MFCB

MEGA FIRST CORPORATION BERHAD

(Company No. 6682-V)

ANNUAL REPORT

2013

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

Non-Executive Directors
* Maisuri bin Besri, *B.Ec.(Hons.), MBA*
* Yeow See Yuen, *B.Acc.(Hons.)*
* Dato' Tan Ang Meng, *CPA*
* Dato' Koh Hong Sun, *MA*
# Tay Kheng Chiong, *B.Eng.(Hons), MBA, C.Eng. MIET (UK)*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Goh Nan Kioh *(Chairman)*
* Maisuri bin Besri
* Dato' Koh Hong Sun

NOMINATING COMMITTEE

* Maisuri bin Besri *(Chairman)*
* Yeow See Yuen
* Dato' Koh Hong Sun

EMPLOYEES' SHARE OPTION COMMITTEE

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

(*) - Independent and Non-Executive Director
(#) - Non-Independent and Non-Executive Director

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
Website: www.mega-first.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

Crowe Horwath (AF 1018)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Market

SECTOR

Trading/Services

STOCK CODE

3069

STOCK NAME

MFCB

PROFILE OF **DIRECTORS**

Goh Nan Kioh
Executive Chairman
Malaysian

Mr Goh Nan Kioh, age 60, joined the Board on 1 February 2003 as a Non-Independent and Non-Executive Director. He was appointed as Chairman of the Board on 29 July 2003 and as Executive Chairman on 1 July 2011. Mr Goh holds a Bachelor of Economics (Honours) degree from the University of Malaya. He has wide and varied business investments in many countries.

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

Dato' Haji Abu Hanifah bin Noordin
Deputy Chairman
Independent and Non-Executive Director
Malaysian

Dato' Haji Abu Hanifah bin Noordin, age 62, was appointed to the Board on 5 December 1990 and is an Independent and Non-Executive Director. He was appointed as Deputy Chairman of the Board on 29 July 2003. Dato' Hanifah graduated from University of Malaya with an honours degree in Economics and subsequently qualified as a Chartered Accountant and a Certified Public Accountant. He was Chairman and Managing Partner of Ernst & Whinney (now known as Ernst & Young) for 9 years. He was also President of the Malaysian Institute of Accountants for 13 years and in that capacity was a Board member of the International Accounting Standards Committee (IASC). He is also the Managing Director of Datasonic Group Berhad and an independent non-executive Director of Pacific & Orient Berhad (both listed on Bursa Malaysia).

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

Mr Goh Nan Yang, age 50, 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 43, joined the Board on 6 September 2011 as Executive Director. He holds a Bachelor of Commerce (Actuarial Science) honours degree from University of Melbourne, Australia. He has more than 14 years experience as an equity analyst. He has held senior positions with several reputable international investment banks.

Mr Khoo is also a non-executive Director of Jadi Imaging Holdings Berhad, an associate company of MFCB which is listed on Bursa Malaysia.

Profile of Directors (cont'd)

Maisuri bin Besri
Independent and Non-Executive Director
Malaysian

Encik Maisuri bin Besri, age 56, joined the Board on 1 March 2003 and is an Independent and Non-Executive Director. He holds a Bachelor of Economics (Public Administration) (Honours) degree from the University of Malaya, and a Master of Business Administration degree from Edith Cowan University of Australia. Encik Maisuri joined the Sabah State Government in 1982 and has held various positions including Group General Manager of Sabah Economic Development Corporation (SEDCO).

Yeow See Yuen
Independent and Non-Executive Director
Malaysian

Mr Yeow See Yuen, age 46, joined the Board as an Independent and Non-Executive Director on 10 May 2006. He holds a first class honours degree in Accountancy from the National University of Singapore. He started his career with Coopers & Lybrand in Singapore in 1991 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 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 and Non-Executive Director
Malaysian

Mr Tay Kheng Chiong, age 50, joined the Board as a Non-Independent and 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 20 years experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as a 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 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.

Profile of Directors (cont'd)

Dato' Tan Ang Meng

Independent and Non-Executive Director
Malaysian

Dato' Tan Ang Meng, age 58, joined the Board as an Independent and Non-Executive 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 ("F&N"), a position he held until his retirement in November 2010. Dato' Tan is also a Director of United Malacca Berhad and ICapital.Biz Berhad, both of which are listed on Bursa Malaysia. He is also a senior adviser for Creador Sdn Bhd, a private equity fund.

Dato' Koh Hong Sun

Independent and Non-Executive Director
Malaysian

Dato' Koh Hong Sun, age 61, joined the Board as an Independent and Non-Executive Director on 1 December 2010. He holds a Masters degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

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

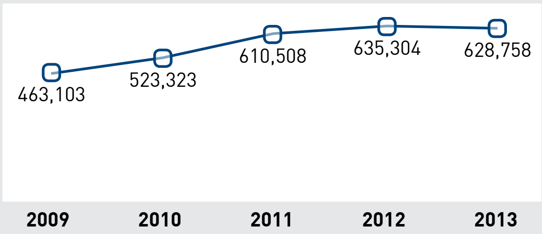
Dato' Koh also sits on the Boards of Genting (Malaysia) Berhad, QBE Insurance (Malaysia) Berhad and GLM REIT Management Sdn Bhd, the manager of Tower Real Estate Investment Trust.

Note:

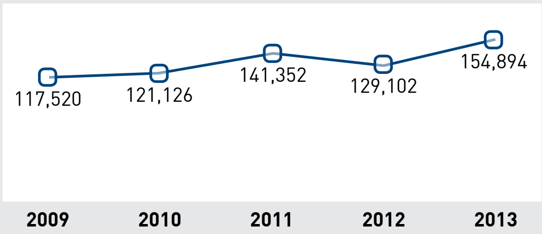
Save as disclosed above, the Directors have no family relationship with any Director and/or major shareholder of Mega First Corporation Berhad ("MFCB"), have no conflict of interest with MFCB and have not been convicted for any offence within the past 10 years.

FINANCIAL HIGHLIGHTS

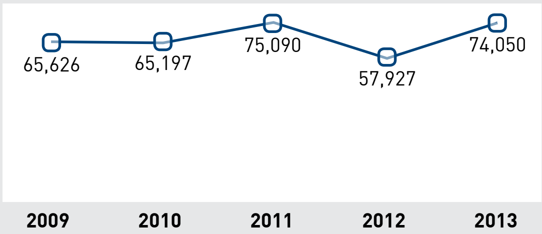
Revenue
RM'000



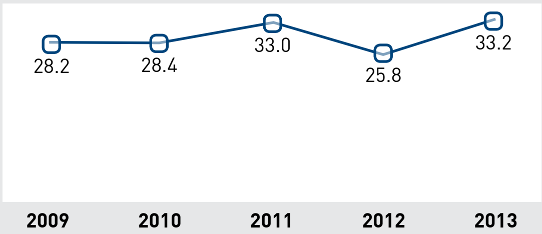
Profit Before Tax
RM'000



Net Profit Attributable to Equity Holders
RM'000

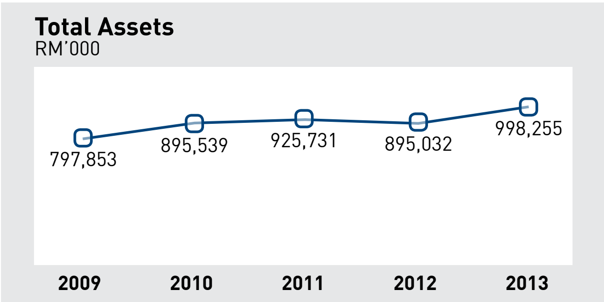


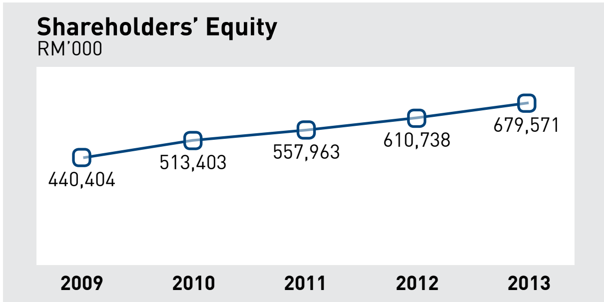
Basic Earnings Per Share
RM sen

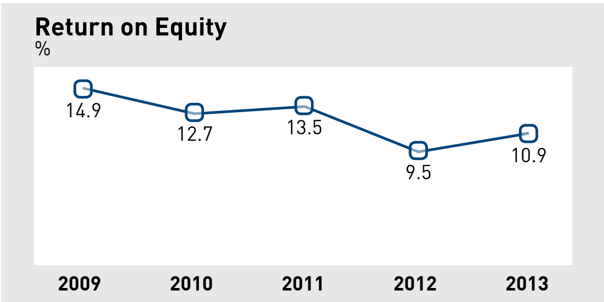


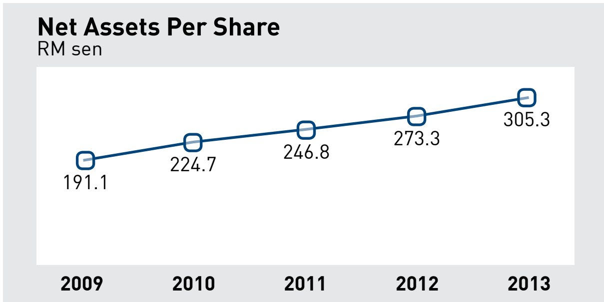
Financial Year Ended 31 December	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Consolidated Statements of Profit or Loss and Other Comprehensive Income					
Revenue	463,103	523,323	610,508	635,304	**628,758**
Earnings before interest, taxes, depreciation and amortisation	145,770	152,575	173,900	162,798	**188,798**
Profit before tax	117,520	121,126	141,352	129,102	**154,894**
Profit after tax	96,188	99,221	112,568	93,662	**107,185**
Net profit attributable to equity holders	65,626	65,197	75,090	57,927	**74,050**

Financial Highlights (cont'd)









Financial Year Ended 31 December	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Consolidated Statements of Financial Position					
Total assets	797,853	895,539	925,731	895,032	**998,255**
Total borrowings	114,637	131,952	87,596	68,712	**71,779**
Shareholders' equity	440,404	513,403	557,963	610,738	**679,571**
Financial Indicators					
Return on equity	14.9%	12.7%	13.5%	9.5%	**10.9%**
Return on total assets	8.2%	7.3%	8.1%	6.5%	**7.4%**
Gearing ratio	26.0%	25.7%	15.7%	11.3%	**10.6%**
Interest cover (times)	23.1	20.9	26.6	30.1	**51.7**
Basic earnings per share (sen) ^	28.2	28.4	33.0	25.8	**33.2**
Net assets per share (sen)	191.1	224.7	246.8	273.3	**305.3**
Dividend per share (sen)	7.0	7.5	9.0	7.1	**7.5**
Price earning (PE) ratio	5.0	6.2	5.1	6.2	**6.6**
Gross dividend yield	5.0%	4.2%	5.3%	4.4%	**3.4%**
Share price as at the financial year end (RM)	1.41	1.77	1.69	1.60	**2.18**
Additional Information					
Interest	5,310	6,084	5,514	4,435	**3,053**
Depreciation	22,713	25,195	26,865	29,086	**30,668**
Amortisation	227	170	169	175	**183**

^ *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

RESOURCES DIVISION

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

PROPERTY DIVISION

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

INVESTMENT HOLDING AND OTHERS

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

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

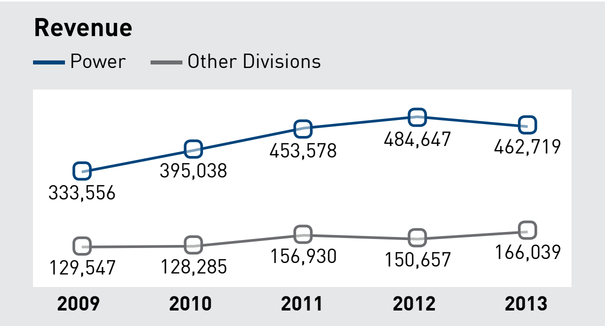
Divisional Revenue & Pre-Tax Profit

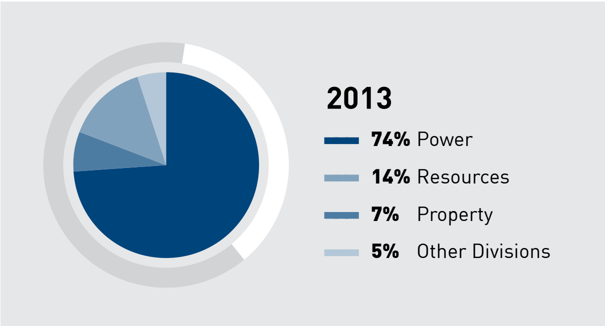
RM'000	2013	2012	% Change	Proportion of Total 2013	Proportion of Total 2012
Revenue					
Power	462,719	484,647	-4.5%	73.6%	76.3%
Resources	91,071	85,368	6.7%	14.5%	13.4%
Property	41,608	34,124	21.9%	6.6%	5.4%
Sub-total	595,398	604,139	-1.4%	94.7%	95.1%
Investment holding and others	33,360	31,165	7.0%	5.3%	4.9%
Total Revenue	628,758	635,304	-1.0%	100.0%	100.0%
Pre-Tax Profit					
Power	107,608	98,429	9.3%	69.5%	76.2%
Resources	21,905	19,480	12.4%	14.1%	15.1%
Property	12,965	25,542^	-49.2%	8.4%	19.8%
Sub-total	142,478	143,451	-0.7%	92.0%	111.1%
Investment holding and others	12,416	(14,349)	n.m.	8.0%	-11.1%
Total Pre-Tax Profit	154,894	129,102	20.0%	100.0%	100.0%

^ *Including fair value gain on investment properties of RM12.9 million.*

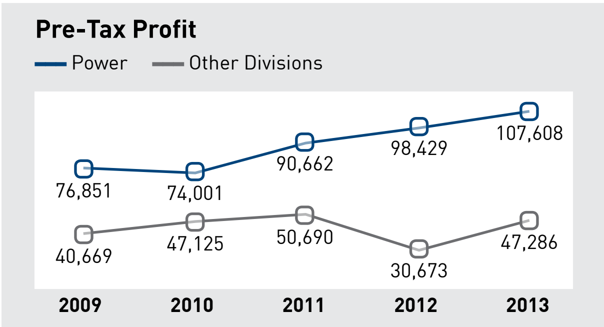
The Group's pre-tax profit for 2013 grew 20.0% to RM154.9 million on the back of a marginal decrease in revenue, mainly driven by higher contribution from the Power and Resources Divisions, a positive exchange difference arising from translation of the China power plant's revenue (as a result of the strengthening of the Chinese Renminbi against Malaysian Ringgit) and a gain of RM14.1 million from quoted investments, compared to a loss of RM7.4 million reported in 2012. The 2012 results were boosted by a RM12.9 million fair value gain on investment properties.

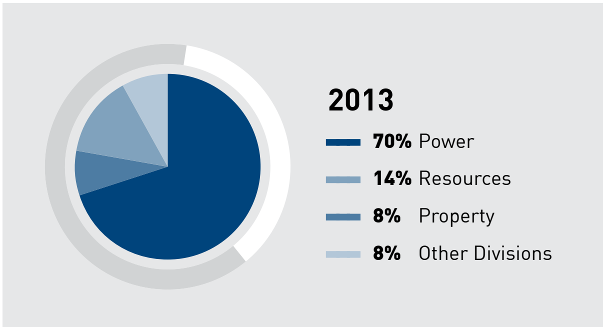
The China power operations together with the power plant in East Malaysia, contributed 69.5% to the pre-tax profit of the Group in 2013.





Management's Discussion & Analysis (cont'd)





Power Division

The Power Division operates two plants, one in China and the other in East Malaysia. This Division remains the primary contributor to the Group's business and continues its steady performance, ending the year with a pre-tax profit of RM107.6 million (2012 : RM98.4 million) on the back of RM462.7 million (2012 : RM484.6 million) in revenue. The results were achieved mainly through plant modification exercise in China, which was carried out in phases from 2009 and has improved the plant's efficiency.

Power revenue declined 4.5% mainly on lower contribution from the Tawau plant, partially offset by the positive exchange difference arising from translation of the Shaoxing plant's revenue. The drop in revenue in the Tawau plant was largely due to lower energy sales (as a result of plant maintenance) and a 6.3% decrease in medium fuel oil prices. Excluding the impact of the exchange difference, revenue from Shaoxing fell on the reduction in steam prices (as a result of lower coal prices) and energy tariff, despite higher energy and steam volumes. Beginning 25 September 2013, energy tariff has been adjusted down by 2.7% to RMB0.5475 per kWh. This translated into approximately RM953,000 in lower energy sales and pre-tax profit for 2013.

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

Coal accounted for about 88% of production cost in 2013. The Shaoxing plant purchases coal in the spot market and coal price fluctuation would have a significant impact on profit margin. The average coal price in 2013 fell 10.6% to RMB708 per MT compared to RMB791 per MT in 2012. At the same time, the average steam price also dropped as a result of the coal-to-steam price linkage mechanism agreed by the local county government in mid-2011.

Resources Division

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

The Division operates one of the largest limestone reserves in Perak, and is one of the country's largest producers of lime products. Its subsidiary, Batamas Sdn Berhad, is the sole producer of calcium silicate bricks in Malaysia and is currently expanding its brick product range with product innovation to cater to different needs of our customers.

The Division acquired the following companies in 2013:

- 77.8% interest in Teratai Kembara Sdn Bhd – The intended principal activity is mineral mining. However, it has remained dormant since incorporation.
- 55% interest in Identiti Jitu Sdn Bhd – A company which is principally involved in sand mining activity in Perak.
- 60% interest in Runding Kualiti Sdn Bhd – The intended principal activity is mineral mining. However, it has remained dormant since incorporation.

Management's Discussion & Analysis (cont'd)

Revenue from the Resources Division was 6.7% higher at RM91.1 million, primarily attributable to higher sales of lime products.

Revenue from lime products was RM61.9 million for the year, mainly driven by higher sales of hydrated lime. Revenue from calcium carbonate powder decreased mainly attributable to a shift in demand due to changing customer needs.

Pre-tax profit grew 12.4% to RM21.9 million, underpinned mainly by higher contribution margin from sales of lime products. The margin improvement was mainly attributable to the decrease in packaging, transportation and fuel costs. On the other hand, the calcium carbonate powder and raw limestone segments were hit by higher sales of lower-priced products.

Limestone is the main raw material of the Division's limestone-based products. All of the limestone is sourced from our own quarries located within the vicinity of our production plants. In order to remain competitive and to ensure continuous supply of good quality limestone in the longer term, we continue to seek for good quality limestone reserves.

We recognise the opportunity to modernise and consolidate the limestone production and supply markets through expansion and planned acquisitions. The Division plans to acquire and install an additional lime kiln and a hydration plant in 2014 as part of its effort to boost production capacity.

Property Division

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

The Division's revenue for 2013 was RM41.6 million, an increase of RM7.5 million or 21.9% from the RM34.1 million achieved in 2012. Both operating segments (property development and property investment) contributed to the increase in revenue. Pre-tax profit (excluding fair value gain) was 2.7% higher year-on-year in 2013 at RM13.0 million.

