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 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 2015 under Resolution 1 at the 50th AGM, the dividend will be paid to the shareholders on 1 July 2016. The entitlement for the dividend shall be 23 June 2016.

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 2016; 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 2016

NOTICE OF ANNUAL GENERAL MEETING
[continued]

NOTES:

A) Entitlement of Attendance and Appointment of Proxy

(i) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 23 May 2016 shall be entitled to attend the 50th 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.

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) **Resolution 6 - Retention of Mr Yeow See Yuen as Independent Director**

Mr Yeow See Yuen has served the Company as Independent Director for more than 9 years. The Board of Directors has vide the Nominating Committee assessed the independence of Mr Yeow See Yuen.

The Board is satisfied that Mr Yeow See Yuen will remain unbiased, objective and independent in expressing his opinion and in participating in the decision making of the Board. His long service has not affected his independence and ability to act in the best interest of the Company. With his vast experience in business, accounting, finance and management, Mr Yeow See Yuen would be able to contribute during deliberations or discussion of the Board. He 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 Mr Yeow See Yuen should be retained as an Independent Director. The Board therefore recommends for shareholders' approval to retain Mr Yeow See Yuen as an Independent Director.

2) **Resolution 7 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

Resolution 7, 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 8 - Renewal of Share Buy-Back Authority**

Resolution 8, 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 2016 which is circulated together with the Company's Annual Report 2015.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The profiles of the Directors who are standing for re-election as per Agenda 3 of the Notice of 50th AGM are found on the Profile of Directors section of this Annual Report 2015.

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.	+86-575-85181025	+86-575-85182287	Mr. Liew Leong Ting
3.	Serudong Power Sdn. Bhd. Mega First Power Services Sdn. Bhd. serudongpower@yahoo.com	KM6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568 089-711569	089-711576	Mr. Jeff Fernandez
4.	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
5.	Syarikat Cheng Sun Quarry Sdn. Bhd. csquarry@yahoo.com.my	Lot 67887, Mukim Sg. Raia, 31300 Keramat Pulai, Perak Darul Ridzuan.	05-3571502 05-3571503 05-3571505	05-3571504	Mr. John Chu
6.	Batamas Sdn. Berhad batamasmy@yahoo.com	Lot 138321, Jalan Changkat Larang, P.O. Box 15, 31007 Batu Gajah, Perak Darul Ridzuan.	05-3661654 05-3663500	05-3663555	Mr. John Chu
7.	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
8.	Gombak Land Sdn. Bhd. Mega First Housing Development Sdn. Bhd. Paya Emas Sdn. Bhd. 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
9.	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
10.	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 05-3712859	05-3711520	Mr. Ong Hock Kheng
11.	Hexachase Labels Sdn. Bhd. info@hexachase.com	No. 6 & 8, Jalan Berkat 12, Taman Malim Jaya, 75250 Melaka.	06-3357461 06-3357472	06-3357429	Mr. Danny Yeo
12.	Hexachase Packaging Sdn. Bhd. pkgcs@hexachase.com	Lot 4788 & 4789, Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75250 Melaka.	06-3371201 06-3371202	06-3371200	Mr. Deric Sim
13.	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

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 50th 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 30 May 2016 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 Mr Yeow See Yuen as Director.			
3.	Re-elect Dato' Koh Hong Sun as Director.			
4.	Re-elect Dato' Tan Ang Meng as Director.			
5.	Re-appoint Crowe Horwath as auditors and authorise the Board of Directors to fix their remuneration.			
6.	Retention of Mr Yeow See Yuen as Independent Director.			
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.			
8.	Renewal of Share Buy-Back Authority.			

(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) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 23 May 2016 shall be entitled to attend the 50th 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.

Please fold here

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