

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

**Interim Financial Report
31 March 2016**

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

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the 1st quarter and 3-month period ended 31 March 2016

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 1st Quarter 31.3.2016 RM'000	Preceding Year Corresponding 1st Quarter 31.3.2015 RM'000	Current Year To Date 31.3.2016 RM'000	Preceding Year Corresponding Period 31.3.2015 RM'000
Revenue	A8	218,310	135,840	218,310	135,840
Cost of sales		(162,960)	(102,038)	(162,960)	(102,038)
Gross profit		55,350	33,802	55,350	33,802
Other (expenses)/income, net		(3,701)	9,988	(3,701)	9,988
Operating expenses		(9,427)	(9,231)	(9,427)	(9,231)
Profit from operations		42,222	34,559	42,222	34,559
Finance costs		(1,913)	(1,138)	(1,913)	(1,138)
Profit before tax	A8	40,309	33,421	40,309	33,421
Income tax expense		(8,834)	(8,686)	(8,834)	(8,686)
Profit after tax for the period		31,475	24,735	31,475	24,735
Other comprehensive (expenses)/ income		(33,942)	2,786	(33,942)	2,786
Total comprehensive (expenses)/ income for the period	B10	(2,467)	27,521	(2,467)	27,521
Profit after tax attributable to:					
Owners of the Company		23,595	18,667	23,595	18,667
Non-controlling interests		7,880	6,068	7,880	6,068
		31,475	24,735	31,475	24,735
Total comprehensive (expenses)/ income attributable to:					
Owners of the Company		(2,718)	16,708	(2,718)	16,708
Non-controlling interests		251	10,813	251	10,813
		(2,467)	27,521	(2,467)	27,521
EPS - Basic (sen)	B11	10.56	8.39	10.56	8.39
EPS - Diluted (sen)	B11	10.58	8.36	10.58	8.36

The notes set out on pages 7 to 24 form an integral part and should be read in conjunction with this interim financial report.

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 31 March 2016

	Unaudited As At 31.3.2016 RM'000	Audited As At 31.12.2015 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	317,951	333,500
Investment in quoted shares	38,173	41,512
Investment in unquoted shares	335	335
Land use rights	6,520	6,667
Investment properties	140,740	140,740
Land held for property development	51,520	51,215
Project development expenditure	202,226	221,726
Intangible asset	89,427	-
Deferred tax asset	2,497	3,068
Goodwill on consolidation	10,812	10,812
Receivables	426	540
	860,627	810,115
Current Assets		
Inventories	64,626	67,575
Property development	4,104	6,370
Receivables	130,174	123,565
Bank balances and deposits	405,935	198,045
	604,839	395,555
TOTAL ASSETS	1,465,466	1,205,670
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	244,852	243,345
Treasury shares	(30,046)	(30,046)
Reserves	598,704	600,818
	813,510	814,117
Share Application Monies	215,229	-
Non-Controlling Interests	156,662	156,516
Total Equity	1,185,401	970,633
Non-Current Liabilities		
Payables	1,324	1,678
Long-term borrowings	26,709	29,291
Deferred taxation	24,505	19,296
	52,538	50,265
Current Liabilities		
Payables	92,506	63,143
Short-term borrowings	120,764	110,685
Taxation	14,257	10,944
	227,527	184,772
Total Liabilities	280,065	235,037
TOTAL EQUITY AND LIABILITIES	1,465,466	1,205,670
Net Assets Per Ordinary Share (RM)	3.63	3.65

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Changes in Equity
For the 3-month period ended 31 March 2016

