

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

**Interim Financial Report
30 June 2012**

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

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 2nd quarter and 6-month period ended 30 June 2012

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2nd Quarter 30.6.2012 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2011 RM'000	Current Year To date 30.6.2012 RM'000	Preceding Year Corresponding Period 30.6.2011 RM'000
Revenue	A8	161,879	158,571	312,209	289,364
Cost of sales		(123,419)	(121,845)	(235,379)	(223,962)
Gross profit		38,460	36,726	76,830	65,402
Other income, net		(1,029)	13,104	3,913	27,479
Operating expenses		(8,194)	(7,756)	(21,267)	(14,669)
Profit from operations		29,237	42,074	59,476	78,212
Finance costs		(904)	(1,842)	(2,071)	(3,442)
Share of profit in an associate		(19)	442	247	944
Profit before taxation	A8	28,314	40,674	57,652	75,714
Income tax expense		(7,553)	(6,642)	(14,617)	(13,092)
Net profit for the period		20,761	34,032	43,035	62,622
Other comprehensive income		845	(9,675)	(1,000)	(20,902)
Total comprehensive income for the period	B10	21,606	24,357	42,035	41,720
Profit attributable to:					
Equity holders of the Company		12,936	25,488	27,359	47,290
Non-controlling interests		7,825	8,544	15,676	15,332
		20,761	34,032	43,035	62,622
Total comprehensive income attributable to:					
Equity holders of the Company		12,344	15,828	27,028	27,646
Non-controlling interests		9,262	8,529	15,007	14,074
		21,606	24,357	42,035	41,720
EPS - Basic (sen)	B12	5.75	11.19	12.17	20.76
EPS - Diluted (sen)	B12	5.74	11.17	12.15	20.72

The notes set out on pages 6 to 21 form an integral part and should be read in conjunction with this interim report.

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2012

	Unaudited	Audited
	As At	As At
	30.6.2012	31.12.2011
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	242,428	233,476
Associate	44,252	44,309
Investment in quoted shares	64,367	84,898
Investment in unquoted shares	2,210	2,210
Land use rights	952	1,048
Investment properties	106,467	106,439
Land held for property development	55,135	54,619
Goodwill on consolidation	25,779	10,812
	541,590	537,811
Current Assets		
Inventories	64,751	62,769
Property development	16,715	24,496
Trade and other receivables	133,224	141,446
Bank balances and deposits	142,380	159,209
	357,070	387,920
TOTAL ASSETS	898,660	925,731
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of		
The Company		
Share capital	242,255	242,205
Treasury shares	(25,045)	(22,316)
Reserves	367,311	338,074
	584,521	557,963
Non-Controlling Interests	122,311	180,212
Total Equity	706,832	738,175
Non-Current Liabilities		
Other payables	685	692
Long-term borrowings	7,593	8,772
Deferred taxation	19,805	20,422
	28,083	29,886
Current Liabilities		
Trade and other payables	89,747	64,135
Short-term borrowings	65,288	78,824
Taxation	8,710	14,711
	163,745	157,670
Total Liabilities	191,828	187,556
TOTAL EQUITY AND LIABILITIES	898,660	925,731
Net Assets Per Ordinary Share (RM)	2.60	2.47

The notes set out on pages 6 to 21 form an integral part and should be read in conjunction with this interim report.

Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6-month period ended 30 June 2012