Revenue from the property development segment was 26.4% higher compared to 2012. In 2013, 110 units were sold for a total sales value of RM45.3 million, derived mostly from sale of residential units and successful disposal of a number of old inventories in Melaka. Pre-tax profit however fell 3.3% to RM9.4 million.

Revenue from the property investment segment rose 4.9% on higher occupancy. Pre-tax profit increased 11.5% to RM3.6 million. The average occupancy rate for our PJ8 office blocks rose to 85% in 2013, contributing RM6.6 million in rental income.

<u>New Property Launched In 2013</u>

Parksville is our first gated and guarded residential development project in Melaka (Taman Paya Emas), comprising superlink houses, semi-detached houses and bungalow. This project was launched in June 2013 and is scheduled for completion in the middle of 2014.

In general, we expect that property price increases may continue, notwithstanding at a slower rate due to escalating land prices, building material prices and labour costs. However, we believe that the buying sentiment remains positive for residential properties, particularly landed properties. The Division will continue with its conservative approach to new launches and is constantly on the lookout for opportunities to grow its operations, with the strategic focus on developing good quality properties in West Coast Malaysia.

CORPORATE
GOVERNANCE STATEMENT

The Board is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and to improve its financial performance. This disclosure statement sets out the manner in which the Board has applied the Principles of Corporate Governance pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") throughout the financial year ended 31 December 2013.

BOARD OF DIRECTORS

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

The Board considers that the executive and non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the Company. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

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, 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. In February 2014, the Board has formally adopted the Board Charter, which can be viewed on the Company's corporate website at *www.mega-first.com*.

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 Non-Executive Directors who constitute a majority of the Board, provides for effective oversight over management and ensures that there is independence of judgement.

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

Corporate Governance Statement (cont'd)

Board Meetings

The Board has at least four scheduled quarterly meetings with additional meetings being convened as and when necessary. Meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable Directors to plan ahead and fit the year's Board meetings into their own schedule. During the year ended 31 December 2013, four (4) Board meetings were held and the attendance record of each Director is as follows:-

Name of Director #	Attendance
Goh Nan Kioh	3 out of 4
Dato' Haji Abu Hanifah bin Noordin	4 out of 4
Goh Nan Yang	3 out of 4
Khoo Teng Keat	4 out of 4
Yeow See Yuen	2 out of 4
Tay Kheng Chiong	3 out of 4
Dato' Tan Ang Meng	4 out of 4
Dato' Koh Hong Sun	3 out of 4
Maisuri bin Besri	4 out of 4
Yong Fook Shin (retired: 21.5.2013)	1 out of 1

\# *Excluded Dato' Jorgen Bornhoft as no board meeting was held prior to his resignation on 4 February 2013.*

Supply of Information

Board meetings are conducted in accordance to a structured agenda. Prior to the Board meeting, all Directors were 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.

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.

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

The 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.

The Directors have direct access to the advice and services of the qualified and competent Company Secretaries, whether as a full board or in their individual capacities, in the furtherance of their duties. The 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.

Corporate Governance Statement (cont'd)

Appointments to the Board and Re-election of Directors

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

Board Assessment

The Nominating Committee conducts an annual assessment on the effectiveness of the Board as a whole and of the Board Committees, as well as the performance of individual Directors. The observation of the Nominating Committee together with the annual assessment results were submitted to the Board for deliberation. In respect of the year ended 31 December 2013, the Board was satisfied that the Board composition in terms of size and mix of skills are adequate, taking into account the scope and nature of the operations of the Group.

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

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 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 the 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	684	–
Benefits-in-kind	–	–
Directors' fees	–	263
Attendance fees	–	19
Share options	30	76

Corporate Governance Statement (cont'd)

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

* *Including two former directors.*

Board Committees

The Board delegates specific responsibilities to four committees namely Audit Committee, Remuneration Committee, Nomination 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.

1) Audit Committee ("AC")

The AC plays an active role in helping the Board discharge its governance responsibilities and the Committee comprises wholly of Independent and Non-Executive 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 risk management and internal controls.

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.

2) 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.

3) Nominating Committee ("NC")

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

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

Corporate Governance Statement (cont'd)

4) Employees' Share Option ("ESOS") Committee

The ESOS Committee is primarily responsible for administering the ESOS 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.

Directors' Training

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

The Directors are mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

During the year, the Company held a course for Directors and senior management. The training programmes attended by Directors during the year were as follows:-

Title	Duration
• The Embodied Cognition: How Real Brains Learn	4 hours
• Tax Planning for Individuals	8 hours
• Common Tax Issues Facing the SMEs	8 hours
• Role of Board in Corporate Fraud Oversight	3 hours
• Accounting for Assets and Liabilities in accordance with MFRS/IFRS	16 hours
• Malaysian Code on Corporate Governance 2012 & Updates on Listing Requirements of Bursa Malaysia Securities Bhd	3 hours
• Advocacy Session on Corporate Disclosure for Directors	3 hours
• Ultimate Budget 2014 Tax Planning and Latest Tax Updates	10 hours
• Financial Governance – How companies could improve to manage expectations of stakeholders	2 hours
• Goods and Services Tax - Concepts and Fundamentals	1 Day

Conflict of Interest

The Board is alert to the possibility of potential conflicts 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 interests, 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 Audit Committee every quarter.

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

Corporate Governance Statement (cont'd)

SHAREHOLDERS

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

The Company has been using the Annual General Meeting each year as a means of communicating with shareholders. Members of the Board as well as the external auditors are present to answer questions raised at the Annual General Meeting. 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.

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 at *www.mega-first.com*.

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 Audit Committee 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.

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 Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The heads of the Group's business units identify and communicate with the Executive Directors of the Company the critical business risks and the management action plan to manage the risks.

The Statement on Risk Management and Internal Control made in pursuance of paragraph 15.26(b) of the MMLR is separately set out in this Annual Report.

Corporate Governance Statement (cont'd)

Internal Audit

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

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee 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.

This statement is made in accordance with a resolution of the Board of Directors passed on 19 March 2014.

OTHER **DISCLOSURES**

1) Utilisation of proceeds raised from corporate proposals

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

2) Share buy-backs

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

3) Options, warrants or convertible securities

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

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

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

5) Sanctions imposed

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

6) Variation in results

There was no material variation between the audited results for the financial year and the unaudited results previously announced by the Company on 27 February 2014.

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 2013 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 RM11,000.00.

Executive Chairman's Statement

On behalf of the Board, it gives me great pleasure to present to you MFCB's 48th Annual Report for the financial year ended 31 December 2013.

OVERVIEW AND FINANCIAL PERFORMANCE

The Group has delivered a record year in 2013 as our pre-tax profit grew 20% to a high of RM154.9 million on the back of better performances from our power and resources operations and an investment gain of RM14.1 million.

- Revenue from our core businesses was RM595.4 million, down 1.4% from 2012. The Power Division, which contributed 73.6% of Group revenue, showed dip of 4.5% in yearly revenue, while the Resources and Property Divisions posted revenue growth of 6.7% and 21.9% respectively.
- Our core businesses' combined pre-tax profit, which excludes changes in fair value of investment properties, rose 9.2% to RM142.5 million from RM130.5 million in 2012. Group net profit attributable to shareholders grew 27.8% to RM74.1 million.
- The Group reported earnings of 33.2 sen per ordinary share. This compares with earnings of 25.8 sen per ordinary share in a year ago.
- The Group continues to practise prudent financial management. Our financial position remains strong, with much better interest coverage of 51.7 times (2012 : 30.1 times). The Group has a net cash (including near cash) of RM227.5 million as at the end of the financial year.

Our focus on improving fundamentals in recent years has generated strong momentum across our core businesses. More importantly, all the core businesses continued to show improvement.

OPERATIONS REVIEW AND PROSPECT

Power Division

The Power Division, remains the main contributor to the Group, generating RM462.7 million in revenue and RM107.6 million in pre-tax profit. The China plant benefited from improved efficiency and higher customer demand. Total steam and energy sales for the Division reached 3.4 million tonnes and 703,000 MWh in 2013.

In line with our goal to grow recurring income streams, we will continue to invest in more power projects that offer reasonable returns. The Don Sahong hydropower project in Laos is an example of such projects.

Resources Division

The Resources Division continued to record commendable growth in revenue and pre-tax profit during the financial year. The lime products segment has continued to strengthen its position in the lime products market and achieved satisfactory growth. Despite challenging market conditions, the bricks segment also grew with the completion of a new cement brick line, allowing the Division to make use of waste products from its quarries in line with the Group's zero waste policy.

As stated in my message to you last year, our Resources business would likely be the main thrust for growth in the next few years. In line with our strategy to grow the Resources business, plans are in place to increase production capacity at our Gopeng site. The first phase of the expansion will increase quicklime capacity by 400 tonnes per day when completed in the fourth quarter of 2014 and most of the increased capacity is targeted for the export market.

Executive Chairman's Statement (cont'd)

Property Division

Revenue from property sales was RM34.2 million while pre-tax profit generated from property sales was RM9.4 million, as compared to RM9.7 million last year which included an adjustment of excess project costs recognised in previous years. Rental revenue showed reasonable growth for the year under review, as occupancy of our PJ8 office blocks remained high.

For the coming year, sales revenue and rental income from investment properties will continue to bring in steady and consistent income to the Group. Efforts are also in place to sell completed properties, which should contribute positively in 2014.

DIVIDEND

To show our heartfelt appreciation to our loyal shareholders for their long-term support, the Board is proposing a tax-exempt dividend of 4.5 sen, up from 4.1 sen previously, for approval of the shareholders at the forthcoming Annual General Meeting. In addition to the 3.0 sen tax-exempt interim dividend, this will bring total dividends for the financial year to 7.5 sen per ordinary share (approximately RM16.7 million in total), almost 23% of net profit for the period.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is represented by the contributions undertaken by us to society through our core business activities and social investment. We recognise the links between society's welfare and our success.

Our people – We understand our corporate social responsibilities and believe that by continuing to work responsibly and seeking to improve good environmental practices through innovation and efficiency, we are simply fulfilling our duty as a good corporate citizen.

Our process – We recognise high standards of integrity in all business dealings and acknowledge contribution of employees' skills, knowledge and expertise to the Group's success. We are committed to strengthening our processes and procedures in order to ensure compliance with all statutory requirements and where appropriate standards and guidance to working practices and operations.

Our environment – We recognise that everything we do has an impact on economic, social and environmental sustainability and we are committed to putting good systems in place and adopting better and more sustainable approaches whenever possible. We are deeply committed to reduce CO_2 emissions and waste, as well as energy and water consumption, along the entire production chain.

Our neighbourhood – We are dedicated to serving the basic needs of our local communities – from making donations to help the needful and rendering support in monetary aid to young school-going children and underprivileged villagers, to contributing to community welfare, building green awareness and delivering the highest quality products to all our customers.

SHAREHOLDER VALUE

The delivery of superior shareholder value growth remains a top priority of the management. Our performance this year demonstrates our team's continuing determination to deliver earnings and shareholder value growth. The Group's shareholders' equity grew 11.3% to RM679.6 million in 2013. The 5-year compounded annual growth of the Group's shareholders' equity was 12%.

We will strive to maintain a strong balance sheet so that we are well positioned to capitalise on good business opportunities and investments that may arise.

Executive Chairman's Statement (cont'd)

ACKNOWLEDGEMENT AND APPRECIATION

In the name of the Board, I would like to extend my sincere gratitude to our shareholders, bankers, customers, suppliers and business associates for their continuing support throughout the years. I would also like to express my appreciation to my fellow members of the Board for their expert counsel and guidance and thank our management team and committed staff for their ongoing belief in and dedication to the Group, without which we would not have again attained the record performance of this past year.

The Group will continue to support good corporate governance to enable it to be accountable to its investors, customers, suppliers, business associates, employees and the community.

Goh Nan Kioh
Executive Chairman

19 March 2014

AUDIT COMMITTEE REPORT

A. COMPOSITION AND MEETING ATTENDANCE

The composition and attendance record of each member at the Audit Committee ("Committee") meetings held in financial year 2013 were as follows:

Name of Committee Member	Designation	No. of meetings attended
Chairman:		
Yeow See Yuen	Independent Non-Executive Director	3/4
Member:		
Dato' Haji Abu Hanifah bin Noordin	Independent Non-Executive Director	4/4
Dato' Tan Ang Meng	Independent Non-Executive Director	4/4
Dato' Jorgen Bornhoft *	Independent Non-Executive Director	–

* *Resigned on 4 February 2013*

During the financial year, four (4) meetings of the Committee were held. Minutes of the Committee meetings were tabled for confirmation at the next Committee meeting. The Committee Chairman presented the Committee recommendation, with rationale, to the Board for approval of the annual and quarterly financial statements. The Committee Chairman also conveyed to the Board matters of significant concern as and when raised by the External and Internal Auditors.

The Committee had two (2) meetings with the External Auditors without the presence of the Management.

B. SALIENT TERMS OF REFERENCE

1. Members

1.1 The Committee shall be appointed by the Board of Directors from among the Directors and shall consist of not fewer than three (3) members. All members of the Committee shall be non-executive directors with a majority of them, including the Committee Chairman, being independent directors.

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 Bhd.

1.3 No alternate Directors shall be appointed as a member of the Committee.

1.4 The members of the Committee may elect a Chairman from among themselves.

Audit Committee Report (cont'd)

1.5 In the event 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.

1.6 The term of office and performance of the Committee and of each of its members shall be reviewed by the Board no less than once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

2. Meetings

2.1 Number of Meetings

The Committee shall meet at least four (4) times a year and additional meetings may be called at the Chairman's discretion or upon the request of 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 the Management to attend any of its meetings to assist in its deliberations and resolutions of matters raised. The Head of Internal Audit and Head of Finance shall attend all meetings to present and clarify on items on the agenda.

2.4 Secretary

The Company Secretary shall be the secretary to the Committee and shall be responsible, for drawing up and circulating the agenda and the notice of meetings to members prior to each meeting. The secretary shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

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 and records relevant to its activities;

3.4 have direct communication channels with the External and Internal Auditors;

3.5 obtain legal or other independent professional advice as it considers necessary; and

3.6 convene meetings with the External Auditors, without the present of other Directors and the Management, whenever deemed necessary. The Committee shall meet with the External Auditors at least twice a year without the present of the Management.

Audit Committee Report (cont'd)

4. Key Functions and Duties

4.1 To review the disclosure statement of the Board in relation to the statements on corporate governance practices and internal controls.

4.2 To review the following and report to the Board with:

a. External Auditors:

- the audit plans, audit reports and the extent of assistance rendered by the Management;
- their evaluation of the system of risk management and internal controls;
- the audit fee and on matters concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors;
- the management letter and management's response; and
- issues and reservations arising from audits.

b. 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 work programme and results of internal audit processes including actions taken or recommendations;
- the extent of co-operation and assistance rendered by the Management; and
- the evaluation of the performance of the internal audit function including any matter concerning the appointment, resignation and termination of senior staff.

4.3 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.

4.4 To review the quarterly results and annual financial statement of the Company and the Group prior to the approval by the Board.

4.5 To review 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.

4.6 To report any breaches of the Listing Requirements which have not been satisfactorily resolved, to Bursa Malaysia.

4.7 To verify the allocation of options pursuant to the share scheme for employees.

The above function and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

Audit Committee Report (cont'd)

5. Internal Audit

5.1 The head of the internal audit department shall have unrestricted access to the Committee members and report directly to the Committee whose scope of responsibility includes overseeing the development, establishment and competency of the internal audit function;

5.2 In respect of the routine administrative matters, head of the internal audit shall report to the Group Chief Executive; and

5.3 The internal audit function shall be independent of the activities it audits.

C. ACTIVITIES OF THE COMMITTEE

The Committee carried out its duties and responsibilities as set out in its terms of reference. The main activities of the Committee were as follows:

a. Reviewed the adequacy of the scope, functions, resources, annual internal audit plan and internal audit reports on findings, audit recommendations and managements' responses. Any material control concerns are monitored by the Committee.

b. Reviewed the External Auditors' audit scope of work and their audit plan prior to the commencement of audit.

c. Reviewed the quarterly financial reports for announcement to Bursa Malaysia with Management and the Internal Auditor.

d. Reviewed the annual financial statements, audit report, issues and reservations arising from audits, with the External Auditors prior to submission for Board approval.

e. Reviewed the disclosure of related party transactions and, any conflict of interest situation including transactions and conducts which may raise questions of management integrity.

f. Reviewed the latest changes of pronouncements issued by the accountancy, statutory and regulatory bodies.

g. Reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee meetings were made available to all Board members.

h. Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance, Board's responsibility on the Annual Financial Statement and the Statement on Risk Management and Internal Control and other relevant documents, for publication in the Company's Annual Report.

Audit Committee Report (cont'd)

D. ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Committee was assisted by the in-house Internal Audit Department ("IAD") in the discharge of its duties and responsibilities. There were no areas of the internal audit function which were outsourced.

The main activities of the internal audit function for the financial year 2013 were as follows:

a. Prepared the annual audit plan for the Committee's approval.

b. Carried out risk-based audits of strategic business units of the Group, which cover reviews of the internal control system and compliance with established procedures.

c. Issued audit reports to the Committee and Management.

d. Followed up on management corrective actions on audit issues raised in audit reports.

e. Reviewed the quarterly financial reports and annual financial statements with the Management.

f. Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance and the Statement on Risk Management and Internal Control for publication in the Company's Annual Report.

g. Reviewed and quantifiable the disclosure of related party transactions and, any conflict of interest and questionable transactions, and report thereon in the audit report.

h. Attended the Committee meetings to table and discuss the audit reports and follow up on matters raised.

The total cost incurred for the internal audit function in financial year 2013 was RM454,658.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia ("BM") require Directors of listed companies to include in their annual report a statement about the state of their risk management and internal controls as a group. The Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers ("the Guidance"), which replaces the Statement on Internal Control – Guidance for Directors of Public Listed Companies issued in December 2000 (issued by the BM's Task Force on Internal Control), provides guidance for compliance with the aforesaid requirements. Set out below is the Board's Statement on Risk Management & Internal Control for the financial year ended 31 December 2013, which has been prepared in accordance with the Guidance.

The Board acknowledges that it is responsible for the overall risk management and internal control systems 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 function works closely with the Chairman of the Audit Committee, it is responsible for undertaking regular review of the risk management and internal controls to provide the Board, the Audit Committee and the Executive Directors with independent and objective assurance that the risk management and internal control systems are adequate and effective in addressing the risks identified. However, the Board recognises that such systems are designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

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

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

(a) Operating Procedures Manuals that set out the policies, procedures and practices to be adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all business units.

(b) Comprehensive annual budgets that include business plans, strategies and risk profiles are presented to, and approved by the Board. Monthly results are then monitored against budgets and key performance indicators by management, focusing on variances and important operational issues, and the findings discussed with the business units.