	← Non-Distributable					→ Distributable						
	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	Share Application Monies RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2015	243,002	(30,025)	33,940	599	36,635	8,447	15,208	431,142	738,948	-	146,669	885,617
Total comprehensive income for the period	-	-	-	-	5,829	(7,788)	-	18,667	16,708	-	10,813	27,521
Contributions by and distributions to owners of the Company:-												
Purchase of treasury shares	-	(13)	-	-	-	-	-	-	(13)	-	-	(13)
Issuance of ordinary shares pursuant to ESOS	43	-	22	-	-	-	-	-	65	-	-	65
Total transactions with owners of the Company	43	(13)	22	-	-	-	-	-	52	-	-	52
Realisation of capital reserves	-	-	-	-	-	-	162	(158)	4	-	1	5
Balance at 31.3.2015	<u>243,045</u>	<u>(30,038)</u>	<u>33,962</u>	<u>599</u>	<u>42,464</u>	<u>659</u>	<u>15,370</u>	<u>449,651</u>	<u>755,712</u>	<u>-</u>	<u>157,483</u>	<u>913,195</u>

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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 3-month period ended 31 March 2016

	← Non-Distributable →					Distributable						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Share Application Monies RM'000	Non- Controlling Interests RM'000	
Balance at 1.1.2016	243,345	(30,046)	34,179	1,895	56,756	5,096	15,483	487,409	814,117	-	156,516	970,633
Total comprehensive expenses for the period	-	-	-	-	(24,999)	(1,314)	-	23,595	(2,718)	-	251	(2,467)
Contributions by and distributions to owners of the Company:-												
Issuance of ordinary shares pursuant to ESOS	1,507	-	758	-	-	-	-	-	2,265	-	-	2,265
Total transactions with owners of the Company	1,507	-	758	-	-	-	-	-	2,265	-	-	2,265
Realisation of capital reserves	-	-	-	-	-	-	(14)	(140)	(154)	-	(105)	(259)
Share application monies received	-	-	-	-	-	-	-	-	-	215,229	-	215,229
Balance at 31.3.2016	244,852	(30,046)	34,937	1,895	31,757	3,782	15,469	510,864	813,510	215,229	156,662	1,185,401

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 3-month period ended 31 March 2016

	Current Year To Date 31.3.2016 RM'000	Preceding Year Corresponding Period 31.3.2015 RM'000
Cash flows from operating activities		
Profit before tax	40,309	33,421
Adjustments for non-cash flow - Non-cash items	(8,424)	3,492
- Non-operating items	211	177
Operating profit before changes in working capital	32,096	37,090
Changes in working capital - Net change in assets	291	6,823
- Net change in liabilities	(4,188)	(832)
Cash from operations	28,199	43,081
Income tax paid	(1,273)	(9,997)
Retirement benefits paid	(202)	-
Net cash from operating activities	26,724	33,084
Cash flows for investing activities		
Interest received	1,020	1,530
Dividend received	2	4
Increase in:		
- Land held for property development	(305)	(134)
- Investment properties	-	(8,045)
- Project development expenditure	(25,216)	(6,129)
Proceeds from disposal of property, plant and equipment	80	402
Purchase of property, plant and equipment	(5,585)	(13,913)
Proceeds from disposal of quoted shares	2,637	6,862
Proceeds from disposal of interest in associate	-	3,792
Net cash for investing activities	(27,367)	(15,631)

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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 3-month period ended 31 March 2016

	Current Year To Date 31.3.2016 RM'000	Preceding Year Corresponding Period 31.3.2015 RM'000
Cash flows from/(for) financing activities		
Interest paid	(1,913)	(1,138)
Net (drawdown)/repayment of:		
- Revolving credits and trust receipts	(340)	(6,043)
- Hire purchase payables	(232)	614
- Term loans	(2,599)	(9,802)
Proceeds from issuance of shares pursuant to ESOS	2,265	65
Share application monies received	215,229	-
Purchase of treasury shares	-	(13)
(Placement)/Withdrawal of deposits pledged to licensed banks	(25,050)	27
Net cash from/(for) financing activities	187,360	(16,290)
Effect of foreign exchange translation	(14,313)	3,851
Net increase in cash and cash equivalents	172,404	5,014
Cash and cash equivalents at beginning of the period	172,830	231,295
Cash and cash equivalents at end of the period	345,234	236,309

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

Bank balances and deposits	405,935	240,460
Bank overdrafts	(10,953)	-
	394,982	240,460
Deposits pledged to licensed banks	(49,748)	(4,151)
	345,234	236,309

The notes set out on pages 7 to 24 form an integral part and should be read in conjunction with this interim financial report.