	← Attributable to equity holders of the company →										
	← Non-distributable →						Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2011	242,205	(18,527)	33,380	491	8,534	26,701	2,616	218,003	513,403	162,254	675,657
Total comprehensive income for the period	-	-	-	-	612	(20,256)	-	47,290	27,646	14,074	41,720
Capital reserves	-	-	-	-	-	-	107	(106)	1	1	2
Dividends paid to:-											
- minority shareholders	-	-	-	-	-	-	-	-	-	(20,067)	(20,067)
Purchase of treasury shares	-	(1,848)	-	-	-	-	-	-	(1,848)	-	(1,848)
Balance at 30.6.2011	242,205	(20,375)	33,380	491	9,146	6,445	2,723	265,187	539,202	156,262	695,464
Balance at 1.1.2012	242,205	(22,316)	33,380	642	16,500	6,489	1,619	279,444	557,963	180,212	738,175
Total comprehensive income for the period	-	-	-	-	(2,447)	2,116	-	27,359	27,028	15,007	42,035
Capital reserves	-	-	-	-	-	-	73	(148)	(75)	(58)	(133)
Dividends paid/payable to:-											
- shareholders of the company	-	-	-	-	-	-	-	(10,892)	(10,892)	-	(10,892)
- minority shareholders	-	-	-	-	-	-	-	-	-	(26,094)	(26,094)
Purchase of treasury shares	-	(2,729)	-	-	-	-	-	-	(2,729)	-	(2,729)
Issuance of ordinary shares pursuant to ESOS	50	-	25	-	-	-	-	-	75	-	75
Increase in equity interest in a subsidiary	-	-	-	-	-	-	13,151	-	13,151	(46,756)	(33,605)
Balance at 30.6.2012	242,255	(25,045)	33,405	642	14,053	8,605	14,843	295,763	584,521	122,311	706,832

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Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2012

	Current Year To date 30.6.2012 RM'000	Preceding Year Corresponding Period 30.6.2011 RM'000
Cash flows from operating activities		
Profit before tax	57,652	75,714
Adjustments for non-cash flow - Non-cash items	13,780	(7,482)
- Non-operating items	2,652	(709)
Operating profit before changes in working capital	74,084	67,523
Changes in working capital - Net change in current assets	12,159	(35,152)
- Net change in current liabilities	1,481	1,567
Cash generated from operations	87,724	33,938
Income tax paid	(16,981)	(7,297)
Net cash from operating activities	70,743	26,641
Cash flows (for)/from investing activities		
Interest received	862	3,200
Dividend received	1,216	841
(Increase)/Decrease in:		
Land held for property development	(516)	(28)
Investment properties	(28)	3,926
Proceeds from disposal of property, plant and equipment	376	-
Purchase of property, plant and equipment	(13,743)	(11,558)
Proceeds from disposal of quoted shares	87,253	126,800
Purchase of quoted shares	(67,402)	(98,560)
Purchase of unquoted shares	-	(1,875)
Net cash outflow from acquisition of subsidiary	(27,476)	-
Increase in equity interest in a subsidiary	(33,605)	-
Acquisition of associate	-	(942)
Net cash (for)/from investing activities	(53,063)	21,804

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Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2012 (Cont'd)

	Current Year To date 30.6.2012 RM'000	Preceding Year Corresponding Period 30.6.2011 RM'000
Cash flows for financing activities		
Interest paid	(1,809)	(3,332)
Dividends paid to minority shareholders	(12,889)	(11,363)
Decrease in:		
Short term borrowings, excluding bank overdrafts	(4,816)	(3,225)
Hire purchase payables	(46)	(45)
Net repayment of term loans	(7,275)	720
Proceeds from issue of shares pursuant to ESOS	75	-
Purchase of treasury shares	(2,729)	(1,848)
Net cash for financing activities	(29,489)	(19,093)
Effect of foreign exchange translation	(2,396)	(765)
Net (decrease)/increase in cash and cash equivalents	(14,205)	28,587
Cash and cash equivalents at beginning of the period	156,144	106,322
Cash and cash equivalents at end of the period	141,939	134,909

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

Bank balances and deposits	142,380	140,157
Bank overdrafts	(441)	(5,248)
	141,939	134,909

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Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

The 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 2011.

- (a) During the 6-month period ended 30 June 2012, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 124 (Revised) Related Party Disclosures

Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7: Disclosures . Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

- (b) On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysia Financial Reporting Standards (~~MFRS~~).

The MFRS is 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 subject to the application of MFRS 141 Agriculture and IC Interpretation 15 . Agreement for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as ~~Transitioning Entities~~).

A1. Basis of preparation (Cont'd)

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional year, i.e. to annual periods beginning on or after 1 January 2013 after which the MFRS will become mandatory.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS to 1 January 2013. Accordingly, the Group will be required to prepare its first MFRS financial statements for the financial year commencing 1 January 2013. In representing its first MFRS financial statements, the Company will quantify the financial effects of the differences between the current FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to ongoing assessment by the management. Accordingly, the statements of financial position and the statements of comprehensive income as disclosed in these financial statements for the 6-month period ended 30 June 2012 could be different if prepared under MFRSs.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2013.