(c) On a quarterly basis, the Board reviews and discusses a comprehensive Quarterly Review Report, covering the Group's up to date performance. In addition, the Board also deliberates on the appropriateness of key business strategies adopted by the operating units in the light of any significant shifts in risks profiles. In this manner, the Board is not only kept well informed on current issues facing the Group but also participate in risk management.

(d) Key risks to each business unit are identified and categorised to highlight the source of risk, their financial impacts and the likelihood of occurrence. The risk profiles of the major operating units of the Group are being monitored by senior management of the major operating units on a regular basis.

(e) Risk-based approach adopted by the internal audit department whose yearly audit plan is based on the key risk profiles of the business and functional units of the Group. This plan, which is approved by the Audit Committee prior to the commencement of the yearly period, is also regularly reviewed for further enhancement.

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

Statement on Risk Management and Internal Control (cont'd)

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

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

Assurance to the Board

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

FINANCIAL **STATEMENTS**

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 2013.

PRINCIPAL ACTIVITIES

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

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

SIGNIFICANT CORPORATE EVENT

There was no significant corporate event 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	154,894	31,653
Income tax expense	(47,709)	(162)
Profit after tax for the financial year	107,185	31,491
Attributable to:-		
Owners of the Company	74,050	31,491
Non-controlling interests	33,135	–
	107,185	31,491

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

DIVIDENDS

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

(a) a final tax-exempt dividend of 4.1 sen per ordinary share of RM1.00 each, in respect of the financial year ended 31 December 2012 on 16 July 2013; 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 2013 on 11 October 2013.

The Board proposes a final tax-exempt dividend of 4.5 sen per share for the financial year ended 31 December 2013 (2012 : 4.1 sen per share). The proposed dividend, which is subject to the approval of the shareholders at the forthcoming annual general meeting, has not been included as a liability in these financial statements.

Directors' Report (cont'd)

RESERVES AND PROVISIONS

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

EMPLOYEES' SHARE OPTION SCHEME

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

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

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

(b) the Company increased its issued and paid-up share capital from RM242,395,000 to RM242,455,000 by the issuance of 60,000 new ordinary shares of RM1 each for cash pursuant to the ESOS at an issue price of RM1.50 each. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) there was no debenture issued by the Company.

TREASURY SHARES

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

OTHER FINANCIAL INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (CONT'D)

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

(a) which would require the further writing off of bad debts or the additional amount of allowance for impairment losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Other than as 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' Tan Ang Meng
- Dato' Koh Hong Sun
- Maisuri bin Besri
- Yong Fook Shin (retired on 21 May 2013)

Directors' Report (cont'd)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2013	**Addition**	**Disposal**	**Balance as at 31.12.2013**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	–	–	713,600
- Deemed	72,009,500	–	–	72,009,500
Goh Nan Yang				
- Direct	510,000	–	–	510,000
Khoo Teng Keat				
- Direct	200,000	–	–	200,000
Yeow See Yuen				
- Direct	436,500	–	–	436,500
- Deemed	26,000	–	–	26,000
Tay Kheng Chiong				
- Direct	20,000	–	–	20,000
Dato' Tan Ang Meng				
- Direct	229,000	–	–	229,000
Maisuri bin Besri				
- Direct	50,000	–	–	50,000

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

		Options over ordinary shares of RM1 each			
	Exercise price	**Balance as at 1.1.2013**	**Lapsed**	**Exercised**	**Balance as at 31.12.2013**
Goh Nan Kioh	RM1.50	500,000	–	–	500,000
Dato' Haji Abu Hanifah bin Noordin	RM1.50	300,000	–	–	300,000
Goh Nan Yang	RM1.50	500,000	–	–	500,000
Yeow See Yuen	RM1.50	300,000	–	–	300,000
Tay Kheng Chiong	RM1.50	280,000	–	–	280,000
Dato' Tan Ang Meng	RM1.52	300,000	–	–	300,000
Dato' Koh Hong Sun	RM1.52	300,000	–	–	300,000
Maisuri bin Besri	RM1.50	250,000	–	–	250,000

Directors' Report (cont'd)

DIRECTORS' INTERESTS (CONT'D)

Goh Nan Kioh, by virtue of his interest in 32.67% (2012 : 32.55%) of the shares of the Company, is deemed to have interests in shares of its related corporations to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965. Other than as disclosed above, the Directors of the Company do not have any other interests in the shares of the Company or of its related corporations.

DIRECTORS' BENEFITS

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

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 47 to the financial statements.

SUBSEQUENT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no significant events occurring after the end of the reporting period.

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
19 March 2014

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 2013 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 38 to 130.

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 2013 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.

Independent Auditors' Report (cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 49 on page 131 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: 1772/11/14 (J/PH)
Chartered Accountant

19 March 2014

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		GROUP		COMPANY	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	5	**628,758**	635,304	**38,238**	34,836
Cost Of Sales		**(456,445)**	(469,506)	**–**	–
Gross Profit		**172,313**	165,798	**38,238**	34,836
Distribution Costs		**(5,356)**	(8,344)	**–**	–
Administrative Expenses		**(29,535)**	(27,953)	**(4,495)**	(5,019)
Other Expenses		**(5,760)**	(9,616)	**(534)**	(11,830)
Other Income		**25,604**	13,536	**1,359**	11,650
Profit From Operations	6	**157,266**	133,421	**34,568**	29,637
Finance Costs	7	**(3,053)**	(4,435)	**(2,915)**	(3,751)
Share Of Profit In An Associate, net of tax	14	**681**	116	**–**	–
Profit Before Tax		**154,894**	129,102	**31,653**	25,886
Income Tax Expense	8	**(47,709)**	(35,440)	**(162)**	–
Profit After Tax For The Financial Year		**107,185**	93,662	**31,491**	25,886
Other Comprehensive Income/ (Expenses)	9				
Items that may be reclassified subsequently to profit or loss					
Fair value changes of available-for-sale financial assets		**(2,880)**	6,089	**(1,211)**	395
Foreign currency translation		**20,953**	(4,507)	**–**	–
Share of an associate's foreign currency translation		**1,048**	–	**–**	–
Total Other Comprehensive Income/(Expenses)		**19,121**	1,582	**(1,211)**	395
Total Comprehensive Income For The Financial Year		**126,306**	95,244	**30,280**	26,281

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income (cont'd)
For the financial year ended 31 December 2013

		GROUP		COMPANY	
		2013	**2012**	**2013**	**2012**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Profit After Tax Attributable To:					
- Owners Of The Company		**74,050**	57,927	**31,491**	25,886
- Non-controlling Interests		**33,135**	35,735	**–**	–
		107,185	93,662	**31,491**	25,886
Total Comprehensive Income Attributable To:					
- Owners Of The Company		**86,294**	61,049	**30,280**	26,281
- Non-controlling Interests		**40,012**	34,195	**–**	–
		126,306	95,244	**30,280**	26,281
Earnings Per Share (sen)	10				
- Basic		**33.24**	25.81		
- Diluted		**33.19**	25.77		

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2013

		GROUP		COMPANY	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	12	**279,906**	248,251	**689**	1,155
Subsidiaries	13	**–**	–	**109,351**	109,335
Associate	14	**38,631**	44,237	**16,064**	19,055
Investment In Quoted Shares	15	**70,889**	70,866	**–**	6,085
Investment In Unquoted Shares	16	**335**	2,210	**–**	–
Land Use Rights	17	**6,368**	847	**–**	–
Investment Properties	18	**121,363**	121,363	**–**	–
Land Held For Property Development	19	**50,042**	48,216	**–**	–
Project Development Expenditure	20	**50,372**	34,796	**50,372**	34,796
Goodwill On Consolidation	21	**10,812**	10,812	**–**	–
Deferred Tax Asset	31	**484**	–	**–**	–
Long-Term Prepayment		**924**	1,056	**–**	–
		630,126	582,654	**176,476**	170,426
Current Assets					
Inventories	22	**69,848**	69,442	**–**	–
Property Development	23	**24,216**	9,158	**–**	–
Receivables	24	**117,430**	107,670	**192,333**	206,229
Bank Balances And Deposits	25	**156,635**	126,108	**1,743**	3,072
		368,129	312,378	**194,076**	209,301
TOTAL ASSETS		**998,255**	895,032	**370,552**	379,727

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Financial Position (cont'd)
As at 31 December 2013

	Note	GROUP 2013 RM'000	GROUP 2012 RM'000	COMPANY 2013 RM'000	COMPANY 2012 RM'000
EQUITY AND LIABILITIES					
Share Capital	26	**242,455**	242,395	**242,455**	242,395
Treasury Shares	27	**(28,669)**	(27,145)	**(28,669)**	(27,145)
Reserves	28	**465,785**	395,488	**79,835**	65,375
Equity Attributable To Owners Of The Company		**679,571**	610,738	**293,621**	280,625
Non-Controlling Interests		**143,272**	134,763	**–**	–
Total Equity		**822,843**	745,501	**293,621**	280,625
Non-Current Liabilities					
Payables	29	**1,044**	793	**–**	–
Long-Term Borrowings	30	**6,776**	6,469	**–**	–
Deferred Taxation	31	**22,396**	18,022	**–**	–
		30,216	25,284	**–**	–
Current Liabilities					
Payables	32	**69,838**	51,950	**60,889**	95,602
Short-Term Borrowings	33	**65,003**	62,243	**16,042**	3,500
Taxation		**10,355**	10,054	**–**	–
		145,196	124,247	**76,931**	99,102
Total Liabilities		**175,412**	149,531	**76,931**	99,102
TOTAL EQUITY AND LIABILITIES		**998,255**	895,032	**370,552**	379,727
Net Assets Per Ordinary Share (sen)	34	**305**	273		

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	← Non-Distributable						→	Distributable			
GROUP	**Share Capital RM'000**	**Treasury Shares RM'000**	**Share Premium RM'000**	**Employees' Share Option Reserve RM'000**	**Translation Reserve RM'000**	**Fair Value Reserve RM'000**	**Capital Reserve RM'000**	**Retained Profits RM'000**	**Attributable To Owners Of The Parent RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
Balance at 1 January 2012	242,205	(22,316)	33,380	642	16,500	6,489	1,619	279,444	557,963	180,212	738,175
Profit after taxation for the financial year	–	–	–	–	–	–	–	57,927	57,927	35,735	93,662
Other comprehensive income for the financial year:-											
Fair value changes of available-for-sale financial assets	–	–	–	–	–	6,050	–	–	6,050	39	6,089
Foreign currency translation difference	–	–	–	–	(2,928)	–	–	–	(2,928)	(1,579)	(4,507)
Total comprehensive income for the financial year	–	–	–	–	(2,928)	6,050	–	57,927	61,049	34,195	95,244
Contributions by and distributions to owners of the Company:-											
Dividends paid:											
- shareholders of the Company	–	–	–	–	–	–	–	(17,616)	(17,616)	–	(17,616)
- subsidiaries' non-controlling interests	–	–	–	–	–	–	–	–	–	(30,566)	(30,566)
Share options to directors	–	–	–	132	–	–	-	–	132	–	132
Purchase of treasury shares	–	(4,829)	–	–	–	–	–	–	(4,829)	–	(4,829)
Issuance of ordinary shares pursuant to ESOS	190	–	95	–	–	–	–	–	285	–	285
	190	(4,829)	95	132	–	–	–	(17,616)	(22,028)	(30,566)	(52,594)
Increase in equity interest in a subsidiary	–	–	–	–	–	–	13,842	–	13,842	(49,021)	(35,179)
Total transactions with owners of the Company	190	(4,829)	95	132	–	–	13,842	(17,616)	(8,186)	(79,587)	(87,773)
Realisation of capital reserves	-	–	–	–	–	–	(371)	283	(88)	(57)	(145)
Balance at 31 December 2012	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)
For the financial year ended 31 December 2013

GROUP	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable						→	Distributable			
Balance at 1 January 2013	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501
Profit after taxation for the financial year	–	–	–	–	–	–	–	74,050	74,050	33,135	107,185
Other comprehensive income for the financial year:-											
Fair value changes of available-for-sale financial assets	–	–	–	–	–	(2,880)	–	–	(2,880)	–	(2,880)
Foreign currency translation difference	–	–	–	–	14,076	–	–	–	14,076	6,877	20,953
Share of an associate's foreign currency translation difference	–	–	–	-	1,048	–	–	–	1,048	–	1,048
Total comprehensive income for the financial year	–	–	–	–	15,124	(2,880)	–	74,050	86,294	40,012	126,306
Contributions by and distributions to owners of the Company:-											
Dividends paid:											
- shareholders of the Company (Note 11)	–	–	–	–	–	–	–	(15,808)	(15,808)	–	(15,808)
- subsidiaries' non-controlling interests	–	–	–	–	–	–	–	–	–	(31,551)	(31,551)
Share options to directors	–	–	–	106	–	–	–	–	106	–	106
Transfer of share options reserve for share options lapsed/exercised	–	–	–	(148)	–	–	–	–	(148)	–	(148)
Purchase of treasury shares	–	(1,524)	–	–	–	–	–	–	(1,524)	–	(1,524)
Issuance of ordinary shares pursuant to ESOS	60	–	30	–	–	–	–	–	90	–	90
Total transactions with owners of the Company	60	(1,524)	30	(42)	-	-	-	(15,808)	(17,284)	(31,551)	(48,835)
Arising from:											
- acquisition of subsidiaries (Note 43)	–	–	–	–	–	–	–	–	–	10	10
- incorporation of a subsidiary	–	–	–	–	–	–	–	–	–	50	50
Realisation of capital reserves	–	–	–	–	–	–	(13)	(164)	(177)	(12)	(189)
Balance at 31 December 2013	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)
For the financial year ended 31 December 2013

COMPANY	Non Distributable Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
Balance at 1 January 2012	242,205	(22,316)	33,380	642	7,577	14,884	276,372
Profit after taxation for the financial year	–	–	–	–	–	25,886	25,886
Other comprehensive income for the financial year:-							
Fair value changes of available-for-sale financial assets	–	–	–	–	395	–	395
Total comprehensive income for the financial year	–	–	–	–	395	25,886	26,281
Contributions by and distributions to owners of the Company:-							
Dividends	–	–	–	–	–	(17,616)	(17,616)
Share options to directors	–	–	–	132	–	–	132
Purchase of treasury shares	–	(4,829)	–	–	–	–	(4,829)
Issuance of ordinary shares pursuant to ESOS	190	–	95	–	–	–	285
Balance at 31 December 2012/ 1 January 2013	242,395	(27,145)	33,475	774	7,972	23,154	280,625
Profit after taxation for the financial year	–	–	–	–	–	31,491	31,491
Other comprehensive income for the financial year:-							
Fair value changes of available-for-sale financial assets	–	–	–	–	(1,211)	–	(1,211)
Total comprehensive income for the financial year	–	–	–	–	(1,211)	31,491	30,280
Contributions by and distributions to owners of the Company:-							
Dividends (Note 11)	–	–	–	–	–	(15,808)	(15,808)
Share options to directors	–	–	–	106	–	–	106
Transfer of share option reserve for share options lapsed/exercised	–	–	–	(148)	–	–	(148)
Purchase of treasury shares	–	(1,524)	–	–	–	–	(1,524)
Issuance of ordinary shares pursuant to ESOS	60	–	30	–	–	–	90
Balance at 31 December 2013	242,455	(28,669)	33,505	732	6,761	38,837	293,621

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

GROUP	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**154,894**	129,102
Adjustments for:			
Allowance for impairment losses:			
- Investment in quoted shares		**1,046**	8,538
- Investment in unquoted shares		**1,875**	–
- Investment in an associate		**7,500**	–
- Receivables		**820**	2,747
Amortisation of land use rights		**183**	175
Bad debts written off		**80**	19
Depreciation of property, plant and equipment		**30,668**	29,086
Interest expense		**3,053**	4,435
Inventories written down		**304**	681
Loss on disposal of:			
- Property, plant and equipment		**154**	910
- Quoted shares		**–**	1,755
Loss on foreign exchange – Unrealised		**61**	53
Provision for retirement benefits		**90**	24
Staff costs - Share options to directors		**106**	132
Write-off of property, plant and equipment		**488**	161
Fair value adjustment on investment properties		**–**	(12,956)
Gain on disposal of:			
- Deconsolidation of subsidiaries		**(159)**	–
- Property, plant and equipment		**(179)**	(136)
- Quoted shares		**(22,084)**	–
Gain on foreign exchange – Unrealised		**(2,191)**	(1,904)
Interest income		**(1,882)**	(1,985)
Other dividend income		**(479)**	(1,495)
Reversal of provisions no longer required		**–**	(3)
Share of results in an associate		**(681)**	(116)
Operating Profit Before Working Capital Changes		**173,667**	159,223
(Increase)/Decrease in:			
Inventories		**(710)**	(3,487)
Property development		**(15,058)**	16,579
Receivables		**(13,878)**	10,098
Increase/(Decrease) in payables		**19,468**	(12,420)
Cash From Operations		**163,489**	169,993
Income tax paid		**(40,110)**	(43,931)
Retirement benefits paid		**(83)**	(30)
Net Cash From Operating Activities		**123,296**	126,032

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
For the financial year ended 31 December 2013

GROUP	Note	2013 RM'000	2012 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		**1,882**	1,985
Dividend received		**479**	1,799
Increase in land held for property development		**(1,826)**	(426)
Increase in project development expenditure		**(15,576)**	(10,855)
Net cash outflow from acquisition of subsidiaries	43	**(5,542)**	(27,562)
Net cash outflow from deconsolidation of subsidiaries	44	**(12)**	–
Acquisition of additional equity interest in:			
- A subsidiary from non-controlling interests		**–**	(35,179)
- An associate		**(165)**	(116)
Proceeds from disposal of:			
- Property, plant and equipment		**208**	645
- Quoted shares		**106,220**	95,536
Money received for capital reduction of investment in quoted shares		**10,138**	–
Purchase of:			
- Property, plant and equipment	37	**(50,879)**	(22,791)
- Quoted shares		**(98,220)**	(85,751)
Net Cash For Investing Activities		**(53,293)**	(82,715)
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid		**(3,053)**	(4,435)
Dividends paid:			
- Shareholders of the Company		**(15,808)**	(17,616)
- Subsidiaries' non-controlling interests		**(31,551)**	(30,566)
Net drawdown/(repayment) of:			
- Trust receipts and revolving credits		**9,576**	(10,183)
- Hire purchase payables		**(238)**	(77)
- Term loans		**(7,151)**	(6,036)
Proceeds from issuance of shares pursuant to ESOS		**90**	285
Purchase of treasury shares		**(1,524)**	(4,829)
Net Cash For Financing Activities		**(49,659)**	(73,457)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**9,541**	(296)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**29,885**	(30,436)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**125,708**	156,144
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39	**155,593**	125,708

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
For the financial year ended 31 December 2013

COMPANY	**Note**	**2013 RM'000**	**2012 RM'000**
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES			
Profit before tax		**31,653**	25,886
Adjustments for:			
Allowance for impairment losses:			
- Investment in an associate		**2,991**	–
- Receivables		**–**	365
Depreciation of property, plant and equipment		**490**	454
Interest expense		**2,915**	3,751
Staff costs - Share options to directors		**106**	132
Write-off of:			
- Amount owing by subsidiaries		**44**	–
- Investment in subsidiaries		**–**	10,675
Dividend income		**(34,734)**	(32,480)
Gain on disposal of:			
- Property, plant and equipment		**–**	(105)
- Quoted shares		**(3,669)**	(311)
Gain on foreign exchange – Unrealised		**(623)**	(12)
Interest income		**(66)**	(106)
Write-back of:			
- Amounts owing by subsidiaries previously written off		**–**	(10,781)
- Impairment loss on amount owing by a subsidiary		**–**	(290)
Operating Loss Before Working Capital Changes		**(893)**	(2,822)
Increase in receivables		**(80)**	(745)
Increase in payables		**1,522**	62
Cash From/(For) Operations		**549**	(3,505)
Income tax refunded/(paid)		**1,114**	(232)
Net Cash From/(For) Operating Activities		**1,663**	(3,737)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**66**	106
Dividend received		**34,734**	62,109
Increase in project development expenditure		**(15,576)**	(10,855)
Investment in a subsidiary		**(16)**	–
Acquisition of additional interest in a subsidiary from non-controlling interests		**–**	(2,060)
Repayment from/(Advances to) subsidiaries		**12,656**	(274)
Purchase of property, plant and equipment	37	**(24)**	(486)
Proceeds from disposal of property, plant and equipment		**–**	105
Proceeds from disposal of quoted shares		**8,543**	2,060
Net Cash From Investing Activities		**40,383**	50,705

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
For the financial year ended 31 December 2013

COMPANY	Note	2013 RM'000	2012 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid		**(2,915)**	(3,751)
Dividends paid		**(15,808)**	(17,616)
Repayment to subsidiaries		**(35,760)**	(9,222)
Proceeds from issuance of shares pursuant to ESOS		**90**	285
Purchase of treasury shares		**(1,524)**	(4,829)
Net drawdown/(repayment) of short-term borrowings		**11,500**	(6,500)
Net Cash For Financing Activities		**(44,417)**	(41,633)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,371)**	5,335
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**3,072**	(2,263)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	39	**701**	3,072

The accompanying Notes on pages 49 to 130 form an integral part of the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**

1. CORPORATE INFORMATION

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 March 2014.

