

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

**Interim Financial Report
30 June 2014**

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

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income**
For the 2nd quarter and 6-month period ended 30 June 2014

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2nd Quarter 30.6.2014 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2013 RM'000	Current Year To Date 30.6.2014 RM'000	Preceding Year Corresponding Period 30.6.2013 RM'000
Revenue	A8	179,030	157,702	347,855	291,622
Cost of sales		(129,628)	(114,748)	(257,558)	(215,675)
Gross profit		49,402	42,954	90,297	75,947
Other income, net		641	8,445	328	15,074
Operating expenses		(8,339)	(6,985)	(16,161)	(15,314)
Profit from operations		41,704	44,414	74,464	75,707
Finance costs		(877)	(595)	(1,741)	(1,489)
Share of profit/(loss) in an associate, net of tax		10	125	(229)	154
Profit before tax	A8	40,837	43,944	72,494	74,372
Income tax expense		(12,944)	(11,404)	(20,723)	(19,187)
Profit after tax for the period		27,893	32,540	51,771	55,185
Other comprehensive (expenses) /income		1,297	3,406	(12,248)	12,449
Total comprehensive income for the period	B10	29,190	35,946	39,523	67,634
Profit after tax attributable to:					
Owners of the Company		17,510	22,784	33,144	38,828
Non-controlling interests		10,383	9,756	18,627	16,357
		27,893	32,540	51,771	55,185
Total comprehensive income attributable to:					
Owners of the Company		19,838	24,069	24,231	48,183
Non-controlling interests		9,352	11,877	15,292	19,451
		29,190	35,946	39,523	67,634
EPS - Basic (sen)	B11	7.86	10.22	14.88	17.42
EPS - Diluted (sen)	B11	7.83	10.21	14.83	17.40

The notes set out on pages 7 to 23 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 30 June 2014

	Unaudited As At 30.6.2014 RM'000	Audited As At 31.12.2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	282,386	279,906
Associate	38,504	38,631
Investment in quoted shares	67,981	70,889
Investment in unquoted shares	335	335
Land use rights	6,244	6,368
Investment properties	121,363	121,363
Land held for property development	50,223	50,042
Project development expenditure	59,596	50,372
Deferred tax asset	437	484
Goodwill on consolidation	10,812	10,812
Long-term prepayment	769	924
	638,650	630,126
Current Assets		
Inventories	63,936	69,848
Property development	27,668	24,216
Receivables	112,450	117,430
Bank balances and deposits	185,356	156,635
	389,410	368,129
TOTAL ASSETS	1,028,060	998,255
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	242,702	242,455
Treasury shares	(28,712)	(28,669)
Reserves	479,985	465,785
	693,975	679,571
Non-Controlling Interests	141,179	143,272
Total Equity	835,154	822,843
Non-Current Liabilities		
Payables	994	1,044
Long-term borrowings	9,732	6,776
Deferred taxation	21,260	22,396
	31,986	30,216
Current Liabilities		
Payables	80,484	69,838
Short-term borrowings	65,697	65,003
Taxation	14,739	10,355
	160,920	145,196
Total Liabilities	192,906	175,412
TOTAL EQUITY AND LIABILITIES	1,028,060	998,255
Net Assets Per Ordinary Share (RM)	3.11	3.05

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6-month period ended 30 June 2014

	← 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	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2013	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501
Total comprehensive income for the period	-	-	-	-	7,117	2,238	-	38,828	48,183	19,451	67,634
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(9,129)	(9,129)	-	(9,129)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(13,919)	(13,919)
Purchase of treasury shares	-	(1,367)	-	-	-	-	-	-	(1,367)	-	(1,367)
Issuance of ordinary shares pursuant to ESOS	60	-	30	-	-	-	-	-	90	-	90
Total transactions with owners of the Company	60	(1,367)	30	-	-	-	-	(9,129)	(10,406)	(13,919)	(24,325)
Realisation of capital reserves	-	-	-	-	-	-	(50)	(159)	(209)	(22)	(231)
Balance at 30.6.2013	242,455	(28,512)	33,505	774	20,689	14,777	15,040	349,578	648,306	140,273	788,579