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

- (a) During the 3-month period ended 31 March 2016, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group’s financial statements.

A1. Basis of preparation (Cont'd)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the 3-month period ended 31 March 2016:

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) Defer until) further notice
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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

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

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2018. The Group is currently assessing the possible financial impact that may arise from the adoption of MFRSs and the process is still ongoing.

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in preparing this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2015.

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A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's principal business operations are not significantly affected by seasonal or cyclical factors.

A4. Unusual item

There was no item affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size or incidence in these financial statements.

A5. Nature and amount of changes in estimates

There was no change in estimates of amounts reported in prior periods that have a material effect in the period under review.

A6. Debt and equity securities

	Number of Ordinary Shares of RM1 Each		Amount	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 1.1.2016	243,345	(20,497)	243,345	(30,046)
Issue of shares pursuant to ESOS	1,507	-	1,507	-
Purchase of treasury shares	-	*	-	*
At 31.3.2016	<u>244,852</u>	<u>(20,497)</u>	<u>244,852</u>	<u>(30,046)</u>

* - 100 ordinary shares were purchased for a total consideration of RM271 during the period.

A6. Debt and equity securities (Cont'd)

During the 3-month period ended 31 March 2016, the Company:-

- (a) Issued 1,307,000 and 200,000 new ordinary shares of RM1.00 each for cash at the price of RM1.50 and RM1.52 per share, respectively, arising from the exercise of options under the Company's Employees' Share Option Scheme ("ESOS").

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

- (b) Purchased 100 of its issued ordinary shares of RM1.00 each from the open market at an average price (including transaction costs) of approximately RM2.71 per share. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 244,852,000 (31.12.2015 : 243,345,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 March 2016, 20,497,300 (31.12.2015 : 20,497,200) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up as at 31 March 2016 was therefore 224,354,700 (31.12.2015 : 222,847,800).

Other than as disclosed above, there was no issuance and repayment of debt and equity securities, share cancellations, shares held as treasury shares and resale of treasury shares in these financial statements.

A7. Dividend paid

No dividend was paid during the current quarter ended 31 March 2016.

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A8. Segment information for the 3-month period ended 31 March 2016

GROUP 2016	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	178,516	24,613	5,724	9,457	-	218,310
Inter-segment revenue	-	-	-	3,436	(3,436)	-
Consolidated revenue	178,516	24,613	5,724	12,893	(3,436)	218,310
Results						
Profit from operations	43,163	4,434	1,757	(4,109)	(3,023)	42,222
Finance costs						(1,913)
Profit before tax						40,309
Income tax expense						(8,834)
Profit after tax						31,475
Total assets						
At 31.3.2016	538,397	254,704	295,793	714,101	(337,529)	1,465,466

A8. Segment information for the 3-month period ended 31 March 2016 (Cont'd)

GROUP 2015	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	91,957	23,346	13,024	7,513	-	135,840
Inter-segment revenue	-	-	-	672	(672)	-
Consolidated revenue	91,957	23,346	13,024	8,185	(672)	135,840
Results						
Profit from operations	20,833	4,318	4,640	5,030	(262)	34,559
Finance costs						(1,138)
Profit before tax						33,421
Income tax expense						(8,686)
Profit after tax						24,735
Total assets						
At 31.3.2015	420,718	222,366	314,740	347,700	(224,109)	1,081,415