2. PRINCIPAL ACTIVITIES

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

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

3. BASIS OF PREPARATION

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

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

FRSs and IC Interpretations (Including The Consequential Amendments)
FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of Interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 (2011) Employee Benefits
FRS 127 (2011) Separate Financial Statements
FRS 128 (2011) Investments in Associates and Joint Ventures
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to FRSs (2012)

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 except as follows:-

(a) FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Notes 13 and 14 to the financial statements.

Notes to the Financial Statements (cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 (2009) Financial Instruments	To be announced by MASB
FRS 9 (2010) Financial Instruments	To be announced by MASB
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	To be announced by MASB
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	To be announced by MASB
Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities	1 January 2014
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014

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

(a) FRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this FRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as FRS 9 (2010)). Generally, FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. The effective date of this standard has been deferred from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments. The adoption of FRS 9 is expected to have no impact on the financial statements of the Group upon its initial application.

Notes to the Financial Statements (cont'd)

3. BASIS OF PREPARATION (CONT'D)

3.2 (b) The amendments to FRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Company is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate. The adoption of the amendments to FRS 119 is expected to have no impact on the financial statements of the Group upon its initial application.

(c) The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. The adoption of the amendments to FRS 132 is expected to have no impact on the financial statements of the Group upon its initial application.

(d) The amendments to FRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(e) IC Interpretation 21 clarifies the accounting for an obligation to pay a levy that is not income tax. The obligation event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The adoption of IC Interpretation 21 is expected to have no impact on the financial statements of the Group upon its initial application.

(f) Annual improvement to FRSs 2010 – 2012 Cycle. These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

(g) Annual improvement to FRSs 2011 – 2013 Cycle. These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.

3.3 On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards ("IFRSs").

The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities"). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRS financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standards Board. Accordingly, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

Notes to the Financial Statements (cont'd)

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 31 December 2013.

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

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

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

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

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

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

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

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of Consolidation (Cont'd)

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.

4.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. 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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Goodwill (Cont'd)

Business combinations before 1 January 2011

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

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

4.3 Financial Instruments

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

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

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

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

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

(a) Financial Assets

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

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

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(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.

(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.

(iv) Available-for-sale Financial Assets

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

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

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

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

(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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Financial Instruments (Cont'd)

(c) Equity Instruments

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

(i) Ordinary Shares

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

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

(ii) Treasury Shares

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

(d) Derecognition

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

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

4.4 Functional and Foreign Currencies

(a) Functional and Presentation Currency

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(b) Transactions and Balances

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

(c) Foreign Operations

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

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

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

	2013 **RM**	2012 RM
1 Chinese Renminbi	**0.541**	0.491
1 United States Dollar	**3.276**	3.058
1 Singapore Dollar	**2.590**	2.503
1 Hong Kong Dollar	**0.422**	0.395

4.5 Impairment

(a) Impairment of Financial Assets

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Impairment (Cont'd)

(a) Impairment of Financial Assets (Cont'd)

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

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

(b) Impairment of Non-Financial Assets

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

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

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

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 25 to 99 years.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Property, Plant and Equipment (Cont'd)

(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	1.5% to 6.5%
Power plant, machinery and equipment	7.5% to 50%
Vehicles	10% to 25%

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

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

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

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Capitalisation of Borrowing Costs

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

(b) Borrowing costs incurred on property development projects are capitalised and included as part of development expenditure.

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

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

4.8 Assets Acquired Under Hire Purchase Arrangements

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

4.9 Subsidiaries

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

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

4.10 Associates

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

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

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to 31 December 2013. 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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Associates (Cont'd)

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

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

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

4.11 Land Use Rights

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

4.12 Investment Properties

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

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

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.14 Research and Development Expenditure

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

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Research and Development Expenditure (Cont'd)

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

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

4.15 Inventories

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

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

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

4.16 Cash and Cash Equivalents

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

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

4.17 Provisions

(a) General Provisions

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

(b) Provision for Project Costs to Completion

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Contingent Liabilities and Contingent Assets

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

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

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

4.19 Revenue and Other Income Recognition

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

(a) Dividends from subsidiaries and associates and other investments are recognised when the shareholders' right to receive is established.

(b) Interest income on short-term deposits and advances are recognised on an accrual basis based on prevailing rates.

(c) Revenue from the provision of management services is recognised based on services rendered.

(d) Revenue from the sale of electricity and steam is recognised upon invoiced value of electricity and steam delivered, net of billing adjustments.

(e) Revenue from property development projects is accounted for based on the stage of completion method as determined by the proportion of the units sold attributable to the percentage of development work where the outcome of the projects can be reliably estimated.

(f) Revenue from the sale of goods is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(g) Rental income is recognised on an accrual basis.

4.20 Income Tax

Income tax for the year comprises current and deferred tax.

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Income Tax (Cont'd)

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

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

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

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

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

4.21 Employee Benefits

(a) *Short-Term Benefits*

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

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

(b) *Defined Contribution Plans*

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

(c) *Share-Based Payment Transactions*

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Employee Benefits (Cont'd)

(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.

4.22 Significant Accounting Estimates and Judgements

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

(a) Depreciation of Property, Plant and Equipment

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

(b) Income Taxes

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

(c) Impairment of Non-financial Assets

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

(d) Write-down of Inventories

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Significant Accounting Estimates and Judgements (Cont'd)

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

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 Trade and Other Receivables

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

(g) Impairment of Goodwill

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

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Operating Segments

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

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

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

4.24 Related Parties

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

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

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

4.25 Government Grants

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 Government Grants (Cont'd)

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

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

4.26 Fair Value Measurements

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

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

5. REVENUE

	GROUP		**COMPANY**	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Sale of electricity and steam	**462,719**	484,647	**–**	–
Sale of goods	**124,700**	116,198	**–**	–
Sale of properties	**34,192**	27,537	**–**	–
Dividend income	**200**	298	**34,734**	32,480
Interest income	**11**	37	**66**	106
Rental income	**6,936**	6,587	**–**	–
Management fee	**–**	–	**3,438**	2,250
	628,758	635,304	**38,238**	34,836

Notes to the Financial Statements (cont'd)

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
After crediting:				
Fair value adjustment on investment properties	**–**	12,956	**–**	–
Gain on disposal of:				
- Deconsolidation of subsidiaries	**159**	–	**–**	–
- Property, plant and equipment	**179**	136	**–**	105
- Quoted shares	**22,084**	–	**3,669**	311
Gain on foreign exchange:				
- Realised	**567**	278	**–**	67
- Unrealised	**2,191**	1,904	**623**	12
Gross dividends:				
- Subsidiaries	**–**	–	**34,734**	32,357
- Associate	**–**	–	**–**	123
- Others	**479**	1,495	**–**	–
Interest income	**1,882**	1,985	**66**	106
Rental income:				
- Investment properties	**6,936**	6,587	**–**	–
- Others	**1,446**	715	**–**	–
Share of results of an associate	**681**	116	**–**	–
Write-back of:				
- Amounts owing by subsidiaries previously written off	**–**	–	**–**	10,781
- Bad debts written-off	**101**	–	**–**	–
- Impairment loss on amount owing by a subsidiary	**–**	–	**–**	290
After charging:				
Allowance for impairment losses:				
- Available-for-sale financial assets (including cumulative losses reclassified from other comprehensive income)				
- quoted shares	**1,046**	8,538	**–**	–
- unquoted shares	**1,875**	–	**–**	–
- Investment in an associate	**7,500**	–	**2,991**	–
- Receivables, net	**820**	2,747	**–**	365
Amortisation of land use rights	**183**	175	**–**	–
Auditors' remuneration:				
- For the financial year	**359**	343	**52**	43
- Under/(Over)provision in the previous financial year	**41**	(5)	**4**	–
- Others	**11**	11	**–**	11

Notes to the Financial Statements (cont'd)

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
After charging:				
Bad debts written off	**80**	19	**–**	–
Depreciation of property, plant and equipment	**30,668**	29,086	**490**	454
Direct operating expenses arising from investment properties	**2,289**	2,356	**–**	–
Directors' remuneration:				
- Fees	**263**	325	**263**	325
- Share options to directors	**106**	132	**106**	132
- Other emoluments	**703**	774	**703**	774
Inventories written down	**304**	681	**–**	–
Loss on disposal of:				
- Property, plant and equipment	**154**	910	**–**	–
- Quoted shares	**–**	1,755	**–**	–
Loss on foreign exchange:				
- Realised	**109**	1,193	**–**	–
- Unrealised	**61**	53	**–**	–
Provision for retirement benefits	**90**	24	**–**	–
Rental of:				
- Access road	**3**	8	**–**	–
- Land and buildings	**194**	606	**169**	158
- Plant and machinery	**343**	425	**–**	–
Staff costs:				
- Defined contribution plan	**3,333**	2,653	**236**	207
- Salaries, wages, bonuses and allowances	**27,455**	22,245	**2,066**	1,714
- Other benefits	**1,858**	1,502	**89**	14
Write-off of:				
- Amount owing by subsidiaries	**–**	–	**44**	–
- Investment in subsidiaries	**–**	–	**–**	10,675
- Property, plant and equipment	**488**	161	**–**	–

There was no monetary value of benefits-in-kind received by Directors of the Group and of the Company for the financial years ended 31 December 2013 and 2012.

Included in the auditors' remuneration for the financial year of the Group are fees paid to accounting firm other than the Company's auditors for statutory audit fees amounting to RM42,000 (2012 : RM44,000).

Notes to the Financial Statements (cont'd)

7. FINANCE COSTS

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Interest on:				
- Bank overdrafts	**109**	200	**108**	154
- Revolving credits	**1,615**	2,190	**901**	1,427
- Term loans	**663**	1,380	**–**	–
- Others	**666**	665	**1,906**	2,170
	3,053	4,435	**2,915**	3,751

8. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Current tax:				
- Malaysian taxation	**13,049**	11,622	**296**	–
- Foreign taxation	**29,616**	25,845	**–**	–
- Under/(Over)provision in previous financial years	**1,128**	(357)	**(134)**	–
	43,793	37,110	**162**	–
Deferred tax (Note 31):				
- Relating to originating and recognition of temporary differences	**(1,302)**	(1,205)	**–**	–
- Effect of change in Real Property Gains Tax rates	**4,218**	–	**–**	–
- Under/(Over)provision in previous financial years	**1,000**	(465)	**–**	–
	3,916	(1,670)	**–**	–
	47,709	35,440	**162**	-

Notes to the Financial Statements (cont'd)

8. INCOME TAX EXPENSE (CONT'D)

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

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Profit before tax	**154,894**	129,102	**31,653**	25,886
Tax at Malaysian statutory rate of 25% (2012 : 25%)	**38,724**	32,276	**7,913**	6,471
Tax effects of:				
- Effect of lower tax rate in Malaysia	**(150)**	(84)	**–**	–
- Share of results in an associate	**(170)**	(29)	**–**	–
- Income not subject to tax	**(6,853)**	(4,577)	**(9,734)**	(10,780)
- Expenses not deductible	**5,995**	6,142	**2,117**	4,506
- Deferred tax assets not recognised during the financial year	**50**	192	**–**	–
- Remeasurement of deferred tax on investment properties at fair value arising from change in Real Property Gains Tax rates	**4,218**	–	**–**	–
- Utilisation of previously unrecognised:				
- deferred tax assets	**(359)**	(345)	**–**	(197)
- reinvestment allowances	**(17)**	(893)	**–**	–
- Under/(Over)provision in previous financial years:				
- current tax	**1,128**	(357)	**(134)**	–
- deferred tax	**1,000**	(465)	**–**	–
- Withholding tax	**4,143**	3,701	**–**	–
- Others	**–**	(121)	**–**	–
Income tax expense	**47,709**	35,440	**162**	–

Notes to the Financial Statements (cont'd)

8. INCOME TAX EXPENSE (CONT'D)

Tax savings during the financial year arising from:-

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Utilisation of tax losses:				
- Current year	**2,603**	623	**–**	–
- Previously not recognised	**1,439**	2,688	**385**	865
Utilisation of capital allowances:				
- Current year	**7,228**	4,612	**65**	118
- Previously not recognised	**443**	82	**–**	55
Utilisation of reinvestment allowances:				
- Current year	**–**	–	**–**	–
- Previously not recognised	**68**	3,568	**–**	–
Utilisation of industrial building allowances:				
- Current year	**15**	–	**–**	–
- Previously not recognised	**–**	10	**–**	–

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

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Unutilised tax losses	**3,122**	4,060	**–**	37
Unabsorbed capital allowances	**147**	536	**–**	–
Provision	**217**	184	**–**	–
Accelerated capital allowances	**(172)**	(230)	**–**	(37)
	3,314	4,550	**–**	–

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

As at 31 December 2013, subject to agreement with the Inland Revenue Board, apart from the unabsorbed capital allowances and unutilised tax losses, the Group has unutilised reinvestment allowances of RM720,000 (2012 : RM788,000) available to be carried forward to be offset against future taxable income.

Notes to the Financial Statements (cont'd)

9. OTHER COMPREHENSIVE INCOME/(EXPENSES)

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
<u>Items that may be reclassified subsequently to profit or loss</u>				
Fair value changes of available-for-sale financial assets:				
- Changes during the financial year	**9,152**	3,347	**1,578**	520
- Reclassification adjustment to profit or loss on disposal	**(13,078)**	(5,796)	**(2,789)**	(125)
- Transfer to profit or loss for an impairment loss	**1,046**	8,538	–	–
	(2,880)	6,089	**(1,211)**	395
Foreign currency translation:				
- Changes during the financial year	**20,953**	(4,507)	–	–
- Share of an associate	**1,048**	–	–	–
	22,001	(4,507)	**–**	–
	19,121	1,582	**(1,211)**	395

10. EARNINGS PER SHARE

	GROUP	
	2013	2012
	RM'000	RM'000
Basic earnings per share		
Profit after tax for the financial year attributable to owners of the Company	**74,050**	57,927
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares at 1 January	**242,395**	242,205
Effect of new ordinary shares issued	**49**	72
Effect of treasury shares held	**(19,686)**	(17,866)
Weighted average number of ordinary shares at 31 December	**222,758**	224,411
Basic earnings per share (sen)	**33.24**	25.81

Notes to the Financial Statements (cont'd)

10. EARNINGS PER SHARE (CONT'D)

	GROUP	
	2013	2012
	RM'000	RM'000
Diluted earnings per share		
Profit after tax for the financial year attributable to owners of the Company #	**74,050**	57,927
Weighted average number of ordinary shares at 31 December ('000)	**222,758**	224,411
Weighted average number of shares under option ('000)	**2,730**	3,210
Weighted average number of shares that would have been issued at average market price ('000) #	**(2,360)**	(2,873)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**223,128**	224,748
Diluted earnings per share (sen)	**33.19**	25.77

\# Earnings have not increased because the total number of shares has increased only by 370,000 shares (2012 : 337,000) deemed to have been issued for no consideration.

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

10.2 The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to shareholders of the Company by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all outstanding options granted pursuant to the ESOS are exercised.

11. DIVIDENDS

A final tax-exempt dividend of 4.1 sen per ordinary share of RM1.00 each, amounting to RM9,128,917 for the financial year ended 31 December 2012 was approved by the shareholders and paid on 17 July 2013.

An interim tax-exempt dividend of 3.0 sen per ordinary share of RM1.00 each amounting to RM6,678,615 for the financial year ended 31 December 2013 (2012 : interim tax-exempt dividend of 3.0 sen) was paid on 11 October 2013 (2012 : paid on 10 October 2012).

The Board proposes a final tax-exempt dividend of 4.5 sen per ordinary share for the financial year ended 31 December 2013 (2012 : final tax-exempt dividend of 4.1 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.