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 6-month period ended 30 June 2014

	← 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	Non-Controlling Interests RM'000	
Balance at 1.1.2014	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843
Total comprehensive income for the period	-	-	-	-	(5,399)	(3,514)	-	33,144	24,231	15,292	39,523
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(10,026)	(10,026)	-	(10,026)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(17,651)	(17,651)
Purchase of treasury shares	-	(43)	-	-	-	-	-	-	(43)	-	(43)
Issuance of ordinary shares pursuant to ESOS	247	-	124	-	-	-	-	-	371	-	371
Total transactions with owners of the Company	247	(43)	124	-	-	-	-	(10,026)	(9,698)	(17,651)	(27,349)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	350	350
Realisation of capital reserves	-	-	-	-	-	-	59	(188)	(129)	(84)	(213)
Balance at 30.6.2014	242,702	(28,712)	33,629	732	23,297	6,145	15,136	401,046	693,975	141,179	835,154

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2014

	Current Year To Date 30.6.2014 RM'000	Preceding Year Corresponding Period 30.6.2013 RM'000
Cash flows from operating activities		
Profit before tax	72,494	74,372
Adjustments for non-cash flow - Non-cash items	17,939	15,051
- Non-operating items	(436)	(9,610)
Operating profit before changes in working capital	89,997	79,813
Changes in working capital - Net change in current assets	6,957	(1,473)
- Net change in current liabilities	1,667	6,079
Cash from operations	98,621	84,419
Income tax paid	(17,168)	(15,750)
Net cash from operating activities	81,453	68,669
Cash flows for investing activities		
Interest received	1,066	801
Dividend received	559	310
Increase in:		
- Land held for property development	(181)	(10,028)
- Investment properties	-	(27)
- Project development expenditure	(9,224)	(4,236)
Proceeds from disposal of property, plant and equipment	-	166
Purchase of property, plant and equipment	(23,320)	(12,457)
Proceeds from disposal of quoted shares	18,134	72,953
Purchase of quoted shares	(18,387)	(58,166)
Purchase of unquoted shares	-	(113)
Net cash inflow/(outflow) from acquisition of subsidiaries	350	(4,437)
Acquisition of additional equity interest in an associate	(419)	(166)
Net cash for investing activities	(31,422)	(15,400)

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2014 (Cont'd)

	Current Year To Date 30.6.2014 RM'000	Preceding Year Corresponding Period 30.6.2013 RM'000
Cash flows for financing activities		
Interest paid	(1,533)	(1,239)
Dividends paid to minority shareholders	(17,651)	(13,919)
Net (repayment)/withdrawal of:		
- Revolving credits and trust receipts	(6,341)	(10,195)
- Hire purchase payables	19	182
- Term loans	812	(12,691)
Proceeds from issue of shares pursuant to ESOS	371	90
Purchase of treasury shares	(43)	(1,367)
Net cash for financing activities	<u>(24,366)</u>	<u>(39,139)</u>
Effect of foreign exchange translation	(6,123)	4,086
Net increase in cash and cash equivalents	<u>19,542</u>	<u>18,216</u>
Cash and cash equivalents at beginning of the period	<u>155,593</u>	<u>125,708</u>
Cash and cash equivalents at end of the period	<u><u>175,135</u></u>	<u><u>143,924</u></u>

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

Bank balances and deposits	185,356	143,924
Bank overdrafts	(10,221)	-
	<u>175,135</u>	<u>143,924</u>

The notes set out on pages 7 to 23 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 2013.

- (a) During the 6-month period ended 30 June 2014, 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 10, FRS 12 and FRS 127 (2011): Investment Entities	1 January 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

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 6-month period ended 30 June 2014:

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	
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	
Amendments to FRS 119: Defined Benefit Plans . Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 . 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 . 2013 Cycle	1 July 2014

- (c) 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.

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 becomes mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework.

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 2013.