A9. Valuation of property, plant and equipment

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

A10. Significant events during the reporting period

- (a) At the extraordinary general meeting held on 4 February 2016, shareholders of the Company had approved the corporate exercise involving:
- (i) proposed renounceable rights issue of new ordinary shares of RM1.00 each in the Company (“MFCB Shares”) together with free detachable warrants (“Warrants”) to raise gross proceeds of up to RM250.0 million (“Proposed Rights Issue with Warrants”); and
 - (ii) proposed exemptions to Goh Nan Kioh (“GNK”) and persons acting in concert with him (“PACs”) from the obligation to undertake a mandatory take-over offer for all MFCB Shares and Warrants not held by GNK and his PACs under Paragraphs 16.1(b) and 16.1(c) of the Practice Note 9 of the Malaysian Code on Take-Overs and Mergers, 2010 (“Proposed Exemptions”),
- (collectively, the “Proposals”).
- (b) On 5 February 2016, the Company had obtained the approval of the Securities Commission Malaysia on the Proposed Exemptions.
- (c) On 17 February 2016, the Company had fixed the issue price, entitlement basis and exercise price of the Warrants as follows:
- (i) the Issue Price was fixed at RM1.59 or USD0.38 per Rights Share at an entitlement basis of seven (7) Rights Shares for every ten (10) MFCB Shares held by the Entitled Shareholders on the Entitlement Date;
 - (ii) the entitlement basis for the Warrants was fixed at three (3) Warrants for every seven (7) Rights Shares subscribed for; and
 - (iii) the exercise price of the Warrants was fixed at RM2.22 for each Warrant.

A10. Significant events during the reporting period (Cont'd)

- (d) On 11 March 2016, the Company had issued the Abridged Prospectus in relation to the renounceable rights issue of 157,048,290 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.59 per share, which can be subscribed for at USD0.38 pursuant to the Subscription Option, together with 67,306,410 free detachable warrants on the basis of seven (7) Rights Shares for every ten (10) MFCB shares held by entitled shareholders as at 5.00 p.m. on 11 March 2016 and three (3) Warrants for every seven (7) Rights Shares subscribed for. The Rights Issue with Warrants was closed on 30 March 2016 with an over-subscription of 28,251,961 Rights Shares or 17.99% over the total number of Rights Shares available for subscription.

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

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

Other than as disclosed above, there was no significant event subsequent to the end of the period reported up to 23 May 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements

A12. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter and 3-month period ended 31 March 2016.

A13. Changes in contingent liabilities and assets

(a) Contingent liabilities

The Group's contingent liabilities as at 31 March 2016 are as follows:

- (i) The sum of RM785,000 in relation to the disputed interest on assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah.
- (ii) A claim has been made against a subsidiary by a third party in the Malacca High Court for breach of contract, related to the sale and purchase of 40% of the undivided share of a piece of land. On 6 January 2005, the High Court ordered the subsidiary to pay damages to the third party. The damages claimed by the third party have yet to be proven in Court. The claim is expected to be immaterial and therefore no provision has been made.

Other than as disclosed above, there was no material contingent liability as at 23 May 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 23 May 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A14. Capital commitments

As at 31 March 2016, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	10,707
Not contracted	13,570
	<hr/> 24,277
Project development expenditure	
Authorised but not provided for:	
Contracted	910,471
	<hr/> 934,748

A15. Significant related party transactions

There was no significant related party transaction during the current quarter and 3-month period ended 31 March 2016.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

(a) Current quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	1Q 2016	1Q 2015	% Chg	1Q 2016	1Q 2015	% Chg
Power	178,516 ⁽¹⁾	91,957	94.1%	43,156 ⁽²⁾	20,808	107.4%
Resources	24,613	23,346	5.4%	4,063	4,133	-1.7%
Property	5,724	13,024	-56.1%	1,756	4,598	-61.8%
Sub-total	208,853	128,327	62.8%	48,975	29,539	65.8%
Investment holding and others	9,457	7,513	25.9%	(8,666)	3,882	n.m.
	218,310	135,840	60.7%	40,309	33,421	20.6%

(1) Including construction revenue of RM93.2 million, which is recognised using the percentage of completion method by reference to the completion of a physical proportion of the contract works performed as assessed by the project engineers and owners.

During the construction phase of the Don Sahong Hydropower Project, the Group recognises revenue in respect of its construction services under a service concession arrangement with the corresponding entry in the statement of financial position under intangible asset, which arises because of its concession right in the Concession Agreement.