Notes to the Financial Statements (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT

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

GROUP 2013	ACCUMULATED DEPRECIATION Beginning of year RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	30,775	3,018	(47)	–	2,570	36,316
Long leasehold land	1,003	50	–	–	–	1,053
Short leasehold quarry land	7,530	927	–	–	–	8,457
Plant and machinery, equipment, vehicles and construction-in-progress	231,531	26,673	(17,999)	–	9,610	249,815
Total	270,839	30,668	(18,046)	-	12,180	295,641

GROUP 2013	ACCUMULATED IMPAIRMENT LOSSES			NET BOOK VALUE	
	Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
Freehold land and buildings	–	–	–	58,665	51,299
Long leasehold land	–	–	–	3,275	3,324
Short leasehold quarry land	224	–	224	23,208	24,135
Plant and machinery, equipment, vehicles and construction-in-progress	–	–	–	194,758	169,493
Total	224	–	224	279,906	248,251

Notes to the Financial Statements (cont'd)

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

GROUP 2012	AT COST Beginning of year RM'000	Acquisition of Subsidiaries RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	72,247	3,558	7,055	(5)	425	(1,206)	82,074
Long leasehold land	2,881	1,446	–	–	–	–	4,327
Short leasehold quarry land	11,668	20,221	–	–	–	–	31,889
Plant and machinery, equipment, vehicles and construction-in-progress	394,965	3,626	15,993	(8,854)	(425)	(4,281)	401,024
Total	481,761	28,851	23,048	(8,859)	–	(5,487)	519,314

GROUP 2012	ACCUMULATED DEPRECIATION Beginning of year RM'000	Acquisition of Subsidiaries RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	28,488	16	2,821	(1)	–	(549)	30,775
Long leasehold land	960	–	43	–	–	–	1,003
Short leasehold quarry land	6,551	47	932	–	–	–	7,530
Plant and machinery, equipment, vehicles and construction-in-progress	212,062	3,447	25,290	(7,278)	–	(1,990)	231,531
Total	248,061	3,510	29,086	(7,279)	–	(2,539)	270,839

GROUP 2012	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	–	–	–	51,299	43,759
Long leasehold land	–	–	–	3,324	1,921
Short leasehold quarry land	224	–	224	24,135	4,893
Plant and machinery, equipment, vehicles and construction-in-progress	–	–	–	169,493	182,903
Total	224	–	224	248,251	233,476

Notes to the Financial Statements (cont'd)

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

	AT COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
COMPANY 2013	**Beginning of year RM'000**	**Additions RM'000**	**Disposal/ Write-off RM'000**	**End of year RM'000**	**Beginning of year RM'000**	**Charge for the year RM'000**	**Disposal/ Write-off RM'000**	**End of year RM'000**	**End of year RM'000**	**Beginning of year RM'000**
Equipment and vehicles	2,884	24	(15)	2,893	1,729	490	(15)	2,204	689	1,155
2012										
Equipment and vehicles	3,071	486	(673)	2,884	1,948	454	(673)	1,729	1,155	1,123

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plant with total carrying values of RM113,641,000 (2012 : RM117,213,000) and power plant construction-in-progress with a carrying value of RM18,220,000 (2012 : RM2,052,000).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM37,146,000 (2012 : RM34,829,000) have been charged as security for banking facilities granted to those subsidiaries.

Property, plant and equipment of a subsidiary with a total carrying value of RM938,000 (2012 : RM305,000) were acquired under hire purchase arrangements.

13. SUBSIDIARIES

	COMPANY	
	2013 RM'000	2012 RM'000
Unquoted shares in Malaysia, at cost		
At beginning of financial year	**394,050**	366,809
Additions ^	**16**	10,675
Transferred from quoted shares	**–**	27,241
Write-off	**–**	(10,675)
At end of financial year	**394,066**	394,050
Less : Accumulated impairment losses	**(284,715)**	(284,715)
	109,351	109,335
Loan to a subsidiary	**27,475**	27,475
Less : Allowance for impairment losses	**(27,475)**	(27,475)
	–	–
Net investment in unquoted shares at end of financial year	**109,351**	109,335

Notes to the Financial Statements (cont'd)

13. SUBSIDIARIES (CONT'D)

	COMPANY	
	2013	2012
	RM'000	RM'000
Quoted shares in Malaysia, at cost		
At beginning of financial year	**–**	25,181
Additions	**–**	2,060
Transferred to unquoted shares	**–**	(27,241)
At end of financial year	**–**	–
Total	**109,351**	109,335

^ The additions in the previous financial year were by way of capitalisation of the amount owing by subsidiaries.

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

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

During the financial year ended 31 December 2012, the Company and certain of its subsidiaries successfully completed a General Offer for the remaining quoted shares of Rock Chemical Industries (Malaysia) Berhad (now known as Rock Chemical Industries (Malaysia) Sdn. Berhad) in which the exercise resulted in the transfer of investment in quoted shares to investment in unquoted shares. A certain number of these unquoted shares held by the Group and the Company with carrying values of RM44,238,000 (2012 : RM43,498,000) and RM25,097,000 (2012 : RM24,597,000) respectively are pledged to a licensed bank as security for a revolving credit facility granted to a subsidiary.

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

	GROUP	
	2013	2012
	RM'000	RM'000
Power related companies	**99,488**	92,882
Idaman Harmoni Sdn. Bhd.	**29,047**	29,459
Other individually immaterial subsidiaries	**14,737**	12,422
Total	**143,272**	134,763

Notes to the Financial Statements (cont'd)

13. SUBSIDIARIES (CONT'D)

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

	Power Related Companies RM'000	Idaman Harmoni Sdn. Bhd. RM'000
At 31 December 2013		
Non-current assets	159,204	96,095
Current assets	131,895	14,860
Non-current liabilities	(6,297)	(3,518)
Current liabilities	(48,277)	(34,020)
Net assets	236,525	73,417
Financial year ended 31 December 2013		
Revenue	462,719	6,577
Profit/(Loss) after tax for the financial year	77,600	(1,175)
Total comprehensive income/(expenses)	94,790	(1,175)
Total comprehensive income/(expenses) attributable to non-controlling interests	38,167	(411)
Dividends paid to non-controlling interests	31,551	–
Net cash flows from operating activities	113,464	2,498
Net cash flows for investing activities	(28,757)	(3,786)
Net cash flows (for)/from financing activities	(85,816)	2,500
At 31 December 2012		
Non-current assets	146,120	96,300
Current assets	126,045	9,579
Non-current liabilities	(7,437)	–
Current liabilities	(45,897)	(31,286)
Net assets	218,831	74,593
Financial year ended 31 December 2012		
Revenue	484,647	6,293
Profit after tax for the financial year	72,174	2,120
Total comprehensive income	68,227	2,120
Total comprehensive income attributable to non-controlling interests	27,836	742
Dividends paid to non-controlling interests	30,566	–
Net cash flows from operating activities	83,704	2,471
Net cash flows for investing activities	(11,264)	(6,536)
Net cash flows (for)/from financing activities	(77,783)	1,500

Notes to the Financial Statements (cont'd)

14. ASSOCIATE

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Quoted shares in Malaysia, at cost	**43,561**	43,396	**19,055**	19,055
Share of post-acquisition profits	**1,522**	841	**–**	–
Share of other comprehensive income	**1,048**	–	**–**	–
	2,570	841	**–**	–
Less : Accumulated impairment loss	**(7,500)**	–	**(2,991)**	–
	38,631	44,237	**16,064**	19,055
Market value of quoted shares in Malaysia	**16,860**	18,700	7,068	7,990

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

The details of the associate are as follows:-

Company	**Principal Activities**	**Country of Incorporation**	**Effective Group Interest 2013 %**	**Effective Group Interest 2012 %**
Jadi Imaging Holdings Berhad	Manufacturing and sale of toner	Malaysia	21.84	21.61

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

	GROUP	
	2013	2012
	RM'000	RM'000
At 31 December		
Non-current assets	**108,488**	100,077
Current assets	**50,613**	58,494
Non-current liabilities	**(3,946)**	(10,824)
Current liabilities	**(28,749)**	(27,280)
Net assets	**126,406**	120,467

Notes to the Financial Statements (cont'd)

14. ASSOCIATE (CONT'D)

The summarised unaudited financial information of the associate is as follows (cont'd):-

	GROUP	
	2013	2012
	RM'000	RM'000
Financial year ended 31 December		
Revenue	**75,180**	77,690
Profit/(Loss) after tax for the financial year	**3,263**	(111)
Other comprehensive income/(expenses)	**2,820**	(806)
Total comprehensive income/(expenses)	**6,083**	(917)
Group's share of profit after tax for the financial year	**681**	116
Group's share of other comprehensive income	**1,048**	–
Dividend received by:		
- The Company	**–**	123
- A subsidiary	**–**	180
Reconciliation of net assets to carrying amount		
Group's share of net assets above	**27,607**	26,033
Goodwill	**18,524**	18,204
Impairment	**(7,500)**	–
Carrying amount of the Group's interests in this associate	**38,631**	44,237

15. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Carrying value/Market value:				
- Quoted in Malaysia	**42,857**	43,135	**–**	–
- Quoted outside Malaysia	**28,032**	27,731	**–**	6,085
	70,889	70,866	**–**	6,085

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.

Notes to the Financial Statements (cont'd)

16. INVESTMENT IN UNQUOTED SHARES

	GROUP	
	2013	2012
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	**5,866**	5,866
Less : Accumulated impairment losses		
At beginning of financial year	**(3,656)**	(3,656)
Addition	**(1,875)**	–
At end of financial year	**(5,531)**	(3,656)
	335	2,210

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	
	2013	2012
	RM'000	RM'000
Rights for a foreign subsidiary to use land	**740**	847
Rights to conduct mineral extraction, quarry and mining operations in Perak	**5,628**	–
	6,368	847

18. INVESTMENT PROPERTIES

	GROUP	
	2013	2012
	RM'000	RM'000
Leasehold land and building, at fair value		
At beginning of financial year	**121,363**	106,439
Fair value adjustment	**–**	12,956
Transferred from land held for property development, net of tax (Note 19)	**–**	1,968
At end of financial year	**121,363**	121,363

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

Investment properties of a subsidiary with a total carrying value of RM76,549,000 (2012 : RM76,549,000) have been charged as security for a revolving credit facility granted to the subsidiary.

Notes to the Financial Statements (cont'd)

19. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2013	2012
	RM'000	RM'000
At beginning of financial year:		
- Freehold land	**3,828**	3,828
- Leasehold land	**13,937**	13,937
- Development expenditure	**30,951**	39,354
- Allowance for foreseeable losses	**(500)**	(2,500)
	48,216	54,619
Addition:		
- Leasehold land	**3,306**	–
- Development expenditure	**6,720**	426
	10,026	426
Transferred to property development costs (Note 23):		
- Freehold land	**(735)**	–
- Development expenditure	**(7,465)**	(3,241)
- Allowance for foreseeable losses	**–**	2,000
	(8,200)	(1,241)
Transferred to investment properties (Note 18)	**–**	(1,968)
Transferred to deferred taxation (Note 31)	**–**	(765)
Transferred to inventories	**–**	(2,855)
At end of financial year:		
- Freehold land	**3,093**	3,828
- Leasehold land	**17,243**	13,937
- Development expenditure	**30,206**	30,951
- Allowance for foreseeable losses	**(500)**	(500)
	50,042	48,216

Notes to the Financial Statements (cont'd)

20. PROJECT DEVELOPMENT EXPENDITURE

	GROUP/COMPANY	
	2013	2012
	RM'000	RM'000
Don Sahong Hydropower Project	**38,743**	27,824
Plantation Project and long-term lease land in Cambodia	**11,629**	6,972
	50,372	34,796

On 13 February 2008, the Company signed the Project Development Agreement with the Government of Lao People's Democratic Republic to develop, build, own and operate the Don Sahong Hydropower Project in the Khong District, Champasak Province, Lao PDR. The Don Sahong Hydropower Project is a run-of-river hydropower project which will have a capacity of 256MW. Construction works on the Don Sahong Hydropower Project are expected to commence in 2014. Completion is anticipated by the first quarter 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 the development and cultivation of rubber. 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.

21. GOODWILL ON CONSOLIDATION

	GROUP	
	2013	2012
	RM'000	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 units ("CGU") are as follows:-

	GROUP	
	2013	2012
	RM'000	RM'000
Property	**2,455**	2,455
Resources	**4,582**	4,582
Printing	**2,785**	2,785
Others	**990**	990
	10,812	10,812

Notes to the Financial Statements (cont'd)

21. GOODWILL ON CONSOLIDATION (CONT'D)

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

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

	Average Growth Rate		Discount Rate	
	2013	2012	**2013**	2012
Property	**–**	–	**7%**	7%
Resources	**18%**	22%	**7%**	7%
Printing	**19%**	7%	**7%**	7%

Growth rate is based on the expected projection of the property, resources and printing segments.

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

22. INVENTORIES

	GROUP	
	2013 RM'000	2012 RM'000
At cost:		
- Finished goods and work-in-progress	**5,721**	3,422
- Raw materials and consumables	**35,697**	32,918
- Completed properties for sale	**24,636**	29,403
	66,054	65,743
At net realisable value:		
- Raw materials and consumables	**974**	879
- Completed properties for sale	**2,820**	2,820
	3,794	3,699
	69,848	69,442

Recognised in profit or loss		
Inventories recognised as cost of sales	**410,213**	422,572
Amount written down	**304**	681

Certain completed properties for sale of the Group with a carrying value of approximately RM615,000 (2012 : RM475,000) are under a third party first legal charge as security for bank guarantee facility granted by local banks to certain subsidiaries of the Company.

Notes to the Financial Statements (cont'd)

23. PROPERTY DEVELOPMENT

	GROUP 2013 RM'000	2012 RM'000
Cumulative costs at beginning of financial year:		
- Freehold land	**–**	278
- Leasehold land	**1,675**	5,573
- Development costs	**15,234**	72,912
	16,909	78,763
Additional:		
- Development costs	**17,694**	4,892
Transferred from land held for property development (Note 19):		
- Freehold land	**735**	–
- Development costs, net of allowance for foreseeable losses	**7,465**	1,241
	8,200	1,241
Less : Costs for completed projects:		
- Freehold land	**–**	(278)
- Leasehold land	**–**	(3,898)
- Development costs	**(10,351)**	(63,811)
	(10,351)	(67,987)
Cumulative costs at end of financial year:		
- Freehold land	**735**	–
- Leasehold land	**1,675**	1,675
- Development costs	**30,042**	15,234
	32,452	16,909
Costs recognised in profit or loss:		
Cumulative costs recognised at beginning of financial year	**(9,359)**	(59,161)
Costs recognised during the financial year	**(16,356)**	(8,494)
Costs recognised for completed projects	**10,351**	58,296
Cumulative costs recognised at end of financial year	**(15,364)**	(9,359)
Property development costs at end of financial year	**17,088**	7,550
Cumulative revenue recognised in statements of profit or loss and other comprehensive income	**24,700**	15,819
Less : Cumulative billings to purchasers	**(17,572)**	(14,211)
Progress billings recognised as revenue but not yet raised	**7,128**	1,608
Net balance at end of financial year	**24,216**	9,158

Notes to the Financial Statements (cont'd)

23. PROPERTY DEVELOPMENT (CONT'D)

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

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

24. RECEIVABLES

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Trade receivables	**96,340**	93,961	**–**	–
Accrued billings	**4,439**	3,808	**–**	–
Retention sum	**1,222**	1,711	**–**	–
	102,001	99,480	**–**	–
Less : Allowance for impairment losses				
- At beginning of financial year	**(13,406)**	(13,299)	**–**	–
- Addition	**–**	(177)	**–**	–
- Write-back	**8**	41	**–**	–
- Write-off	**–**	29	**–**	–
- At end of financial year	**(13,398)**	(13,406)	**–**	–
	88,603	86,074	**–**	–
Other receivables				
Sundry receivables	**21,619**	15,033	**3,683**	3,603
Less : Allowance for impairment losses				
- At beginning of financial year	**(7,116)**	(4,505)	**(615)**	(250)
- Addition	**(828)**	(2,611)	**–**	(365)
- At end of financial year	**(7,944)**	(7,116)	**(615)**	(615)
	13,675	7,917	**3,068**	2,988
Balance carried forward	**102,278**	93,991	**3,068**	2,988

Notes to the Financial Statements (cont'd)

24. RECEIVABLES (CONT'D)

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Balance brought forward	**102,278**	93,991	**3,068**	2,988
Refundable deposits	**2,685**	2,421	**173**	172
Prepaid expenses	**9,338**	4,729	**43**	44
Tax recoverable	**3,129**	6,529	**1,802**	3,078
	15,152	13,679	**2,018**	3,294
Amount owing by subsidiaries	**–**	–	**207,616**	220,316
Less : Allowance for impairment losses				
- At beginning of financial year	**–**	–	**(20,369)**	(21,125)
- Write-back	**–**	–	**–**	290
- Write-off	**–**	–	**–**	466
- At end of financial year	**–**	–	**(20,369)**	(20,369)
	–	–	**187,247**	199,947
	117,430	107,670	**192,333**	206,229

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 (2012 : 21 to 120 days).

Except for an amount of RM1,000,000 (2012 : RM2,000,000) owing by a subsidiary which bears interest at an interest rate of 3.7% (2012 : 3.7%) per annum, the amounts owing by subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

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

The retention sums are unsecured, interest-free and are expected to be collected within periods ranging from 4 to 17 (2012 : 1 to 29) months.

Notes to the Financial Statements (cont'd)

25. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**79,774**	88,211	**1,743**	3,072
Deposits with licensed financial institutions	**69,355**	22,795	**–**	–
Housing Development Accounts	**7,506**	15,102	**–**	–
	156,635	126,108	**1,743**	3,072

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 1.60% to 3.45% (2012 : 0.05% to 3.05%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2012 : 1 to 365 days).

Fixed deposits of RM338,000 (2012 : RM338,000) have been pledged as security for banking facilities granted to certain subsidiaries.

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

Included in bank balances and deposits of the Group is an amount of RM30,477,000 (2012 : RM52,141,000) held in Chinese Renminbi ("RMB"). The RMB is not freely convertible to other foreign currencies. Under The People's Republic of China's ("PRC") Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

26. SHARE CAPITAL

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

	COMPANY			
	Number of Shares		Amount	
	2013	2012	**2013**	2012
	'000	'000	**RM'000**	RM'000
Authorised				
Ordinary shares of RM1.00 each	**500,000**	500,000	**500,000**	500,000
Issued and fully paid-up				
Ordinary shares of RM1.00 each				
At 1 January	**242,395**	242,205	**242,395**	242,205
New shares issued under the employees' share option scheme	**60**	190	**60**	190
At 31 December	**242,455**	242,395	**242,455**	242,395

26. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its issued and paid-up ordinary shares from RM242,395,000 to RM242,455,000 by the issuance of 60,000 new ordinary shares at the issue price of RM1.50 each arising from the exercise of employees' share options. The new shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

As at 31 December 2013, options over 2,730,000 (2012 : 3,210,000) unissued ordinary shares remained outstanding.

Of the total 242,455,000 (2012 : 242,395,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2013, 19,881,500 (2012 : 18,942,300) ordinary shares were held as treasury shares by the Company.

27. TREASURY SHARES

	COMPANY			
	Number of Shares		Amount	
	2013	2012	**2013**	2012
	'000	'000	**RM'000**	RM'000
At beginning of financial year	**18,942**	16,086	**27,145**	22,316
Purchase of shares	**940**	2,856	**1,524**	4,829
At end of financial year	**19,882**	18,942	**28,669**	27,145

During the financial year, the Company purchased 939,200 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM1.62 per share for a total consideration of RM1,524,000. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

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

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

Month	No. of Shares Purchased	Lowest Price Paid Per Share RM	Highest Price Paid Per Share RM	Average Cost Per Share RM	Total Consideration RM
January	226,000	1.58	1.61	1.60	362,717
February	192,200	1.57	1.60	1.59	306,447
March	293,000	1.56	1.59	1.59	465,192
April	132,000	1.55	1.59	1.60	210,589
May	13,000	1.54	1.82	1.66	21,559
June	–	–	–	–	–
July	20,000	1.71	1.71	1.71	34,450
August	16,000	1.71	1.79	1.73	27,670
September	9,000	1.80	1.80	1.81	16,319
October	11,000	1.82	1.83	1.84	20,273
November	2,000	1.87	1.87	1.89	3,785
December	25,000	2.16	2.19	2.20	54,999
Total	939,200				1,524,000

Notes to the Financial Statements (cont'd)

28. RESERVES

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable reserves				
Share premium	**33,505**	33,475	**33,505**	33,475
Employees' share option reserve	**732**	774	**732**	774
Translation reserve	**28,696**	13,572	**–**	–
Fair value reserve	**9,659**	12,539	**6,761**	7,972
Capital reserve	**15,077**	15,090	**–**	–
	87,669	75,450	**40,998**	42,221
Distributable reserves				
Retained profits	**378,116**	320,038	**38,837**	23,154
	465,785	395,488	**79,835**	65,375

28.1 Share Premium

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

28.2 Employees' Share Option Reserve

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

The Employees' Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and approved by shareholders on 20 May 2010. The ESOS tenure is 10 years effective from 1 August 2010.