A2. Qualification of financial statements

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2013 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 1.1.2014	242,455	(19,882)	242,455	(28,669)
Issue of shares pursuant to ESOS	247	-	247	-
Purchase of treasury shares	-	(19)	-	(43)
At 30.6.2014	<u>242,702</u>	<u>(19,901)</u>	<u>242,702</u>	<u>(28,712)</u>

A6. Debt and equity securities (Cont'd)

During the 6-month period ended 30 June 2014, the Company:-

- (a) Issued 247,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's Employees' Share Option Scheme (ESOS).

<u>No. of new ordinary shares issued</u>	<u>Issue price per share</u>
190,000	RM1.50
57,000	RM1.52

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

- (b) Purchased 19,000 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM2.28 per share. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 242,702,000 (31.12.2013: 242,455,000) issued and fully paid-up ordinary shares of RM1.00 each as at 30 June 2014, 19,900,500 (31.12.2013 : 19,881,500) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 222,801,500 (31.12.2013 : 222,573,500).

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 30 June 2014.

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A8. Segment information for the 6-month period ended 30 June 2014

GROUP 2014	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	243,535	55,459	32,867	15,994	-	347,855
Inter-segment revenue	-	-	-	1,971	(1,971)	-
Consolidated revenue	243,535	55,459	32,867	17,965	(1,971)	347,855
Results						
Profit from operations	52,974	10,620	10,170	1,562	(862)	74,464
Finance costs						(1,741)
Share of loss in an associate						(229)
Profit before tax						72,494
Income tax expense						(20,723)
Profit after tax						51,771
Total assets At 30.6.2014	382,219	200,314	306,448	417,497	(278,418)	1,028,060

Mega First Corporation Berhad
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A8. Segment information for the 6-month period ended 30 June 2014 (Cont'd)

GROUP 2013	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	219,825	42,155	12,698	16,944	-	291,622
Inter-segment revenue	-	-	-	1,756	(1,756)	-
Consolidated revenue	219,825	42,155	12,698	18,700	(1,756)	291,622
Results						
Profit from operations	49,622	10,157	4,365	12,497	(934)	75,707
Finance costs						(1,489)
Share of profit in an associate						154
Profit before tax						74,372
Income tax expense						(19,187)
Profit after tax						55,185
Total assets						
At 30.6.2013	344,370	186,131	280,852	422,415	(301,479)	932,289

A9. Valuation of property, plant and equipment

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

A10. Events subsequent to the end of the reporting period

On 24 July 2014, Mega First Ventures Limited (~~(M)FVL~~) obtained approval for de-registration from the Registrar of Companies in Hong Kong. MFVL is a wholly-owned subsidiary of Rock Chemical Industries (Malaysia) Sdn. Berhad (~~(R)CI~~), which in turn is a wholly-owned subsidiary of the Company.

Other than as disclosed above, there was no event subsequent to the end of the period reported up to 19 August 2014, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A11. Changes in composition of the Group

- (i) On 10 April 2014, Runding ANR Sdn. Bhd. (~~(R)ASB~~) was incorporated with a paid-up capital of RM2.00 comprising ordinary shares of RM1.00 each. RASB is a wholly-owned subsidiary of Runding Kualiti Sdn Bhd, which in turn is a 60%-owned subsidiary of RCI.
- (ii) On 12 June 2014, Hexachase Corporation Sdn. Bhd., which is a 52.4%-owned subsidiary of the Company, acquired 65% equity interest in Hexachase Flexipack Sdn. Bhd. comprising 650,000 fully paid ordinary shares of RM1.00 each.

Other than as disclosed above, there was no change in the composition of the Group for the current quarter and 6-month period ended 30 June 2014.

A12. Changes in contingent liabilities and assets

- (a) Contingent liabilities

The Group's contingent liabilities as at 30 June 2014:

	RM'000
(i) Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	1,930

A12. Changes in contingent liabilities and assets (Cont'd)

(a) Contingent liabilities (Cont'd)

- (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 had to be proven at the 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 19 August 2014, 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 19 August 2014, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A13. Capital commitments

As at 30 June 2014, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	17,343
Not contracted	40,563
	<hr/> 57,906
Project development expenditure	
Authorised but not provided for:	
Contracted	19,477
	<hr/> 77,383
	<hr/>

A14. Significant related party transactions

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2014.

