

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

**Interim Financial Report
30 June 2015**

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 2015

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2nd Quarter 30.6.2015 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2014 RM'000	Current Year To Date 30.6.2015 RM'000	Preceding Year Corresponding Period 30.6.2014 RM'000
Revenue	A8	147,884	179,030	283,724	347,855
Cost of sales		(108,752)	(129,628)	(210,790)	(257,558)
Gross profit		39,132	49,402	72,934	90,297
Other income, net		5,212	641	15,200	328
Operating expenses		(8,695)	(8,339)	(17,926)	(16,161)
Profit from operations		35,649	41,704	70,208	74,464
Finance costs		(1,273)	(877)	(2,411)	(1,741)
Share of loss in associate, net of tax		-	10	-	(229)
Profit before tax	A8	34,376	40,837	67,797	72,494
Income tax expense		(8,129)	(12,944)	(16,815)	(20,723)
Profit after tax for the period		26,247	27,893	50,982	51,771
Other comprehensive income /(expenses)		1,679	1,297	4,465	(12,248)
Total comprehensive income for the period	B10	27,926	29,190	55,447	39,523
Profit after tax attributable to:					
Owners of the Company		17,600	17,510	36,267	33,144
Non-controlling interests		8,647	10,383	14,715	18,627
		26,247	27,893	50,982	51,771
Total comprehensive income attributable to:					
Owners of the Company		18,098	19,838	34,806	24,231
Non-controlling interests		9,828	9,352	20,641	15,292
		27,926	29,190	55,447	39,523
EPS - Basic (sen)	B11	7.91	7.86	16.29	14.88
EPS - Diluted (sen)	B11	7.85	7.83	16.17	14.83

The notes set out on pages 7 to 25 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 2015

	Unaudited As At 30.6.2015 RM'000	Audited As At 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	329,416	311,540
Associate	-	27,628
Investment in quoted shares	40,233	37,329
Investment in unquoted shares	335	335
Land use rights	6,131	6,198
Investment properties	140,740	128,433
Land held for property development	50,199	50,287
Project development expenditure	92,166	72,459
Deferred tax asset	454	448
Goodwill on consolidation	10,812	10,812
Long-term prepayment	632	711
	671,118	646,180
Current Assets		
Inventories	69,521	69,678
Property development	8,982	15,060
Receivables	109,970	113,637
Bank balances and deposits	268,095	235,473
	456,568	433,848
TOTAL ASSETS	1,127,686	1,080,028
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	243,345	243,002
Treasury shares	(30,038)	(30,025)
Reserves	549,835	525,971
	763,142	738,948
Non-Controlling Interests	148,254	146,669
Total Equity	911,396	885,617
Non-Current Liabilities		
Payables	1,108	812
Long-term borrowings	35,205	21,395
Deferred taxation	19,235	21,035
	55,548	43,242
Current Liabilities		
Payables	87,462	66,495
Short-term borrowings	68,894	71,379
Taxation	4,386	13,295
	160,742	151,169
Total Liabilities	216,290	194,411
TOTAL EQUITY AND LIABILITIES	1,127,686	1,080,028
Net Assets Per Ordinary Share (RM)	3.42	3.32

The notes set out on pages 7 to 25 form an integral part and should be read in conjunction with this interim financial report.

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6-month period ended 30 June 2015

	← Non-Distributable			→ Distributable			Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000	
	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
Balance at 1.1.2014	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	143,272	822,843
Total comprehensive income for the period	-	-	-	-	(5,399)	(3,514)	-	33,144	15,292	39,523
Contributions by and distributions to owners of the Company:-										
Dividends paid to:-										
- shareholders of the Company	-	-	-	-	-	-	-	(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)	(27,349)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	350	350
Realisation of capital reserves	-	-	-	-	-	-	59	(188)	(129)	(84)
Balance at 30.6.2014	242,702	(28,712)	33,629	732	23,297	6,145	15,136	401,046	141,179	835,154

The notes set out on pages 7 to 25 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 Changes in Equity (Cont'd)
For the 6-month period ended 30 June 2015

	Non-Distributable					Distributable					Total Equity RM'000
	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	Attributable Of The Parent RM'000	Non-Controlling Interests 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	-	-	-	-	8,529	(9,990)	-	36,267	34,806	20,641	55,447
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company								(11,142)	(11,142)	-	(11,142)
- subsidiaries' non-controlling interests								-	-	(19,276)	(19,276)
Purchase of treasury shares		(13)						-	(13)	-	(13)
Issuance of ordinary shares pursuant to ESOS	343		178						521		521
Total transactions with owners of the Company	343	(13)	178					(11,142)	(10,634)	(19,276)	(29,910)
Realisation of capital reserves							182	(160)	22	220	242
Balance at 30.6.2015	243,345	(30,038)	34,118	599	45,164	(1,543)	15,390	456,107	763,142	148,254	911,396

The notes set out on pages 7 to 25 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 Cash Flows
For the 6-month period ended 30 June 2015