(2) Including construction profit of RM24.7 million.

The Group's revenue in 1Q 2016 was RM218.3 million, an increase of 60.7% as compared to RM135.8 million in 1Q 2015. The higher revenue was mainly due to the recognition of construction revenue of RM93.2 million for the Don Sahong Hydropower Project and the higher revenue from the Resources business, mainly contributed by higher volume of limestone products.

The Group pre-tax profit surged 20.6% to RM40.3 million in 1Q 2016 from RM33.4 million in 1Q 2015. The higher pre-tax profit was mainly attributable to construction profit of RM24.7 million, partially offset by weaker operational performance and foreign currency losses from cash and deposits denominated in Renminbi and US Dollar.

The Group's core pre-tax profit excluding foreign exchange losses and construction profit was RM24.3 million, a decline of 17.9% compared to 1Q 2015. This was due to the weaker earnings from the 3 main divisions, namely, Power, Resources and Property.

B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Power Division

Excluding construction revenue, the Power Division's revenue declined 7.2% to RM85.3 million, mainly due to lower sales in the Tawau operations, partially offset by a positive foreign currency translation impact on revenue from the China operations. The Tawau plant's revenue slipped 31.9% on shorter operating hours (-13.4%) and lower fuel oil prices (-33.4%). The China plant's revenue remained stable, as higher offtake for steam offset lower unit prices. Sales volume of steam and energy rose 9.9% and 1.9% respectively. Average steam price and energy tariff were lower by 16.8% and 7.9% respectively as a result of lower coal prices and downward tariff adjustments.

Excluding construction profit, pre-tax profit fell 11.4% to RM18.4 million mainly due to a lag in the adjustment of steam prices and lower tariffs, partially offset by a positive foreign currency translation impact on pre-tax profit from the China operations.

Resources and Property Divisions

Resources revenue for the current quarter grew 5.4% to RM24.6 million mainly due to higher sales volume of lime products, calcium carbonate powder and limestone. Sales volume of lime products and calcium carbonate powder increased in both local and export markets. Despite the higher revenue, pre-tax profit fell 1.7% to RM4.1 million mainly due to margin erosion in lime products attributable to higher interest expense and depreciation charges as a result of the newly commissioned kiln and hydration plant.

The Property Division posted a pre-tax profit of RM1.8 million on a revenue of RM5.7 million. The weak performance was attributable to lower property sales and lower recognition of revenue in the development segment as a consequence of management's decision to suspend new property launches since 2013. However, the results of the investment segment improved slightly on higher occupancy.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	1Q 2016	4Q 2015	% Chg	1Q 2016	4Q 2015	% Chg
Power	178,516 ⁽¹⁾	116,806	52.8%	43,156 ⁽²⁾	38,069	13.4%
Resources	24,613	26,213	-6.1%	4,063	2,642	53.8%
Property	5,724	6,691	-14.5%	1,756	1,254	40.0%
Sub-total	208,853	149,710	39.5%	48,975	41,965	16.7%
Investment holding and others	9,457	9,486	-0.3%	(8,666)	(7,380)	n.m.
	218,310	159,196	37.1%	40,309	34,585	16.6%

(1) Including construction revenue of RM93.2 million.

(2) Including construction profit of RM24.7 million.

The Group's revenue rose 37.1% to RM218.3 million on the recognition of construction revenue of RM93.2 million. The Group's pre-tax profit of RM40.3 million was 16.6% higher mainly attributable to higher contribution from the Resources and Property Divisions, gain from quoted investments (as opposed to a loss in 4Q 2015) and the recognition of construction profit of RM24.7 million, partially offset by lower contribution from the China operations and the effects of the weaker Renminbi and US Dollar.

The Group's core pre-tax profit excluding foreign exchange losses and construction profit was RM24.3 million, a decline of 42.2% compared to 4Q 2015. This was due to the weaker earnings from the Power Division.