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)		
	2Q 2014	2Q 2013	% Chg	2Q 2014	2Q 2013	% Chg
Power	127,558	119,040	7.2%	31,193	29,492	5.8%
Resources	26,967	22,178	21.6%	4,780	5,176	-7.7%
Property	16,601	7,114	133.4%	4,925	2,428	102.8%
Sub-total	171,126	148,332	15.4%	40,898	37,096	10.2%
Investment holding and others	7,904	9,370	-15.6%	(61)	6,848	n.m.
	179,030	157,702	13.5%	40,837	43,944	-7.1%

The pre-tax profit of the Group's core operating divisions increased 10.2% to RM40.9 million resulting from higher contribution from the Power and Property Divisions. However, Group pre-tax profit fell 7.1% to RM40.8 million despite revenue expanding 13.5% to RM179 million. The decline was mainly due to a lower gain of RM800,000 from quoted investments as compared to RM5.8 million in the corresponding period last year.

Power Division

Revenue rose 7.2% with increased sales volume. Higher steam demand resulted in higher sales volume of steam and energy in Shaoxing. Revenue from the Tawau plant also improved due to longer operating hours. These increases were partially offset by decreases in steam prices and energy tariff in Shaoxing.

Pre-tax profit increased 5.8% to RM31.2 million, primarily due to favourable foreign exchange translation (Shaoxing's results), lower coal prices and depreciation charges but partially offset by higher operating costs in Shaoxing (mainly on regulatory compliance).

Resources and Property Divisions

Revenue from Resources Division was 21.6% higher at RM27 million primarily due to higher sales of lime products. Sales of quicklime and hydrated lime increased in both local and export markets. Hydrated lime sales rose 213% mainly on higher overseas demand. Pre-tax profit however fell 7.7% to RM4.8 million due to foreign exchange loss, higher input costs and less favourable sales mix.

B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Revenue from Property Division rose 133% from both its development and investment activities. Development revenue rose on higher percentage of completion of units under construction. Pre-tax profit grew at a slower pace of 103% to RM4.9 million due to sales of lower-priced properties and attractive discounts on completed units.

(b) For the 6-month period ended 30 June 2014

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD 2014	YTD 2013	% Chg	YTD 2014	YTD 2013	% Chg
Power	243,535	219,825	10.8%	52,923	49,452	7.0%
Resources	55,459	42,155	31.6%	10,459	9,964	5.0%
Property	32,867	12,698	158.8%	10,111	3,986	153.7%
Sub-total	331,861	274,678	20.8%	73,493	63,402	15.9%
Investment holding and others	15,994	16,944	-5.6%	(999)	10,970	n.m.
	347,855	291,622	19.3%	72,494	74,372	-2.5%

Revenue of the core operating divisions rose 20.8% to RM331.9 million and pre-tax profit increased 15.9% to RM73.5 million. However, Group pre-tax profit fell 2.5% to RM72.5 million despite revenue growth of 19.3% in the first half of 2014. The decline was mainly due to a lower gain of RM963,000 from quoted investments as compared to RM9.9 million in the corresponding period last year.

Power Division

Revenue rose 10.8% on higher contribution from both the Shaoxing and Tawau plants. The increase in revenue in the Shaoxing plant was largely due to the favourable foreign exchange translation. The increase in the Tawau plant was attributable to higher energy sales (longer operating hours) and medium fuel oil prices.

Pre-tax profit grew 7% to RM52.9 million mainly due to a strong operational performance and the effect of foreign currency translation. The Shaoxing plant's pre-tax profit rose 12.2% on improved margin from lower coal costs. The Tawau plant's pre-tax profit rose because the major maintenance works were carried out in 2013.

B1. Review of performance (Cont'd)

(b) For the 6-month period ended 30 June 2014 (Cont'd)

Resources and Property Divisions

Revenue from Resources Division increased 31.6% to RM55.5 million on higher sales of lime products and calcium carbonate powder but partially offset by lower sales of limestones and bricks. Pre-tax profit increased, but at a much slower rate, to RM10.5 million due to lower margins from lime products, limestones and bricks.