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 2011.

A2. Qualification of financial statements

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2011 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 financial years/periods that have a material effect in the current quarter and 6-month period ended 30 June 2012.

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 1.1.2012	242,205	(16,086)	242,205	(22,316)
Issue of shares pursuant to ESOS	50	-	50	-
Purchase of treasury shares	-	(1,597)	-	(2,729)
At 30.6.2012	<u>242,255</u>	<u>(17,683)</u>	<u>242,255</u>	<u>(25,045)</u>

- (a) During the quarter ended 30 June 2012, 50,000 new ordinary shares of RM1.00 each were issued at the price of RM1.50 per share or a total consideration of RM75,000 pursuant to the exercise of options granted under the Company's Employees Share Option Scheme.

These new ordinary shares of RM1.00 each rank pari passu in all respects with the Company's existing/fully paid ordinary shares of RM1.00 each.

- (b) On 29 June 2012, the Company granted 600,000 share options under the Employee Share Option Scheme to eligible Directors of the Company with the exercise price of RM1.52 per share.

A6. Debt and equity securities (Cont'd)

- (c) During the 6-month period ended 30 June 2012, the Company purchased 1,596,300 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM1.71 per share for a total consideration of RM2,729,382. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.
- (d) Of the total 242,255,000 (31.12.2011 : 242,205,000) issued and fully paid-up ordinary shares of RM1.00 each as at 30 June 2012, 17,682,500 ordinary shares (31.12.2011 : 16,086,200 shares) were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 224,572,500 (31.12.2011 : 226,118,800).

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 in the current quarter ended 30 June 2012.

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A8. Segment information for the 6-month period ended 30 June 2012

	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	237,904	43,426	17,545	13,334	-	312,209
Inter-segment revenue	-	-	-	776	(776)	-
Total revenue	237,904	43,426	17,545	14,110	(776)	312,209
Results						
Profit from operations	46,145	9,865	6,806	(2,291)	(1,049)	59,476
Finance costs	(415)	(275)	(422)	(2,008)	1,049	(2,071)
	45,730	9,590	6,384	(4,299)	-	57,405
Share of profit in an associate						247
Income tax expense						(14,617)
Profit for the 6-month period						43,035
Total assets	338,655	183,839	285,810	433,153	(342,797)	898,660

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 27 July 2012, the Group completed the take-over offer to acquire all the remaining ordinary shares of RM1.00 each in Rock Chemical Industries (Malaysia) Berhad (RCI), which resulted in RCI becoming a 100% owned subsidiary of the Group.

Other than as disclosed above, there was no material event subsequent to the end of the period reported up to 9 August 2012, 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

- (a) On 17 January 2012, Mega First Resources Sdn Bhd, a subsidiary of the Company completed its acquisition of the following companies:-
 - (i) 100% equity interest in Anting Sendirian Berhad; and
 - (ii) 100% equity interest in Sri Anting Sdn Bhd.
- (b) On 21 February 2012, Batamas Sdn Berhad, an indirect subsidiary of the Company acquired 100% equity interest in Usaha Takzim Sdn Bhd.
- (c) On 20 June 2012, the Group subscribed at par value for cash one (1) registered share of US\$1.00 representing 100% equity interest in Goleman Limited, a company incorporated in The British Virgin Islands on 20 June 2011 and is a dormant company.
- (d) On 20 June 2012, upon the final closing of the take-over offer, the Group had increased its equity interest in Rock Chemical Industries (Malaysia) Berhad to 98.19%.

Other than as disclosed above, there was no other material change in the composition of the Group for the current quarter and 6-month period ended 30 June 2012.

A12. Changes in contingent liabilities and assets

(a) Contingent liability

The Group's contingent liability as at 30 June 2012:

	<u>RM'000</u>
Disputed assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	1,654

The local authority in the State of Sabah has reduced the assessment from RM2.3 million to RM2.1 million for the period from 1998 to 2012, of which RM445,000 has been agreed and paid. However, the basis of assessment for the remaining balance of RM1.6 million is disputed and therefore, no accrual has been made.