Power Division

Excluding construction revenue of RM93.2 million related to the Don Sahong Hydropower Project, the Power Division's revenue fell 27% to RM85.3 million on lower contribution from both China and Tawau operations. The China plant's revenue was mainly impacted by customer plant closures during the Chinese New Year festive period compared to peak demand in 4Q 2015. The lower coal prices and downward tariff adjustments also negatively affected the revenue. The revenue decline at the Tawau plant was due to shorter operating hours (-3.2%) and lower fuel oil prices (-24.3%).

Pre-tax profit excluding construction profit was 51.6% lower at RM18.4 million mainly due to both lower revenue and margin contraction of the China operations and the recognition of a partial arbitration award of RM7 million in 4Q 2015.

B2. Variation of results against preceding quarter (Cont'd)

Resources and Property Divisions

Resources revenue fell 6.1% to RM24.6 million mainly on lower sales of lime products. Sales volume of lime products decreased in both local and export markets. However, pre-tax profit surged 53.8% to RM4.1 million. The lower pre-tax profit for the preceding quarter was mainly attributable to internal restructuring costs.

Property revenue fell 14.5% to RM5.7 million mainly due to a 21.8% decrease in development revenue resulting from lower property sales and lower recognition of revenue. However, pre-tax profit grew 40% to RM1.8 million as the pre-tax profit in the preceding quarter was reduced by amortisation charges.

B3. Prospects

The Group's income which is predominantly derived outside Malaysia, is exposed to fluctuations in the value of Ringgit against major foreign currencies, in particular Renminbi and US Dollar. The Group's foreign currency deposits recorded a foreign exchange translation loss in the current quarter. Notwithstanding that, the continued holding of these two currencies enables the Group to match, to a certain extent, the funding requirements of the Don Sahong Hydropower Project.

Setting aside the costs associated with capacity expansion, the Resources Division is seeing improvement in earnings. Given the large export opportunities, we expect this business segment will provide a steady stream of income in the medium to longer term.

We believe the remaining three quarters of the current financial year to be challenging amid uncertainties in the global economy. Nevertheless we expect to see overall positive financial performance primarily from the recognition of construction profit from the Don Sahong Hydropower Project.

B4. Profit forecast

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

B5. Income tax expense

	Current quarter and period ended 31.3.2016 RM'000
Income tax expense:	
- Malaysian	1,893
- Overseas	6,941
	8,834
	8,834

The effective tax rate of the Group for the current quarter and 3-month period ended 31 March 2016 was lower than the Malaysian statutory tax rate of 25% mainly due to interest income which is not taxable, after setting off foreign exchange translation losses which are not tax deductible.

B6. Status of corporate proposal

There was no corporate proposal announced but not completed at 23 May 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B7. Borrowing and debt securities

The Group's borrowings as at 31 March 2016:

	RM'000
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	26,709
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	105,764
<i>Unsecured denominated in:</i>	
Ringgit Malaysia	15,000
	120,764
	147,473

The Group has no debt securities as at 31 March 2016.

B8. Material litigation

On 21 April 2016, Serudong Power Sdn Bhd (“SPSB”) and Sabah Electricity Sdn Bhd (“SESB”) have submitted a Joint Request for Partial Award and SPSB has received the Partial Award from the Arbitral Tribunal on the same date declaring that SESB shall pay SPSB the sum of RM7,745,510.48 in relation to shortfall in energy payments and capacity payments for the period between 15 November 2007 and 31 December 2015 (inclusive of GST) within 30 days of receiving invoices for this amount from SPSB, without prejudice to SPSB’s claims in the Arbitration.

In addition, by the Partial Award, SPSB is permitted to invoice SESB using a particular Fixed Operating Rate and Variable Operating Rate stipulated by SESB in the billings for the period of January 2016 up to November 2016, without prejudice to SPSB’s claims in the Arbitration. Any payments made in accordance with the terms of the Partial Award may be taken into account by the Arbitral Tribunal in the making of its Final Award and in determining the issue and amount of costs and/or interest (if any) in the Arbitration.