Revenue from Property Division at RM32.9 million was 159% higher compared to the corresponding period last year, largely due to a 221% increase in development revenue resulting from higher unit sales, higher contribution from several ongoing projects and new property launches. Pre-tax profit therefore increased 154% to RM10.1 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2Q 2014	1Q 2014	% Chg	2Q 2014	1Q 2014	% Chg
Power	127,558	115,977	10.0%	31,193	21,730	43.5%
Resources	26,967	28,492	-5.4%	4,780	5,679	-15.8%
Property	16,601	16,266	2.1%	4,925	5,186	-5.0%
Sub-total	171,126	160,735	6.5%	40,898	32,595	25.5%
Investment holding and others	7,904	8,090	-2.3%	(61)	(938)	-93.5%
	179,030	168,825	6.0%	40,837	31,657	29.0%

The Group posted higher second quarter results mainly on higher contribution from the Power Division.

Power Division

Revenue grew 10% in 2Q 2014 largely due to lower demand in 1Q 2014 during the Lunar New Year holidays in China.

Pre-tax profit rose 43.5% to RM31.2 million attributable to higher revenue and improved margin from lower coal prices and better production efficiency in Shaoxing.

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

Resources and Property Divisions

Revenue from Resources Division was 5.4% lower at RM27 million. The decrease was primarily due to lower sales of lime products, limestones and bricks, but partially offset by higher sales of calcium carbonate powder. Pre-tax profit dropped 15.8% to RM4.8 million mainly due to margin contraction from lime products and a foreign exchange loss from US Dollar deposits.

Revenue from Property Division was flat quarter-on-quarter at RM16.6 million. However, pre-tax profit fell 5% to RM4.9 million in the second quarter due to lower unit sales.

B3. Prospects

Barring unforeseen circumstances, the Board expects the results for the remaining quarters to be satisfactory.

B4. Profit forecast

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

B5. Income tax expense

	Current quarter ended 30.6.2014 RM'000	Period ended 30.6.2014 RM'000
Current tax expense		
Malaysian	3,184	5,685
Overseas	9,760	15,038
	12,944	20,723

The effective tax rate of the Group for the current quarter and 6-month period ended 30 June 2014 was higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% on dividends repatriated from China.

B6. Status of corporate proposal

There were no corporate proposals announced but not completed at 19 August 2014, 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 30 June 2014:

RM'000

Long-term borrowings

Secured denominated in:

Ringgit Malaysia 9,732

Short-term borrowings

Secured denominated in:

Ringgit Malaysia 30,124

Unsecured denominated in:

Ringgit Malaysia 25,221

Chinese Renminbi (RMB20,000,000) 10,352

65,697

75,429

The Group has no debt securities as at 30 June 2014.

B8. Material litigation

On 15 November 2013, Serudong Power Sdn. Bhd. (SPSB), a 51%-owned subsidiary of Mega First Power Industries Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, commenced arbitration proceedings under the Kuala Lumpur Regional Centre for Arbitration Rules against Sabah Electricity Sdn. Bhd.. The commencement of the arbitration proceedings is in relation to the recovery of the outstanding capacity and energy payments of approximately RM18,656,000 due to the adjustment of the Fixed Operating Rate and Variable Operating Rate for the period from December 2000 to September 2013, together with interests thereon at 1.5% above the base lending rate as provided for in the Power Purchase Agreement.

Since then, the parties have agreed by mutual consent to further suspend the arbitration until 31 October 2014 so as to facilitate negotiation for an amicable settlement of the dispute.