Other than as disclosed above, there was no change in contingent liability of the Group as at 9 August 2012, 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 9 August 2012, 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 2012, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	10,396
Not contracted	1,278
	<u>11,674</u>

A14. Significant related party transaction

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2012.

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 2012	2Q 2011	% Chg	2Q 2012	2Q 2011	% Chg
Power	124,199	115,354	7.7%	25,009	23,442	6.7%
Resources	22,318	22,545	-1.0%	5,431	3,514	54.6%
Property	8,418	13,872	-39.3%	3,113	4,493	-30.7%
Sub-total	154,935	151,771	2.1%	33,553	31,449	6.7%
Investment holding and others	6,944	6,800	2.1%	(5,239)	9,225	-156.8%
	161,879	158,571	2.1%	28,314	40,674	-30.4%

The Group posted a 2.1% increase in revenue to RM161.9 million. However, pre-tax profit decreased 30.4% to RM28.3 million mainly due to non-operating items as reflected under %investment holding and others+. Excluding %investment holding and others+, the combined pre-tax profit of the Group's core operating divisions rose 6.7% to RM33.6 million. A more detailed analysis of the results of each division is provided below.

Non-operating items comprised mainly gains or losses on disposal of quoted shares and dividend income from quoted investments. The current quarter's pre-tax profit was adversely affected by a loss of RM4.3 million from quoted investments, as opposed to a gain of RM9.3 million reported in the previous corresponding quarter.

Power Division

Revenue recorded a 7.7% improvement to RM124.2 million as a result of higher energy sales and translation gain from a weaker Ringgit. Energy sales volume rose 4.5% to 173,353 MWh due to improvements in production efficiency in both China and Tawau plants. On the other hand, steam sales volume dropped slightly as customer demand fell. Revenue was further boosted by higher energy tariff as a result of an increase in tariff rate in China and higher medium fuel oil prices.

Pre-tax profit rose 6.7% to RM25.0 million mainly due to currency translation gain.

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B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Resources Division

Including the maiden Anting quarry's contribution, revenue remained flat at RM22.3 million. Sales of lime products were 5.7% higher at RM14.6 million. Quicklime sales rose 12.1%, driven by increased order from a local customer for its new plant. Hydrated lime sales increased in both local and export markets. However, these increases were offset by a 25.4% decline in brick sales to RM3.2 million on slower construction activities.

Pre-tax profit recorded a 54.6% improvement to RM5.4 million as a result of positive earnings contribution from new quarry, higher contribution margin from sales of lime products and foreign exchange gain from the strengthening US dollar deposits.

Property Division

Both revenue and pre-tax profit were lower than the corresponding period last year.

Development revenue dropped 46.9% on lower unit sales and lower completion percentages for most of the property projects. Rental income rose 26.4% to RM1.8 million mainly due to higher occupancy in PJ8.

(b) For the 6-month period ended 30 June 2012

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD 2012	YTD 2011	% Chg	YTD 2012	YTD 2011	% Chg
Power	237,904	210,257	13.1%	45,730	41,230	10.9%
Resources	43,426	43,320	0.2%	9,590	6,775	41.5%
Property	17,545	23,073	-24.0%	6,384	12,308	-48.1%
Sub-total	298,875	276,650	8.0%	61,704	60,313	2.3%
Investment holding and others	13,334	12,714	4.9%	(4,052)	15,401	-126.3%
	312,209	289,364	7.9%	57,652	75,714	-23.9%

Pre-tax profit fell by 23.9% to RM57.7 million despite revenue expanding 7.9% to RM312.2 million. Pre-tax profit was dampened by a loss of RM1.7 million from quoted investments, as opposed to a substantial gain of RM16.5 million in the corresponding period last year. At the core, the combined pre-tax profit rose 2.3% to RM61.7 million.

B1. Review of performance (Cont'd)

(b) For the 6-month period ended 30 June 2012 (Cont'd)

Power Division

Pre-tax profit rose 10.9% to RM45.7 million on the back of 13.1% revenue growth.