Based on the statement of claim submitted on 5 June 2015 for the claim ranging from RM24.1 million to RM25.8 million for the period from December 2000 to March 2015, approximately RM6.8 million were successfully claimed by way of Partial Award. The remaining claim ranging from RM17.3 million to RM19.0 million remains in dispute in the arbitration.

Other than as disclosed above, there was no material litigation at 23 May 2016, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividend

- (a) A final tax-exempt dividend of 5.0 sen per share for the financial year ended 31 December 2015 was approved by the shareholders at the Annual General Meeting held on 30 May 2016. This dividend is payable on 1 July 2016 to entitled shareholders as at 23 June 2016 and has not been included as a liability in these financial statements.
- (b) No dividend has been proposed or declared for the current quarter ended 31 March 2016.

B10. Detailed disclosure for consolidated statement of profit or loss and other comprehensive income

The total comprehensive (expenses)/income is arrived at:

	Current quarter and period ended 31.3.2016 RM'000	Preceding year corresponding quarter and period ended 31.3.2015 RM'000
After crediting:		
Dividend income	2	4
Gain on disposal of property, plant and equipment	67	118
Gain on foreign exchange, net:		
- realised	55	220
- unrealised	-	8,157
Gain on disposal of quoted shares	613	-
Interest income	1,020	1,530
Write-back of inventories	168	-
After debiting:		
Amortisation of land use rights	(57)	(52)
Depreciation of property, plant and equipment	(8,971)	(8,960)
Interest expense	(1,913)	(1,138)
Loss on derecognition of associate	-	(2,256)
Loss on disposal of property, plant and equipment	-	(23)
Loss on disposal of quoted shares	-	(668)
Loss on foreign exchange:		
- unrealised	(7,193)	-
Provision for and write-off of inventories	(2)	(174)
Write-off of property, plant and equipment	(234)	(201)
After other comprehensive (expenses)/income:		
Foreign currency translation difference for foreign operations	(32,628)	11,867
Reversal of share of associate's foreign currency translation	-	(1,293)
Fair value changes of available-for-sale financial assets	(1,314)	(7,788)

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B11. Earnings per share

	Quarter ended 31 March		Year ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Basic earnings per share				
Profit after tax attributable to owners of the Company	23,595	18,667	23,595	18,667
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	243,345	243,002	243,345	243,002
Effect of new ordinary shares issued	622	33	622	33
Effect of treasury shares held	(20,497)	(20,490)	(20,497)	(20,490)
	<u>223,470</u>	<u>222,545</u>	<u>223,470</u>	<u>222,545</u>
Basic earnings per share (sen)	<u>10.56</u>	<u>8.39</u>	<u>10.56</u>	<u>8.39</u>
Diluted earnings per share				
Profit after tax attributable to owners of the Company	23,595	18,667	23,595	18,667
Weighted average number of ordinary shares ('000)	223,470	222,545	223,470	222,545
Weighted average number of shares under option ('000)	12,408	2,080	12,408	2,080
Weighted average number of shares that would have been issued at average market price ('000)	(12,763)	(1,278)	(12,763)	(1,278)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>223,115</u>	<u>223,347</u>	<u>223,115</u>	<u>223,347</u>
Diluted earnings per share (sen)	<u>10.58</u>	<u>8.36</u>	<u>10.58</u>	<u>8.36</u>

- (a) The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period ended 31 March 2016 excluding treasury shares held by the Company.
- (b) The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all outstanding options granted pursuant to the ESOS are exercised.

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B12. Retained profits

	At 31.3.2016 RM'000	At 31.12.2015 RM'000
Total retained profits:		
- realised	337,172	299,626
- unrealised	61,533	74,506
	<hr/>	<hr/>
	398,705	374,132
Consolidation adjustments	112,159	113,277
	<hr/>	<hr/>
Total Group retained profits	510,864	487,409
	<hr/> <hr/>	<hr/> <hr/>

B13. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation of the current quarter.

B14. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 30 May 2016.