Other than as disclosed above, the Group has no material litigation which would materially and adversely affect its financial position as at 19 August 2014, 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 4.5 sen per share for the financial year ended 31 December 2013 was approved by the shareholders at the Annual General Meeting held on 21 May 2014 and paid on 16 July 2014 to entitled shareholders as at 30 June 2014. This dividend of RM10,026,068 has been included as a liability in these financial statements.
- (b) The Board has declared an interim tax-exempt dividend of 3.0 sen per ordinary share of RM1.00 each in respect of the financial year ending 31 December 2014 (31 December 2013 : interim tax-exempt dividend of 3.0 sen and final tax-exempt dividend of 4.5 sen). The interim dividend will be paid on 10 October 2014 to the Depositors who are registered in the Record of Depositors at the close of business on 19 September 2014. This dividend has not been included as a liability in these financial statements.
- (c) The total dividend declared to-date for the current financial year is a tax-exempt dividend of 3.0 sen (30 June 2013 : 3.0 sen) per ordinary share of RM1.00 each.

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

The total comprehensive income is arrived at:-

	Current quarter ended 30.6.2014 RM'000	Period ended 30.6.2014 RM'000
After crediting:-		
Interest income	679	1,066
Dividend income	441	559
Fair value adjustment on investment properties	-	-
Gain on disposal of property, plant and equipment	-	-
Gain on disposal of quoted shares	356	344
Gain on foreign exchange:		
- realised	10	71
- unrealised	29	87
Gain on derivatives	-	-
After debiting:-		
Amortisation	(47)	(95)
Depreciation of property, plant and equipment	(7,490)	(15,123)
Impairment of investment in quoted shares	-	-
Interest expense	(772)	(1,533)
Loss on disposal of property, plant and equipment	-	-
Loss on disposal of quoted shares	-	-
Loss on foreign exchange:		
- realised	(56)	(80)
- unrealised	(1,308)	(3,315)
Provision for and write-off of receivables	-	(358)
Provision for and write-off of inventories	-	-
Loss on derivatives	-	-
After other comprehensive income:-		
Foreign currency translation difference for foreign operations	(2,657)	(8,417)
Share of an associate's foreign currency translation	(97)	(317)
Fair value changes of available-for-sale financial assets	4,051	(3,514)
	<u>4,051</u>	<u>(3,514)</u>

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B11. Earnings per share

	Quarter ended		Period ended	
	30 June		30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit after tax attributable to owners of the Company	17,510	22,784	33,144	38,828
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	242,455	242,395	242,455	242,395
Effect of new ordinary shares issued	147	38	147	38
Effect of treasury shares held	(19,886)	(19,527)	(19,886)	(19,527)
	<u>222,716</u>	<u>222,906</u>	<u>222,716</u>	<u>222,906</u>
Basic earnings per share (sen)	<u>7.86</u>	<u>10.22</u>	<u>14.88</u>	<u>17.42</u>
Diluted earnings per share				
Profit after tax attributable to owners of the Company	17,510	22,784	33,144	38,828
Weighted average number of ordinary shares ('000)	222,716	222,906	222,716	222,906
Weighted average number of shares under option ('000)	2,483	2,730	2,483	2,730
Weighted average number of shares that would have been issued at average market price ('000)	(1,617)	(2,459)	(1,631)	(2,520)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€00)	<u>223,582</u>	<u>223,177</u>	<u>223,568</u>	<u>223,116</u>
Diluted earnings per share (sen)	<u>7.83</u>	<u>10.21</u>	<u>14.83</u>	<u>17.40</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 30 June 2014 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 30.6.2014 RM'000	At 31.12.2013 RM'000
Total retained profits:		
- realised	260,500	233,075
- unrealised	45,255	56,490
	<hr/> 305,755	<hr/> 289,565
Total share of retained profits from associated company:		
- realised	325	683
- unrealised	1,133	1,004
	<hr/> 307,213	<hr/> 291,252
Consolidation adjustments	93,833	86,864
	<hr/> 401,046	<hr/> 378,116
Total Group retained profits	<hr/> <hr/> 401,046	<hr/> <hr/> 378,116

B13. Comparative figures

The following comparative figures have been reclassified to conform with the presentation of the current period:-

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Cash Flows (Extract):		
Cash flows from operating activities		
Net change in current assets	(1,473)	(5,709)
Cash flows for investing activities		
Increase in project development expenditure	(4,236)	-
	<hr/>	<hr/>

B14. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 26 August 2014.