Steam sales volume rose 5.2% to 1,514,663 MT on stronger manufacturing output by our major customers. As a result, energy sales volume expanded 7.3% to 329,611 MWh. Revenue was further boosted by higher energy tariff as a result of an increase in tariff rate (RMB0.025 per kWh) in China and 15.3% higher medium fuel oil prices, partially offset by a 2.5% lower average steam price due to lower coal prices.

Pre-tax profit increased at a slower pace, mainly due to lower gross profit as a result of higher consumption of coal and medium fuel oil, and a RM793,000 foreign exchange loss from Renminbi cash deposits.

Resources Division

Compared to the first half of last year, revenue was flat at RM43.4 million. Brick sales were down 13.8% to RM6.9 million. However, the decrease was offset by higher sales of lime products and calcium carbonate powder as well as the maiden contribution from the newly acquired quarry. As explained earlier, sales volume of bricks was down 25.4% on slower construction activities. Sales of lime products and calcium carbonate powder on the other hand increased due to increased orders and higher sales price.

Pre-tax profit improved by 41.5% to RM9.6 million, underpinned mainly by the new quarry's contribution and better margins for Kalsa bricks.

Property Division

Revenue at RM17.5 million was 24.0% lower compared to the first half of last year mainly due to lower development revenue, offset by 34.7% higher rental income. Development revenue dropped 31.6% on lower unit sales. Higher occupancy rate in PJ8, coupled with higher income from Greentown car park operations, boosted rental income.

Pre-tax profit however registered a 48.1% decline to RM6.4 million. Earnings in the first half of last year were boosted by a RM6.1 million bad debt recovery. Excluding this amount, pre-tax profit would have shown a marginal increase of 2.1% to RM6.4 million. Rental profit was 62.3% higher, while development profit contracted 9.9% to RM4.7 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2Q 2012	1Q 2012	% Chg	2Q 2012	1Q 2012	% Chg
Power	124,199	113,705	9.2%	25,009	20,721	20.7%
Resources	22,318	21,108	5.7%	5,431	4,159	30.6%
Property	8,418	9,127	-7.8%	3,113	3,271	-4.8%
Sub-total	154,935	143,940	7.6%	33,553	28,151	19.2%
Investment holding and others	6,944	6,390	8.7%	(5,239)	1,187	-541.4%
	161,879	150,330	7.7%	28,314	29,338	-3.5%

The Group posted a 7.7% increase in revenue to RM161.9 million. However, pre-tax profit fell 3.5% to RM28.3 million mainly due to non-operating items as reflected in %investment holding and others+. Excluding %investment holding and others+, the combined pre-tax profit of the Group's core operating divisions increased 19.2% to RM33.6 million when compared to the preceding quarter.

Power Division

Revenue for the second quarter is higher than the first quarter as expected given the seasonal period of low demand in the first quarter due to the Chinese New Year holidays. PBT rose as revenue grew, further boosted by 0.4% higher gross profit margin from higher sales volume and lower costs for utilities and diesel.

Resources Division

Revenue was 5.7% higher compared to the preceding quarter primarily due to higher sales of lime products and the new quarry's contribution, partially offset by a 11.8% decline in brick sales. Lime products sales revenue rose 4.9% to RM14.6 million mainly due to higher local demand for quicklime and higher sales price following the upward adjustment of quicklime price, while brick sales dropped on lower sales volume as explained earlier.

Pre-tax profit surged 30.6% from RM4.2 million to RM5.4 million. The improved performance was mainly contributed by new quarry, higher contribution margin from sales of lime products, partially offset by higher production costs for lime products due to the relining of 3 kilns in the second quarter.

Property Division

Both revenue and pre-tax profit were lower than the preceding quarter.

Development revenue dropped 10.4% on lower unit sales and lower completion percentages for most of the property projects. Rental income rose 3.1% to RM1.8 million mainly due to higher occupancy in PJ8.

**Mega First Corporation Berhad
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B3. Prospects

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 30.6.2012 RM'000	Period ended 30.6.2012 RM'000
Current tax expense		
Malaysian	2,054	4,650
Overseas	5,499	9,967
	<u>7,553</u>	<u>14,617</u>

The effective tax rate of the Group for the current quarter and 6-month period ended 30 June 2012 was higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% on dividends repatriated from China and loss on disposal of quoted shares, which is non-deductible.