The main features of the ESOS are as follows:-

(a) The employees eligible to participate in the ESOS must be employed for a continuous period of at least one (1) year by the Company and/or a subsidiary within the Group;

(b) The non-executive directors eligible to participate in the ESOS must have been a member of the Board or its subsidiaries for at least one (1) year. Each director can only be granted up to a maximum of 500,000 options irrespective of the number of boards he sits in within the Group;

(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;

Notes to the Financial Statements (cont'd)

28. RESERVES (CONT'D)

28.2 Employees' Share Option Reserve (Cont'd)

(f) No employee or director shall be granted options for less than 100 ordinary shares or more than 500,000 ordinary shares;

(g) The new ordinary shares in the Company allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all respects with the then existing ordinary shares in the Company, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Company; and

(h) The subscription price shall be at a discount of not more than 10% on the weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares.

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

Grant Date	Exercise Price RM	Balance As At 1.1.2013 '000	← Movements During The Financial Year → Granted '000	Exercised '000	Lapsed '000	Balance As At 31.12.2013 '000
24.8.2010	1.50	2,610	–	(60)	(420)	2,130
29.6.2012	1.52	600	–	–	–	600
		3,210	–	(60)	(420)	2,730

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

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

28.3 Translation Reserve

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

Notes to the Financial Statements (cont'd)

28. RESERVES (CONT'D)

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.

29. PAYABLES (NON-CURRENT)

	GROUP	
	2013	2012
	RM'000	RM'000
Hire purchase payables (non-current)	**364**	120
Provision	**680**	673
	1,044	793

	GROUP	
	2013	2012
	RM'000	RM'000
The hire purchase payables are payable as follows:-		
Minimum hire purchase payments:		
- Not later than one year	**384**	150
- Later than one year and not later than five years	**380**	123
	764	273
Less : Future finance charges	**(46)**	(15)
Present value of hire purchase payables	**718**	258
Current:		
- Not later than one year (Note 32)	**354**	138
Non-current:		
- Later than one year and not later than five years	**364**	120
	718	258

The hire purchase payables of the Group bear effective interest at rates ranging from 5.41% to 6.44% (2012 : 6.03% to 6.30%) per annum.

Notes to the Financial Statements (cont'd)

30. LONG-TERM BORROWINGS

	GROUP	
	2013	2012
	RM'000	RM'000
Term loans		
Current – not later than one year (Note 33):		
- Secured	**2,990**	2,472
- Unsecured	**10,822**	18,798
	13,812	21,270
Non-current (secured):		
- Later than one year and not later than two years	**2,669**	2,568
- Later than two years and not later than five years	**3,150**	2,775
- Later than five years	**957**	1,126
	6,776	6,469
	20,588	27,739

The term loans of the Group bear interest at rates ranging from 4.00% to 7.20% (2012 : 5.35% to 6.16%) 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 the machinery of a subsidiary purchased under hire- purchase;

(d) A letter of comfort/letter of awareness from a subsidiary;

(e) Corporate guarantees given by a subsidiary and Credit Guarantee Corporation Malaysia Berhad; and

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

Notes to the Financial Statements (cont'd)

30. LONG-TERM BORROWINGS (CONT'D)

The repayment terms of term loans are as follows:-

Term Loan	Repayment Period	Monthly Instalment RM	Effective Month
1	96 months	45,371	April 2008
2	96 months	23,773	April 2008
3	96 months	94,545	April 2008
4	180 months	5,880	February 2010
5	180 months	11,441	February 2010
6	66 months	13,887	November 2009
7	96 months	8,226	January 2008
8	First 12 months Second 12 months Third 12 months Remaining 144 months	3,811 4,196 4,444 4,624	January 2006
9	First 12 months Second 12 months Third 12 months Remaining 144 months	4,043 4,451 4,715 4,866	January 2006
10	96 months	13,535	April 2012
11	First 9 months Remaining 51 months	11,000 70,902	September 2013

31. DEFERRED TAXATION

	GROUP	
	2013 RM'000	2012 RM'000
At beginning of financial year	**18,022**	20,422
Acquisition of subsidiaries (Note 43)	**–**	35
Recognised in profit or loss (Note 8)	**3,916**	(1,670)
Reversal due to reclassification of assets (Note 19)	**–**	(765)
Effect of foreign exchange translation	**(26)**	–
At end of financial year	**21,912**	18,022
Analysed into:-		
Deferred tax asset	**(484)**	–
Deferred tax liabilities	**22,396**	18,022
	21,912	18,022

Notes to the Financial Statements (cont'd)

31. DEFERRED TAXATION (CONT'D)

	GROUP	
	2013	2012
	RM'000	RM'000
The deferred tax liabilities represent the tax effects of:		
- Temporary differences of capital allowances and depreciation	**14,916**	13,961
- Fair value adjustment on investment properties	**4,218**	–
- Revaluation surplus	**2,765**	4,258
- Others	**13**	(197)
	21,912	18,022

32. PAYABLES (CURRENT)

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**30,949**	21,311	**–**	–
Other payables and accruals				
Accrued expenses	**13,229**	13,667	**1,085**	1,000
Hire purchase payables due within 12 months (Note 29)	**354**	138	**–**	–
Sundry payables	**25,306**	16,834	**7,077**	6,115
Amount owing to subsidiaries	**–**	–	**52,727**	88,487
	38,889	30,639	**60,889**	95,602
	69,838	51,950	**60,889**	95,602

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 (2012 : 30 to 120 days).

Included in sundry payables is an amount of RM5,986,485 (2012 : 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 RM42,709,000 (2012 : RM56,662,000) which is non-trade in nature, unsecured, bears interest at an interest rate of 3.70% (2012 : 3.70%) per annum and is repayable on demand. The total amount owing is to be settled in cash.

Notes to the Financial Statements (cont'd)

33. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Term loans (Note 30)				
- Secured	**2,990**	2,472	**–**	–
- Unsecured	**10,822**	18,798	**–**	–
	13,812	21,270	**–**	–
Bank overdrafts (Note 39)				
- Secured	**–**	400	**–**	–
- Unsecured	**1,042**	–	**1,042**	–
	1,042	400	**1,042**	–
Trust receipts				
- Secured	**2,149**	2,573	**–**	–
Revolving credits				
- Secured	**33,000**	34,500	**–**	–
- Unsecured	**15,000**	3,500	**15,000**	3,500
	48,000	38,000	**15,000**	3,500
	65,003	62,243	**16,042**	3,500

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 and of the Company bear interest at bankers' base lending rate (2012 : 1.00% per annum above the bankers' base lending rate).

(b) The trust receipts of the Group bear interest at rates ranging from 4.40% to 5.73% (2012 : 2.04% to 5.15%).

(c) The revolving credits of the Group and of the Company bear interest at rates ranging from 0.80% to 1.00% (2012 : 0.80% to 1.50%) per annum above the bankers' cost of funds.

Notes to the Financial Statements (cont'd)

33. SHORT-TERM BORROWINGS (CONT'D)

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

(a) Legal charges over certain land and landed properties of certain subsidiaries;

(b) A deed of assignment over an investment property of a subsidiary and a third party charge of the said investment property upon issuance of individual/strata titles;

(c) A pledge of 25,000,000 ordinary shares of RM1.00 each of a subsidiary of the Group;

(d) Corporate guarantees from a subsidiary and Credit Guarantee Corporation Malaysia Berhad;

(e) Joint and several guarantees from certain directors of certain subsidiaries; and

(f) A debenture covering fixed and floating charges over the present and future assets 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 2013 of RM679,571,000 (2012 : RM610,738,000) on 222,573,500 (2012 : 223,452,700) ordinary shares of RM1.00 each in issue (net of treasury shares).

35. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Property, plant and equipment				
Authorised but not provided for:				
- Contracted	**15,268**	4,162	**–**	–
- Not contracted	**1,328**	–	**–**	–
	16,596	4,162	**–**	–
Development expenditure				
Authorised but not provided for:				
- Contracted	**24,527**	3,060	**24,527**	3,060
	41,123	7,222	**24,527**	3,060

Included in capital commitments in the previous financial year was a balance of fee for application for economic concession rights over a piece of long-term lease land in Cambodia amounting to approximately RM3,060,000.

Notes to the Financial Statements (cont'd)

36. OPERATING LEASE COMMITMENTS

LEASES AS LESSOR

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

	GROUP	
	2013	2012
	RM'000	RM'000
Not more than one year	**6,526**	6,328
Later than one year and not later than five years	**6,269**	9,483
	12,795	15,811

37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Cost of property, plant and equipment purchased	**51,577**	23,048	**24**	486
Amount financed through hire purchase	**(698)**	(257)	**–**	–
Cash disbursed for purchase of property, plant and equipment	**50,879**	22,791	**24**	486

38. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Unsecured				
Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the state of Sabah ^	**1,716**	1,411	**–**	–
Claim by a third party against a subsidiary	*****	*	**–**	–

Notes to the Financial Statements (cont'd)

38. CONTINGENT LIABILITIES (CONT'D)

^ In the previous financial year, the local authority in the State of Sabah reduced the assessment from approximately RM2.3 million to RM2.1 million for the period from 1998 to 2012, of which RM445,000 was agreed and paid and accrual of RM293,000 was made. During the financial year, the authority raised further assessment for current year, together with the interest thereon, which resulted in an additional assessment of RM305,000. The basis of total assessment of approximately RM1.7 million is disputed and therefore, no accrual has been made.

* A claim has been made against a subsidiary by a third party in the Malacca High Court for breach of contract, relating to the sale and purchase of 40% of the undivided share of a piece of land. On 6 January 2005, the High Court ordered the subsidiary to pay damages to the third party. The damage claimed by third party had to be proven and a hearing at the court has been fixed on 20 May 2014 and 22 May 2014. The claim is expected to be immaterial and therefore no provision has been made.

39. CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Bank balances and deposits (Note 25)	**156,635**	126,108	**1,743**	3,072
Bank overdrafts (Note 33)	**(1,042)**	(400)	**(1,042)**	–
	155,593	125,708	**701**	3,072

40. FINANCIAL INSTRUMENTS

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

40.1 Financial Risk Management Policies

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

(a) Market Risk

(i) Foreign Currency Risk

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

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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

GROUP 2013	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets							
Investment in quoted shares	42,857	–	–	20,008	8,024	–	70,889
Investment in unquoted shares	335	–	–	–	–	–	335
Receivables	50,197	39,709	8,373	911	5,773	–	104,963
Bank balances and deposits	39,707	98,878	8,088	7,931	1,825	206	156,635
	133,096	138,587	16,461	28,850	15,622	206	332,822
Financial liabilities							
Payables (non-current)	1,044	–	–	–	–	–	1,044
Long-term borrowings	6,776	–	–	–	–	–	6,776
Payables (current)	55,391	12,882	1,502	-	12	51	69,838
Short-term borrowings	54,181	10,822	–	–	–	–	65,003
	117,392	23,704	1,502	–	12	51	142,661
Net financial assets	15,704	114,883	14,959	28,850	15,610	155	190,161
Less: Net financial assets denominated in the respective entities' functional currencies	(15,704)	(46,482)	(16)	–	–	–	(62,202)
Currency exposure	–	68,401	14,943	28,850	15,610	155	127,959

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

GROUP 2012	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	43,135	–	–	7,883	19,848	–	70,866
Investment in unquoted shares	335	–	–	–	–	1,875	2,210
Receivables	46,620	46,007	2,812	960	–	13	96,412
Bank balances and deposits	65,142	52,141	7,873	443	209	300	126,108
	155,232	98,148	10,685	9,286	20,057	2,188	295,596
Financial liabilities							
Payables (non-current)	793	–	–	–	–	–	793
Long-term borrowings	6,469	–	–	–	–	–	6,469
Payables (current)	47,248	4,331	314	16	41	–	51,950
Short-term borrowings	43,445	18,798	–	–	–	–	62,243
	97,955	23,129	314	16	41	–	121,455
Net financial assets	57,277	75,019	10,371	9,270	20,016	2,188	174,141
Less: Net financial assets denominated in the respective entities' functional currencies	(57,277)	(48,189)	–	–	(106)	–	(105,572)
Currency exposure	–	26,830	10,371	9,270	19,910	2,188	68,569

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

COMPANY 2013	RINGGIT MALAYSIA RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets						
Receivables	190,488	–	–	–	–	190,488
Bank balances and deposits	126	103	1,268	246	–	1,743
	190,614	103	1,268	246	–	192,231
Financial liabilities						
Payables (current)	60,889	–	–	–	–	60,889
Short-term borrowings	16,042	–	–	–	–	16,042
	76,931	–	–	–	–	76,931
Net financial assets	113,683	103	1,268	246	–	115,300
Less: Net financial assets denominated in the entity's functional currency	(113,683)	–	–	–	–	(113,683)
Currency exposure	–	103	1,268	246	–	1,617

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

COMPANY 2012	RINGGIT MALAYSIA RM'000	UNITED STATES DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets					
Investment in quoted shares	–	–	6,085	–	6,085
Receivables	203,107	–	–	–	203,107
Bank balances and deposits	502	2,459	103	8	3,072
	203,609	2,459	6,188	8	212,264
Financial liabilities					
Payables (current)	95,602	–	–	–	95,602
Short-term borrowings	3,500	–	–	–	3,500
	99,102	–	–	–	99,102
Net financial assets	104,507	2,459	6,188	8	113,162
Less: Net financial assets denominated in the entity's functional currency	(104,507)	–	–	–	(104,507)
Currency exposure	–	2,459	6,188	8	8,655

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

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

	GROUP		COMPANY	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000	**2013 Increase/ (Decrease) RM'000**	2012 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Chinese Renminbi:				
- Strengthened by 5%	**2,565**	1,006	**–**	–
- Weakened by 5%	**(2,565)**	(1,006)	**–**	–
United States Dollar:				
- Strengthened by 5%	**560**	389	**4**	92
- Weakened by 5%	**(560)**	(389)	**(4)**	(92)
Singapore Dollar:				
- Strengthened by 5%	**1,082**	348	**48**	–
- Weakened by 5%	**(1,082)**	(348)	**(48)**	–
Hong Kong Dollar:				
- Strengthened by 5%	**585**	747	**9**	232
- Weakened by 5%	**(585)**	(747)	**(9)**	(232)

(ii) Interest Rate Risk

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

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

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

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

	GROUP		COMPANY	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000	**2013 Increase/ (Decrease) RM'000**	2012 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	**(110)**	(88)	**(30)**	(7)
Decrease of 25 bp	**110**	88	**30**	7

(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	
	2013 Increase/ (Decrease) RM'000	2012 Increase/ (Decrease) RM'000	**2013 Increase/ (Decrease) RM'000**	2012 Increase/ (Decrease) RM'000
Effects on profit after taxation				
Increase of 5%	**–**	–	**–**	–
Decrease of 5%	**–**	–	**–**	–
Effects on equity				
Increase of 5%	**3,544**	3,543	**–**	304
Decrease of 5%	**(3,544)**	(3,543)	**–**	(304)

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk

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

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

<u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amount owing by one (1) (2012 : 1) customer which constituted approximately 11% (2012 : 14%) of its trade receivables as at the end of the reporting period.

<u>Exposure to credit risk</u>

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**	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Malaysia	**39,532**	37,946	**–**	–
China	**39,709**	45,990	**–**	–
Others	**9,362**	2,138	**–**	–
	88,603	86,074	**–**	–

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

Ageing analysis

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

GROUP 2013	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
Not past due	67,489	–	–	67,489
Past due:				
- Less than 3 months	15,120	–	–	15,120
- 3 to 6 months	2,804	–	–	2,804
- Over 6 months	16,588	(13,398)	–	3,190
	102,001	(13,398)	–	88,603
2012				
Not past due	69,801	–	–	69,801
Past due:				
- Less than 3 months	10,271	–	–	10,271
- 3 to 6 months	3,918	–	–	3,918
- Over 6 months	15,490	(13,406)	–	2,084
	99,480	(13,406)	–	86,074

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

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

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

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

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

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

GROUP 2013	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
Payables:						
- Non-current	–	680	680	–	–	680
- Current	–	69,484	69,484	69,484	–	–
Hire purchase payables	5.41%-6.44%	718	764	384	380	–
Term loans	4.00%-7.20%	20,588	22,128	13,936	6,922	1,270
Bank overdrafts	6.60%	1,042	1,112	1,112	–	–
Trust receipts	2.04%-5.15%	2,149	2,226	2,226	–	–
Revolving credits	4.28%-4.54%	48,000	48,174	48,174	–	–
		142,661	144,568	135,316	7,302	1,950

2012						
Payables:						
- Non-current	–	673	673	–	–	673
- Current	–	51,812	51,812	51,812	–	–
Hire purchase payables	6.03%-6.30%	258	273	150	123	–
Term loans	5.35%-6.16%	27,739	29,959	21,570	6,232	2,157
Bank overdrafts	7.60%	400	430	430	–	–
Trust receipts	2.04%-5.15%	2,573	2,608	2,608	–	–
Revolving credits	4.28%-4.48%	38,000	38,133	38,133	–	–
		121,455	123,888	114,703	6,355	2,830

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

COMPANY 2013	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
Payables:						
- Current	–	60,889	60,889	60,889	–	–
Bank overdrafts	6.60%	1,042	1,111	1,111	–	–
Revolving credits	4.43%-4.48%	15,000	15,057	15,057	–	–
		76,931	77,057	77,057	–	–
2012						
Payables:						
- Current	–	95,602	95,602	95,602	–	–
Revolving credits	4.48%	3,500	3,513	3,513	–	–
		99,102	99,115	99,115	–	–

40.2 Capital Risk Management

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

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

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

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

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 Classification Of Financial Instruments

	GROUP		COMPANY	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Financial assets				
Available-for-sale financial assets				
Investment in quoted shares, at fair value	**70,889**	70,866	**–**	6,085
Investment in unquoted shares, at cost	**335**	2,210	**–**	–
	71,224	73,076	**–**	6,085
Loans and receivables financial assets				
Receivables	**104,963**	96,412	**190,488**	203,107
Bank balances and deposits	**156,635**	126,108	**1,743**	3,072
	261,598	222,520	**192,231**	206,179
Financial liabilities				
Other financial liabilities				
Payables:				
- Non-current	**680**	673	**–**	–
- Current	**69,484**	51,812	**8,162**	7,115
Hire purchase payables	**718**	258	**–**	–
Term loans	**20,588**	27,739	**–**	–
Bank overdrafts	**1,042**	400	**1,042**	–
Trust receipts	**2,149**	2,573	**–**	–
Revolving credits	**48,000**	38,000	**15,000**	3,500
Amount owing to subsidiaries	**–**	–	**52,727**	88,487
	142,661	121,455	**76,931**	99,102

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Values Measurements

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. These fair values are determined by discounting the relevant cash flows at rates ranging from 4.00% to 7.20% (2012 : 5.35% to 6.16%). The discounting rates equal to the current market interest rate plus appropriate credit rating, when 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			Total Fair Value	Carrying Amount
GROUP 2013	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**RM'000**	**RM'000**
Financial Assets								
Other investments:								
– Quoted shares	70,889	–	–	–	–	–	70,889	70,889
– Unquoted shares	–	–	–	–	–	–	#	335
Financial Liabilities								
Hire purchase payables	–	–	–	–	718	–	718	718
Term loans	–	–	–	–	20,588	–	20,588	20,588

	Fair Value of Financial Instruments Carried At Fair Value			Fair Value of Financial Instruments Not Carried At Fair Value	Total Fair Value	Carrying Amount
GROUP 2012	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Level * RM'000**	**RM'000**	**RM'000**
Financial Assets						
Other investments:						
– Quoted shares	70,866	–	–	–	70,866	70,866
– Unquoted shares	–	–	–	–	#	2,210
Financial Liabilities						
Hire purchase payables	–	–	–	258	258	258
Term loans	–	–	–	27,739	27,739	27,739

Notes to the Financial Statements (cont'd)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Values Measurements (Cont'd)

COMPANY 2013	Fair Value of Financial Instruments Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments Not Carried At Fair Value 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	–	–	–	–	–	–	–	–

COMPANY 2012	Fair Value of Financial Instruments Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value of Financial Instruments Not Carried At Fair Value Level * RM'000	Total Fair Value RM'000	Carrying Amount RM'000
Financial Assets						
Other investments:						
– Quoted shares	6,085	–	–	–	6,085	6,085

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

* Comparative fair value information is not presented by levels, by virtue of the exemption given in FRS 13.