B6. Status of corporate proposal

There were no corporate proposals announced but not completed at 9 August 2012, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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B7. Borrowing and debt securities

Group borrowings as at 30 June 2012:

	<u>RM'000</u>
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	39,781
<i>Unsecured denominated in:</i>	
Ringgit Malaysia	9,000
Chinese Renminbi (RMB33,000,000)	16,507
	65,288
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	7,593
	<hr/> 72,881 <hr/>

The Group has no debt securities as at 30 June 2012.

B8. Changes in material litigation

The Group has no material litigation which would materially and adversely affect the financial position of the Group.

B9. Dividend

- (a) A final dividend comprising 4.6 sen less income tax of 25%, and 1.4 sen tax-exempt, per ordinary share of RM1.00 each, for the financial year ended 31 December 2011 was approved by the shareholders at the Annual General meeting held on 21 May 2012 and paid on 17 July 2012 to entitled shareholders as at 29 June 2012. This dividend has been included as a liability in these financial statements.
- (b) The Board has declared a 3.0 sen tax-exempt interim dividend for the financial year ending 31 December 2012 (financial year ended 31 December 2011 : interim dividend of 3.0 sen less income tax of 25% and final dividend comprising 4.6 sen less income tax of 25%, and 1.4 sen tax-exempt). The interim dividend will be paid on 10 October 2012 to the Depositors registered in the Record of Depositors at the close of business on 21 September 2012. This dividend has not been included as a liability in these financial statements.

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B10. Detailed disclosure for consolidated statement of comprehensive income

The total comprehensive income is arrived at:-

	Current quarter ended 30.6.2012 RM'000	Period ended 30.6.2012 RM'000
After crediting:-		
Interest income	(378)	(862)
Dividend income	(471)	(912)
Gain on disposal of property, plant and equipment	(114)	(224)
Gain on foreign exchange:		
- realised	(226)	-
- unrealised	(1,873)	(2,196)
After debiting:-		
Amortisation	54	174
Depreciation	7,047	13,853
Impairment of assets	-	-
Interest expense	744	1,809
Loss on disposal of quoted shares	4,915	2,827
Loss on foreign exchange:		
- realised	-	781
Provision for and write-off of receivables	-	-
Provision for and write-off of inventories	-	-
Gain or loss on derivatives	-	-
After other comprehensive income:-		
Foreign currency translation (gain)/loss for foreign operations	(2,760)	3,155
Net fair value loss in available-for-sale financial assets	1,915	(2,155)
	<u>1,915</u>	<u>(2,155)</u>

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B11. Retained Profits

	At 30.6.2012 RM'000	At 31.12.2011 RM'000
Total retained profits:		
- realised	97,738	116,447
- unrealised	55,138	57,969
	152,876	174,416
Total share of retained profits from associated company		
- realised	586	744
- unrealised	470	274
	153,932	175,434
Consolidation adjustments	141,831	104,010
Total Group retained profits	295,763	279,444

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B12. Earnings per share

	Quarter ended 30 June		Period ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	12,936	25,488	27,359	47,290
Weighted average number of ordinary shares in issue ('000)	224,820	227,844	224,820	227,844
Basic earnings per share (sen)	5.75	11.19	12.17	20.76
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	12,936	25,488	27,359	47,290
Weighted average number of ordinary shares in issue ('000)	224,820	227,844	224,820	227,844
Weighted average number of shares under option ('000)	3,350	3,300	3,350	3,300
Weighted average number of shares that would have been issued at average market price ('000)	(2,998)	(2,878)	(2,980)	(2,895)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (≠000)	225,172	228,266	225,190	228,249
Diluted earnings per share (sen)	5.74	11.17	12.15	20.72

- (a) The basic earnings per share is calculated by dividing the Group's profit 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.
- (b) The diluted earnings per share is calculated by dividing the Group's profit 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.

B13. Authorised for issue

This interim financial statements was authorised for issue by the Board of Directors on 16 August 2012.