The fair values of level 2 and level 3 above have been determined using the following basis:-

(a) The fair values of hire purchase payables and term loans determined by discounting the relevent 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 follow:-

	GROUP 2013 %	GROUP 2012 %	COMPANY 2013 %	COMPANY 2012 %
Hire purchase payables	**5.41-6.44**	6.03-6.30	**–**	–
Term loans	**4.00-7.20**	5.35-6.16	**–**	–

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

Notes to the Financial Statements (cont'd)

41. OPERATING SEGMENTS

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

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

Business segments	Description
Power	Build, own and operate power plants.
Resources	Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and 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.

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
BUSINESS SEGMENTS						
Revenue						
External revenue	462,719	91,071	41,608	33,360	–	628,758
Inter-segment revenue	–	–	–	38,712	(38,712)	–
Consolidated revenue	462,719	91,071	41,608	72,072	(38,712)	628,758
Results						
Profit from operations	107,779	22,299	13,740	49,939	(36,491)	157,266
Finance costs						(3,053)
Share of profit in an associate						681
Income tax expense						(47,709)
Profit after tax for the financial year						107,185

Notes to the Financial Statements (cont'd)

41. OPERATING SEGMENTS (CONT'D)

Included in the profit before tax are the following items:-

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	–	–	–	35,213	(34,734)	479
Gain on disposal of quoted shares	–	–	–	22,084	–	22,084
Interest income	1,652	1,294	507	186	(1,757)	1,882
Rental income	–	312	8,745	21	(696)	8,382
Gain on foreign exchange, net:						
- Realised	24	39	–	395	–	458
- Unrealised	692	476	–	962	–	2,130
Expense						
Allowance for impairment losses:						
- Investment in quoted shares	–	–	–	1,046	–	1,046
- Investment in unquoted shares	–	–	–	1,875	–	1,875
- Investment in associate	–	–	–	7,500	–	7,500
- Receivables	–	611	–	209	–	820
Depreciation of property, plant and equipment	22,752	5,517	351	2,048	–	30,668
Interest expense	171	394	775	3,470	(1,757)	3,053
Assets						
Segment assets	352,093	168,584	268,282	167,052	–	956,011
Inter-segment assets	15,027	26,407	30,651	197,081	(269,166)	–
	367,120	194,991	298,933	364,133	(269,166)	956,011
Deferred tax asset						484
Tax recoverable						3,129
Investment in an associate						38,631
Consolidated total assets						998,255
Liabilities						
Segment liabilities	42,719	15,142	46,864	37,936	–	142,661
Inter-segment liabilities	12	23,569	138,279	155,030	(316,890)	–
	42,731	38,711	185,143	192,966	(316,890)	142,661
Deferred taxation						22,396
Provision for taxation						10,355
Consolidated total liabilities						175,412

Notes to the Financial Statements (cont'd)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	24,751	20,876	440	5,510	–	51,577
- Land held for property development	–	–	10,026	–	–	10,026
- Project development expenditure	10,919	–	–	4,657	–	15,576
- Land use rights	–	5,628	–	–	–	5,628

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
BUSINESS SEGMENTS						
Revenue						
External revenue	484,647	85,368	34,124	31,165	–	635,304
Inter-segment revenue	–	–	–	35,936	(35,936)	–
Consolidated revenue	484,647	85,368	34,124	67,101	(35,936)	635,304
Results						
Profit from operations	99,247	19,974	26,332	35,052	(47,184)	133,421
Finance costs						(4,435)
Share of profit in an associate						116
Income tax expense						(35,440)
Profit after tax for the financial year						93,662

Notes to the Financial Statements (cont'd)

41. OPERATING SEGMENTS (CONT'D)

Included in the profit before tax are the following items:-

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	–	–	–	35,412	(33,917)	1,495
Fair value adjustment on investment properties	–	–	12,956	–	–	12,956
Interest income	1,452	1,598	709	192	(1,966)	1,985
Rental income	–	369	5,794	11	–	6,174
Gain on foreign exchange, net:						
- Unrealised	416	324	–	1,111	–	1,851
Expense						
Allowance for impairment losses:						
- Investment in quoted shares	–	–	–	8,538	–	8,538
- Receivables	–	135	–	2,612	–	2,747
Depreciation of property, plant and equipment	21,713	5,271	291	1,811	–	29,086
Interest expense	818	494	790	4,299	(1,966)	4,435
Loss on disposal of quoted shares	–	–	–	1,755	–	1,755
Loss on foreign exchange, net:						
- Realised	915	–	–	–	–	915
Assets						
Segment assets	296,909	137,019	262,126	148,212	–	844,266
Inter-segment assets	25,869	45,318	36,175	220,530	(327,892)	–
	322,778	182,337	298,301	368,742	(327,892)	844,266
Tax recoverable						6,529
Investment in an associate						44,237
Consolidated total assets						895,032
Liabilities						
Segment liabilities	43,901	15,118	40,550	21,886	–	121,455
Inter-segment liabilities	2,670	25,737	150,895	196,410	(375,712)	–
	46,571	40,855	191,445	218,296	(375,712)	121,455
Deferred taxation						18,022
Provision for taxation						10,054
Consolidated total liabilities						149,531

Notes to the Financial Statements (cont'd)

41. OPERATING SEGMENTS (CONT'D)

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Other segment items						
Addition to non-current assets other than financial instruments:						
- Property, plant and equipment	12,000	9,475	289	1,284	–	23,048
- Property, plant and equipment - Through acquisition of subsidiaries	–	25,341	–	–	–	25,341
- Land held for property development	–	–	426	–	–	426
- Project development expenditure	3,883	–	–	6,972	–	10,855

Geographical information

Analysis by geographical information:-

	Revenue		Non-current assets	
	2013 RM'000	2012 RM'000	**2013 RM'000**	2012 RM'000
Malaysia	**233,482**	251,622	**502,716**	472,261
China	**346,852**	340,903	**127,410**	110,393
Other ASEAN countries	**16,661**	12,216	**–**	–
India	**20,362**	21,350	**–**	–
Australia	**5,868**	4,764	**–**	–
New Zealand	**2,566**	841	**–**	–
Bangladesh	**2,033**	2,065	**–**	–
Other countries	**934**	1,543	**–**	–
	628,758	635,304	**630,126**	582,654

Major customers

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

	Revenue		Division
	2013 RM'000	2012 RM'000	
Customer A	**124,769**	139,969	Power
Customer B	**115,867**	110,794	Power
	240,636	250,763	

Notes to the Financial Statements (cont'd)

42. SUBSIDIARIES

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

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2013 %	2012 %
Mega First Power Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Power (HK) Limited *	Investment holding	Hong Kong	**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 plant	Malaysia	**51**	51
Mega First Power Services Sdn. Bhd.	Contractor for operation and maintenance of power plants	Malaysia	**100**	100
Mega First Housing Development Sdn. Bhd.	Property development	Malaysia	**100**	100
Gombak Land Sdn. Bhd.	Property development	Malaysia	**100**	100
Paya Emas Sdn. Bhd.	Property development	Malaysia	**60**	60
Community Consortium Sdn. Bhd.	Property development	Malaysia	**100**	100
Idaman Harmoni Sdn. Bhd.	Property investment	Malaysia	**65**	65
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
Empayar Permai Sdn. Bhd. ^	Dormant	Malaysia	**100**	100
Highland Resources Sdn. Bhd. ^	Dormant	Malaysia	**100**	100

Notes to the Financial Statements (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2013 %	2012 %
Greentown Parking Sdn. Bhd.	Investment holding and car park operator	Malaysia	**100**	100
Rock Chemical Industries (Malaysia) Sdn. Berhad	Investment holding and provision of management consultancy services	Malaysia	**100**	100
RCI Lime Sdn. Bhd.	Manufacture and sale of lime products and limestone quarry operator	Malaysia	**100**	100
RCI Minerals Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mesrasasi Sdn. Bhd.	Limestone quarry operator	Malaysia	**100**	100
Batamas Sdn. Berhad	Investment holding and manufacture and sale of bricks	Malaysia	**100**	100
Usaha Takzim Sdn. Bhd.	Property investment	Malaysia	**100**	100
RCI Ventures Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Ventures Limited *	Dormant	Hong Kong	**100**	100
RCI Marketing Sdn. Bhd.	Dormant	Malaysia	**100**	100
Teratai Kembara Sdn. Bhd.	Investment holding	Malaysia	**77.8**	–
Teratai ANR Sdn. Bhd.	Dormant	Malaysia	**70.0**	–
Identiti Jitu Sdn. Bhd.	Sand mining	Malaysia	**55**	–
Runding Kualiti Sdn. Bhd.	Dormant	Malaysia	**60**	–
Silver Acreage Limited	Dormant	British Virgin Islands	**100**	–
Ground Roses Limited	Dormant	British Virgin Islands	**100**	–
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

Notes to the Financial Statements (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2013 %	2012 %
Mega First Resources Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Anting Sendirian Berhad	Quarry operator	Malaysia	**100**	100
Sri Anting Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Bloxwich International Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Bloxwich (Malaysia) Sdn. Bhd.	Engineering, design and manufacture of automotive components	Malaysia	**95**	95
Bloxwich Lighting Sdn. Bhd.	Trading of light emitting diode (LED) for lighting	Malaysia	**100**	100
Hexachase Corporation Sdn. Bhd.	Desktop publishing	Malaysia	**52.4**	52.4
Hexachase Labels Sdn. Bhd. #	Manufacturer of labels and printed products	Malaysia	**47.1**	47.1
Hexachase Marketing & Trading Sdn. Bhd. #	Marketing and trading of labels and printed products	Malaysia	**47.1**	47.1
Hexachase Labels (Kuala Lumpur) Sdn. Bhd. # ^	Dormant	Malaysia	**47.1**	47.1
Hexachase Packaging Sdn. Bhd. #	Manufacturer of packaging materials	Malaysia	**41.9**	41.9
Hexachase Paper Products Sdn. Bhd. # ^	Dormant	Malaysia	**41.9**	41.9
Authentic Excellence Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Geo-Mobile Asia Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100

Notes to the Financial Statements (cont'd)

42. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2013 %	2012 %
Mamut Copper Mining Sdn. Bhd.	Dormant	Malaysia	**100**	100
Geo-Mobile Asia (HK) Limited *	Dormant	Hong Kong	**100**	100
Bayangan Sutera Sdn. Bhd.	Dormant	Malaysia	**100**	100
Propera Sdn. Bhd.	Dormant	Malaysia	**100**	100
Don Sahong Power Company Limited	Dormant	British Virgin Islands	**100**	100
Goleman Limited	Dormant	British Virgin Islands	**100**	100
Mega First Plantation (Cambodia) Limited	Plantation	Kingdom of Cambodia	**100**	–
Mega First Corporate Services Sdn. Bhd. ^	Dormant	Malaysia	**100**	100
Mega First Development Sdn. Bhd. ^	Dormant	Malaysia	**100**	100
Mega First Properties Sdn. Bhd. ^	Dormant	Malaysia	**100**	100
Mega First Ventures Sdn. Bhd. ^	Dormant	Malaysia	**100**	100
MFCB Marketing Sdn. Bhd. ^	Dormant	Malaysia	**100**	100
MFFB International Limited	Dissolved	British Virgin Islands	**–**	100

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

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

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

Notes to the Financial Statements (cont'd)

43. ACQUISITION OF SUBSIDIARIES

2013

On 4 January 2013, Rock Chemical Industries (Malaysia) Sdn. Berhad ("RCI"), which is a wholly-owned subsidiary of the Company, acquired 778 fully paid-up ordinary shares of RM1.00 each representing 77.8% of the issued and paid-up share capital of Teratai Kembara Sdn. Bhd. for an aggregate cash consideration of RM3.89 million.

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

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

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

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

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

	2013 RM'000
Revenue	94
Profit after taxation	34

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

Notes to the Financial Statements (cont'd)

43. ACQUISITION OF SUBSIDIARIES (CONT'D)

2012

On 17 January 2012, Mega First Resources Sdn. Bhd., which is a wholly-owned subsidiary of the Company, completed its acquisition of the following companies:-

(a) 100% equity interest in Anting Sendirian Berhad; and
(b) 100% equity interest in Sri Anting Sdn. Bhd..

On 21 February 2012, Batamas Sdn. Berhad, which is a wholly-owned subsidiary of RCI, acquired 100% equity interest in Usaha Takzim Sdn. Bhd..

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	2,172	25,341
Inventories	1,012	1,012
Receivables	1,638	1,638
Bank balances and deposits	2,681	2,681
Deferred taxation (Note 31)	(35)	(35)
Payables	(165)	(165)
Provision for taxation	(229)	(229)
Net identifiable assets acquired	7,074	30,243
Add: Goodwill on acquisition		–
Total purchase consideration		30,243
Less: Cash and cash equivalents of the subsidiaries acquired		(2,681)
Net cash outflow from acquisition of the subsidiaries		27,562

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

	2012 RM'000
Revenue	10,055
Profit after taxation	3,438

If the acquisitions had taken place at the beginning of the previous financial year, the Group's revenue and profit after taxation of the previous financial year from continuing operations would have been RM635,382,000 and RM93,779,000 respectively.

Notes to the Financial Statements (cont'd)

44. DECONSOLIDATION OF SUBSIDIARIES

On 10 January 2013, Highland Resources Sdn. Bhd., a wholly-owned subsidiary of Gombak Land Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, was placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965.

On 6 February 2013, MFFB International Limited, a wholly-owned subsidiary of Bayangan Sutera Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, was dissolved following completion of its liquidation.

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

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

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

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

	GROUP 2013 RM'000
Bank balances	12
Other payables	(8)
Capital reserve on consolidation	(163)
Fair value of net assets deconsolidated	(159)
Gain on deconsolidation	159
Effect of the deconsolidation of subsidiaries	–
Cash and cash equivalents of the subsidiaries deconsolidated	(12)
Net cash outflow from deconsolidation of subsidiaries	(12)

Notes to the Financial Statements (cont'd)

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	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors				
- Salary, bonus and other remuneration, including benefits-in-kind (gross)	**684**	742	**684**	742
- Share options to directors	**30**	30	**30**	30
Non-Executive Directors				
- Fees	**263**	325	**263**	325
- Other emoluments	**19**	32	**19**	32
- Share options to directors	**76**	102	**76**	102
	1,072	1,231	**1,072**	1,231

The details of Directors' remuneration received and receivable for the financial year in bands of RM50,000 are as follows:-

	GROUP/COMPANY	
	2013	2012
	RM'000	RM'000
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**	–
RM450,001 – RM500,000	**–**	1
Non-Executive Directors		
Below RM50,000	**4**	3
RM50,001 – RM100,000	**4**	5

Notes to the Financial Statements (cont'd)

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	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Dividend income received and receivable				
- Subsidiaries	**–**	–	**34,734**	32,357
- Associate	**–**	–	**–**	123
Management fee received and receivable	**–**	–	**3,438**	2,250
Interest income received and receivable	**–**	–	**60**	73
Interest expense paid and payable	**–**	–	**(1,697)**	(2,764)
Rental received and receivable	**–**	–	**310**	322
Rental paid and payable	**–**	–	**(480)**	(480)

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

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Directors' fees	**263**	325	**263**	325
Salary, bonus and other remuneration, including benefits-in-kind (gross)	**3,997**	3,329	**1,898**	1,621
Share options to directors	**106**	132	**106**	132

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

	GROUP/COMPANY	
	2013	2012
	RM'000	RM'000
At 1 January	**3,210**	2,800
Granted	**–**	600
Exercised	**(60)**	(190)
Lapsed	**(420)**	–
At 31 December	**2,730**	3,210

Notes to the Financial Statements (cont'd)

46. RELATED PARTY DISCLOSURES (CONT'D)

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

	GROUP	
	2013	2012
	RM'000	RM'000
Purchase of light emitting diode (LED) lightings components	**1,025**	1,048
Sale of LED lightings	**240**	486

47. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 November 2013, Serudong Power Sdn. Bhd. ("SPSB"), a 51%-owned subsidiary of Mega First Power Industries Sdn. Bhd., which is in turn a wholly-owned subsidiary of the Company, commenced arbitration proceedings under the Kuala Lumpur Regional Centre for Arbitration Rules against Sabah Electricity Sdn. Bhd.. The commencement of the arbitration proceedings is in relation to the recovery of the outstanding capacity and energy payments due to the adjustment of the Fixed Operating Rate and Variable Operating Rate for the period from December 2000 to September 2013, together with interests thereon at 1.5% above the base lending rate as provided for in the Power Purchase Agreement. On 11 February 2014, the parties agreed by mutual consent to suspend the arbitration so as to facilitate negotiation for an amicable settlement of the dispute.

Other than as disclosed above, there was no other significant event during the financial year.

48. COMPARATIVE FIGURES

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

	GROUP		**COMPANY**	
	As Restated RM'000	**As Previously Reported RM'000**	**As Restated RM'000**	**As Previously Reported RM'000**
Consolidated Statement of Financial Position (Extract):-				
Non-Current Assets				
Project Development Expenditure	34,796	–	34,796	–
Current Assets				
Receivables	107,670	142,466	206,229	241,025
Consolidated Statement of Cash Flows (Extract):-				
Cash flows from/(for) operating activities	126,032	115,207	(3,737)	(14,592)
Cash flows (for)/from investing activities	(82,715)	(71,860)	50,705	61,560
Cash flows for financing activities	(73,457)	(73,487)	(41,633)	(41,633)

Notes to the Financial Statements (cont'd)

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

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

	GROUP		COMPANY	
	2013	2012	**2013**	2012
	RM'000	RM'000	**RM'000**	RM'000
Total retained profits:				
- Realised	**233,075**	141,248	**38,189**	23,129
- Unrealised	**56,490**	60,521	**648**	25
	289,565	201,769	**38,837**	23,154
Total share of retained profits from associated Company:				
- Realised	**683**	381	**–**	–
- Unrealised	**1,004**	518	**–**	–
	291,252	202,668	**38,837**	23,154
Consolidation adjustments	**86,864**	117,370	**–**	–
Total Group retained profits	**378,116**	320,038	**38,837**	23,154

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 2013 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 49, 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
19 March 2014

STATUTORY **DECLARATION**

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

Subscribed and solemnly declared by
NEO HONG CHEE at **PETALING JAYA** on this
19th day of March 2014

Before me,

SELVARAJAH A/L SIVALINGAM B.103
COMMISSIONER FOR OATHS

LIST OF **PROPERTIES HELD**
AS AT 31 DECEMBER 2013

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
1	Factory land and building	Qi Yang Gong Lu Qi Xian Town Shaoxing County Zhejiang Province People's Republic of China	16	61,960	Leasehold 22 years (Expire in 2019)	1997	n/a	23,469
2	Quarry and limestone hill	HS(D) KA 46712 PT 3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	193,300	Leasehold 30 years (Expire in 2025)	1996	1996	2,328
3	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	11	22,600	Freehold	1997	1997	4,447
4	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	18,700	Freehold	1996	1996	163
5	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	10,600	Freehold	1996	1996	40
6	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	16,415	Freehold	2006	2006	386
7	Vacant land	Geran 58731 Lot 45155 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	22,662	Freehold	2009	n/a	584
8	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	5	864	Freehold	2009	n/a	439
9	Warehouse	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	2,970	Freehold	2011	n/a	1,365
10	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	25,040	Freehold	2012	2012	3,564

List of Properties Held (cont'd)
As at 31 December 2013

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
11	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	56,504	Freehold	2012	2012	1,201
12	Stockyard	Lot 45137, 45138 & 45139, Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	87,817	Freehold	2013	2013	4,045
13	Stockyard	Lot 9479, Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	64,547	Freehold	2013	2012	1,377
14	Quarry, limestone hill and guardhouse	Lot 45152 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	16,010	Freehold	2007	n/a	479
15	Quarry and limestone hill	PT 1491, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	58,474	Leasehold (Expire in 2037)	2007	n/a	67
16	Quarry and limestone hill	PT 3962, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	28,328	Leasehold (Expire in 2022)	2007	n/a	24
17	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	14	892	Freehold	2000	2000	899
18	3 storey shophouse	Station 18 170 Jalan Pengkalan Barat 32 Stesyen 18 Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	11	185	Leasehold (Expire in 2096)	2002	n/a	221
19	Double storey detached house	40 Jalan Mayang 2 Taman Mayang Fasa II 30300 Kuala Kangsar Perak Darul Ridzuan	7	130	Freehold	2006	n/a	113
20	Vacant land	PT 4728, Jalan Raja Musa Mukim Batang Berjuntai 45600 Batang Berjuntai Selangor Darul Ehsan	n/a	77,118	Freehold	1997	n/a	1,595

List of Properties Held (cont'd)
As at 31 December 2013

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
21	Factory buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	31	42,576	Leasehold (Expire in 2045)	1982	1985	1,599
22	Double storey terrace house	HS(D) 128830 PT 194343 Mukim Hulu Kinta Daerah Kinta Perak Darul Ridzuan	5	121	Leasehold (Expire in 2103)	2009	n/a	121
23	Double storey shop office	HS (D) 108533 PT 51378 Bandar Amanjaya Sungai Petani Kedah Darul Aman	4	147	Freehold	2010	2010	127
24	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	57
25	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	104
26	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	2
27	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District Perak Darul Ridzuan	26	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	3,480
28	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	457
29	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
30	Agricultural land	GRN 46180 Lot 22974 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	33,336	Freehold	2012	2011	2,160

List of Properties Held (cont'd)
As at 31 December 2013

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
31	Quarry land	HS (D) 3238 PT 1008 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	40,467	Leasehold (Expire in 2020)	2012	2011	6,022
32	Quarry land	PN 283888 Lot 303752 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	60,710	Leasehold (Expire in 2033)	2012	2011	9,451
33	Agricultural land and buildings	GRN 11527 Lot 15588 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	68,796	Freehold	2012	2011	3,322
34	Agricultural land	GRN 49450 Lot 22993 Mukim of Sg. Raya Kinta District Perak Darul Ridzuan	n/a	7,664	Freehold	2012	2011	355
35	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	701
36	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	1,509
37	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	1,133
38	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota Perak Darul Ridzuan	17	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,593
39	Factory	Lot 77 Jalan IKS MJ 6 Kawasan Perindustrian Malim Jaya 75250 Melaka	17	711	Leasehold 99 years (Expire in 2096)	2000	2012	411
40	Factory and office	6 & 8, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	9	596	Leasehold 99 years (Expire in 2077)	2000	2012	425

List of Properties Held (cont'd)
As at 31 December 2013

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
41	Factory and office	Lot 4788-4789 Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75260 Melaka	4	3,916	Leasehold 99 years (Expire in 2096)	2009	2011	2,760
42	Factory	Lot 2233-2234 Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	4	603	Leasehold 99 years (Expire in 2077)	2007	2008	427
43	Factory	104 & 105, Jalan IKS MJ 6 Taman IKS Malim Jaya 75250 Melaka	17	1,760	Leasehold 99 years (Expire in 2096)	2005	2005	1,021
44	Corporate office tower and office suite	PT 24605 Bandar Petaling Jaya Selangor Darul Ehsan	5	18,806	Leasehold 99 years (Expire in 2106)	2006	n/a	105,298
45	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	3	14,204	Leasehold 99 years (Expire in 2094)	2010	2010	8,350
46	Vacant land held for development	PT 134909 Greentown, Ipoh Perak Darul Ridzuan	n/a	8,094	Leasehold 99 years (Expire in 2094)	2005	n/a	7,715
47	Vacant land held for development	Lot 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil Daerah Sepang Selangor Darul Ehsan	n/a	291,894	Leasehold 99 years (Expire in 2097)	1996	n/a	34,423
48	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	238
49	Vacant land held for development	PT 134908, 134914 Greentown, Ipoh Perak Darul Ridzuan	n/a	10,072	Leasehold 99 years (Expire in 2094)	1995	n/a	4,837
50	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	5,808

n/a Not applicable

STATISTICS OF **SHAREHOLDINGS**
AS AT 28 MARCH 2014

Authorised Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.
Issued and Paid-up Capital	:	RM242,605,000 divided into 242,605,000 ordinary shares of RM1.00 each fully paid-up.
Class of Shares	:	Ordinary shares of RM1.00 each.
Voting Rights	:	One vote per ordinary share on a poll One vote per shareholder on a show of hands

Size of Shareholdings	**No. of Shareholders**	**No. of Shares Held**	**% of Shareholdings^**
Less than 100	692	37,206	0.02
100 to 1,000	4,039	3,766,030	1.69
1,001 to 10,000	5,743	21,768,521	9.77
10,001 to 100,000	859	24,408,629	10.96
100,001 to less than 5% of issued shares	112	87,386,634	39.24
5% and above of issued shares	3	85,354,480	38.32
Total	**11,448**	**222,721,500 ^**	**100.00**

(^) - Excludes 19,883,500 treasury shares retained by the Company as reflected in the Record of Depositors.

Statistics of Shareholdings (cont'd)
As at 28 March 2014

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Securities Account Holder	No. of shares held	% of Total Issued Shares
1)	Rubber Thread Industries (M) Sdn Berhad	47,905,000	19.75
2)	Cartaban Nominees (Asing) Sdn Bhd - BBH And Co. Boston for Fidelity Low-Priced Stock Fund (Prin Allsec Sub)	22,662,000	9.34
3)	Mega First Corporation Berhad - Share Buy-Back Account	19,883,500	8.20
4)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.10
5)	Kah Hin Loong Sdn Bhd	8,631,820	3.56
6)	Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Keen Capital Investments Limited	8,617,800	3.55
7)	HLB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Keen Capital Investments Limited (SIN 9534-6)	7,643,000	3.15
8)	PRT Capital Pte Ltd	5,916,500	2.44
9)	Shoptra Jaya (M) Sdn Bhd	3,668,300	1.51
10)	TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koon Yew Yin	3,108,400	1.28
11)	Zulkifli bin Hussain	3,005,000	1.24
12)	Grand Terrace Sdn Bhd	2,990,600	1.23
13)	Koay Keng Huat	2,200,000	0.91
14)	Andrew Lim Cheong Seng	2,000,000	0.82
15)	Lanai Etika Sdn Bhd	1,927,200	0.79
16)	Wan Poh Mining Company Sdn Bhd	1,776,600	0.73
17)	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund F9EX for Fidelity Northstar Fund	1,558,500	0.64
18)	Espoir Investments Pte Ltd	1,360,000	0.56
19)	Lee Sei Fah	1,343,100	0.55
20)	Koay Keng Ling	1,261,100	0.52
21)	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,158,600	0.48
22)	Juwitawan Sdn Bhd	974,000	0.40
23)	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koay Keng Ling	950,000	0.39
24)	CK Goh Holdings Sdn Bhd	921,800	0.38
25)	Odd Lot Holdings Sdn Bhd	817,800	0.34
26)	Cambrew Asia Limited	756,300	0.31
27)	Maybank Nominees (Asing) Sdn Bhd - Nomura Singapore Limited for Xcess Finance Co. Ltd (250251)	747,000	0.31
28)	Goh Nan Kioh	713,600	0.29
29)	Goh Chye Keat	710,000	0.29
30)	Toh Yew Keong	700,000	0.29
	Total	**170,695,000**	**70.36**

Statistics of Shareholdings (cont'd)

As at 28 March 2014

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholder	Direct Interest Shares	Direct Interest % ^	Deemed Interest Shares		Deemed Interest % ^
1)	Goh Nan Kioh	713,600	0.32	72,009,500	(a)	32.33
2)	Rubber Thread Industries (M) Sdn Berhad	47,905,000	21.51	1,927,200	(b)	0.87
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.64	–		–
4)	Keen Capital Investments Limited	16,260,800	7.30	–		–
5)	Laju Riang Sdn Bhd	–	–	49,832,200	(c)	22.38
6)	Kema Development Sdn Bhd	–	–	49,832,200	(c)	22.38
7)	Cambrew (Malaysia) Sdn Bhd	–	–	49,832,200	(c)	22.38
8)	Dr. Lim Thian Soo	130,000	0.06	49,832,200	(c)	22.38
9)	Lim Thiam Cheok	10,000	*	49,832,200	(c)	22.38
10)	Lim Yam Poh	–	–	49,832,200	(c)	22.38
11)	FMR LLC	–	–	24,220,500	(d)	10.87
12)	FIL Limited (~)	–	–	24,220,500	(d)	10.87

DIRECTORS' DIRECT AND DEEMED INTERESTS IN SHARES IN THE COMPANY

	Director	Direct Interest Shares	Direct Interest % ^	Deemed Interest Shares		Deemed Interest % ^	Employees' Share Options Number	Employees' Share Options Exercise Price
1)	Goh Nan Kioh	713,600	0.32	72,009,500	(a)	32.33	500,000	RM1.50
2)	Dato' Haji Abu Hanifah bin Noordin	–	–	–		–	300,000	RM1.50
3)	Goh Nan Yang	510,000	0.23	–		–	500,000	RM1.50
4)	Khoo Teng Keat	200,000	0.09	–		–	–	–
5)	Maisuri bin Besri	200,000	0.09	–		–	100,000	RM1.50
6)	Yeow See Yuen	436,500	0.20	26,000		0.01	300,000	RM1.50
7)	Tay Kheng Chiong	20,000	0.01	-		–	280,000	RM1.50
8)	Dato' Tan Ang Meng	89,000	0.04	–		–	300,000	RM1.52
9)	Dato' Koh Hong Sun	–	–	–		–	300,000	RM1.52
	Total	**2,169,100**	**0.98**	**72,035,500**		**32.34**	**2,580,000**	**–**

Notes:

* *Less than 0.01%.*

^ *Based on the issued and paid-up share capital of the Company of RM242,605,000 comprising 242,605,000 fully paid ordinary shares of RM1.00 each minus 19,883,500 treasury shares retained by the Company as reflected in the Record of Depositors.*

(~) *And their direct and indirect subsidiaries.*

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

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

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

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

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 48th 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 Wednesday, 21 May 2014 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 2013. *(Please refer to Note 7 below)*

2) To declare a tax-exempt final dividend of 4.5 sen per ordinary share of RM1.00 each in respect of the year ended 31 December 2013. *(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 Goh Nan Yang *(Resolution 2)*
   3.2 Dato' Tan Ang Meng *(Resolution 3)*
   3.3 Dato' Koh Hong Sun *(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)*

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

5) **Retention of Independent Director**

"THAT, approval be and is hereby given to Dato' Haji Abu Hanifah bin Noordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent and Non-Executive 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) **Proposed Amendments to the By-Laws of the Employees' Share Option Scheme ("ESOS")**

"THAT, the proposed amendments to the By-Laws of the ESOS as set out in Appendix II of the Circular to Shareholders dated 25 April 2014, be and are hereby approved AND THAT The Directors of the Company be and are hereby authorised to do all such acts as are necessary and/or expedient to give full effect to the proposed amendments." *(Resolution 8)*

Notice of Annual General Meeting (cont'd)

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

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and any applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to:- *(Resolution 9)*

i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company as quoted on BMSB as at the time of purchase and the total funds allocated shall not exceed the total retained earnings and share premium of the Company which would otherwise be available for dividends AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next annual general meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next annual general meeting is required by law to be held, whichever occurs first);

ii) retain the shares so purchased as treasury shares or cancel them or both, with an appropriate announcement to be made to BMSB in respect of the intention of the Directors whether to retain the shares so purchased as treasury shares or cancel them or both together with the rationale of the decision so made;

iii) deal with the shares purchased in the manner prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of BMSB and any other relevant authorities for the time being in force; and

iv) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares."

9) 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 4.5 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013 under **Resolution 1** at the 48th AGM, the dividend will be paid to the shareholders on 16 July 2014. The entitlement for the dividend shall be 30 June 2014.

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 30 June 2014; 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
25 April 2014

Notice of Annual General Meeting (cont'd)

NOTES:

Proxy

1) 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.

2) 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.

3) A member shall, subject to Paragraph (4) 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.

4) 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.

5) 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.

Record of Depositors

6) For the purpose of determining a member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 59A(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 14 May 2014. Only a depositor whose name appears on the Record of Depositors as at 14 May 2014 shall be entitled to attend the said meeting or appoint proxy or proxies to attend and/or vote on his/her behalf.

Directors' Report and Audited Financial Statements

7) Item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda will not be put forward for voting.

Notice of Annual General Meeting (cont'd)

Explanatory Notes to Special Business

8) **Resolution 6**, if passed, will allow Dato' Haji Abu Hanifah bin Noordin to continue to serve the Company in the capacity as Independent Non-Executive Director. Dato' Hanifah has served as an Independent Non-Executive Director for a cumulative term of more than 9 years. As at the date of this notice of the AGM, Dato' Hanifah has served the Company in a non-executive capacity for 23 years. Dato' Hanifah has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. He does not have any conflict of interest with the Company and has not entered/is not expected to enter into any contact with the Company or its subsidiaries. The Board, therefore, considers Dato' Hanifah to be independent and believes that Dato' Hanifah should be retained as Independent Non-Executive Director.

9) **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/or 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.

10) **Resolution 8**, if passed, will give more flexibility in the administration of the ESOS by the ESOS Committee besides stimulating greater commitment, productivity and efforts by eligible participants towards the perfomance of the MFCB Group. Full details of the proposed amendments to the ESOS By-Laws are set out in Appendix II of the Circular to Shareholders dated 25 April 2014 accompanying the Annual Report 2013.

11) **Resolution 9**, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (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 the law to be held, whichever occurs first.

    For further information, please refer to the Share Buy-back Statement dated 25 April 2014 which is circulated together with the Company's Annual Report 2013.

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

No individual is seeking election as a Director at the forthcoming 48th AGM of the Company.

GROUP OF COMPANIES DIRECTORY

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

Group of Companies Directory (cont'd)

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
13.	Paya Emas Sdn. Bhd. **mfcb.property@mega-first.com**	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Steven Chu
14.	Idaman Harmoni Sdn. Bhd. **mfcb.property@mega-first.com**	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Steven Chu
15.	Greentown Parking Sdn. Bhd. **mfcb.property@mega-first.com**	GA-D-15 Ground Floor, No. 15 Persiaran Greentown, Greentown Avenue, 30450 Ipoh, Perak Darul Ridzuan.	05-2433033	05-2433033	Mr. Steven Chu
16.	Bloxwich (Malaysia) Sdn. Bhd. **admin@bloxwich.com.my**	Lot 31, Seri Iskandar Technology Park, Mukim Bota, Daereh Perak Tengah, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
17.	Bloxwich Lighting Sdn. Bhd. **admin@bloxwich.com.my**	Lot 31, Seri Iskandar Technology Park, Mukim Bota, Daereh Perak Tengah, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
18.	Hexachase Labels Sdn. Bhd. **info@hexachase.com**	No. 6 & 8, Jalan Berkat 12, Taman Malim Jaya, 75250 Melaka.	06-3357461/72	06-3357429	Mr. Danny Yeo
19.	Hexachase Packaging Sdn. Bhd. **cs@hexachase.com**	Lot 4788 & 4789 Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75260 Melaka.	06-3371201/02	06-3371200	Mr. Deric Sim

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 48th 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 21 May 2014 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 4.5 sen per share.			
2.	Re-elect Goh Nan Yang as Director.			
3.	Re-elect Dato' Tan Ang Meng as Director.			
4.	Re-elect Dato' Koh Hong Sun as Director.			
5.	Re-appoint Crowe Horwath as auditors and authorise the Board of Directors to fix their remuneration.			
6.	Retention of Dato' Haji Abu Hanifah bin Noordin as Independent Director.			
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.			
8.	Amendments to the By-Laws of the Employees' Share Option Scheme			
9.	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:

1) 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.

2) 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.

3) A member shall, subject to Paragraph (4) 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.

4) 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.

5) 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.

6) For the purpose of determining a member who shall be entitled to attend this 48th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 59A(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 14 May 2014. Only a depositor whose name appears on the Record of Depositors as at 14 May 2014 shall be entitled to attend the said meeting or appoint proxy or proxies to attend and/or vote on his/her behalf.

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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