	Current Year To Date 30.6.2015 RM'000	Preceding Year Corresponding Period 30.6.2014 RM'000
Cash flows from operating activities		
Profit before tax	67,797	72,494
Adjustments for non-cash flow - Non-cash items	10,205	17,939
- Non-operating items	(743)	(436)
Operating profit before changes in working capital	<u>77,259</u>	<u>89,997</u>
Changes in working capital - Net change in current assets	5,033	6,957
- Net change in current liabilities	12,733	1,667
Cash from operations	<u>95,025</u>	<u>98,621</u>
Income tax paid	(27,012)	(17,168)
Net cash from operating activities	<u>68,013</u>	<u>81,453</u>
Cash flows for investing activities		
Interest received	2,965	1,066
Dividend received	20	559
Decrease/(Increase) in:		
- Land held for property development	88	(181)
- Investment properties	(8,045)	-
- Project development expenditure	(19,707)	(9,224)
Proceeds from disposal of property, plant and equipment	570	-
Purchase of property, plant and equipment	(25,856)	(23,320)
Proceeds from disposal of quoted shares	7,069	18,134
Purchase of quoted shares	-	(18,387)
Net cash inflow from acquisition of subsidiaries	-	350
Proceeds from disposal of interest in associate	3,792	-
Acquisition of additional equity interest in associate	-	(419)
Net cash for investing activities	<u>(39,104)</u>	<u>(31,422)</u>

The notes set out on pages 7 to 25 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 Cash Flows (Cont'd)
For the 6-month period ended 30 June 2015

	Current Year To Date 30.6.2015 RM'000	Preceding Year Corresponding Period 30.6.2014 RM'000
Cash flows for financing activities		
Interest paid	(2,165)	(1,533)
Dividends paid to subsidiaries' non-controlling interests	(11,974)	(17,651)
Net drawdown/(repayment) of:		
- Revolving credits and trust receipts	764	(6,341)
- Hire purchase payables	536	19
- Term loans	2,673	812
Proceeds from issuance of shares pursuant to ESOS	521	371
Purchase of treasury shares	(13)	(43)
Placement of fixed deposits pledged to licensed banks	(11)	(5)
Net cash for financing activities	(9,669)	(24,371)
Effect of foreign exchange translation	5,460	(6,123)
Net increase in cash and cash equivalents	24,700	19,537
Cash and cash equivalents at beginning of the period	231,295	155,255
Cash and cash equivalents at end of the period	255,995	174,792

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

Bank balances and deposits	268,095	185,356
Bank overdrafts	(7,888)	(10,221)
	260,207	175,135
Deposits pledged to licensed banks	(4,212)	(343)
	255,995	174,792

The notes set out on pages 7 to 25 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 2014.

- (a) During the 6-month period ended 30 June 2015, 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 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

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 2015:

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	1 January 2016
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

- (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 announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

A1. Basis of preparation (Cont'd)

- (c) 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 2017. 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 2014.

A2. Qualification of financial statements

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2014 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 1.1.2015	243,002	(20,489)	243,002	(30,025)
Issue of shares pursuant to ESOS	343	-	343	-
Purchase of treasury shares	-	(5)	-	(13)
At 30.6.2015	<u>243,345</u>	<u>(20,494)</u>	<u>243,345</u>	<u>(30,038)</u>

During the 6-month period ended 30 June 2015, the Company:-

- (a) Issued 343,000 new ordinary shares of RM1.00 each for cash at the price of RM1.52 per share, 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 5,000 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM2.52 per share. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 243,345,000 (31.12.2014 : 243,002,000) issued and fully paid-up ordinary shares of RM1.00 each as at 30 June 2015, 20,493,500 (31.12.2014 : 20,488,500) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 222,851,500 (31.12.2014 : 222,513,500).

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 2015.

A8. Segment information for the 6-month period ended 30 June 2015

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	206,791	44,720	16,526	15,687	-	283,724
Inter-segment revenue	-	-	-	1,344	(1,344)	-
Consolidated revenue	206,791	44,720	16,526	17,031	(1,344)	283,724
Results						
Profit from operations	59,196	8,175	5,426	(2,057)	(532)	70,208
Finance costs						(2,411)
Share of loss in associate						-
Profit before tax						67,797
Income tax expense						(16,815)
Profit after tax						50,982
Total assets At 30.6.2015	438,782	236,006	320,929	348,424	(216,455)	1,127,686

A8. Segment information for the 6-month period ended 30 June 2015 (Cont'd)

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 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

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

- (a) On 6 July 2015, Mega First Investments (L) Limited ("MFIL") was incorporated and registered under the Labuan Companies Act, 1990 of Malaysia. MFIL has a paid-up capital of USD10,000 comprising 10,000 shares and is wholly-owned by the Company. MFIL will be principally involved in investment related activities.
- (b) On 7 July 2015, Don Sahong Power Company Ltd ("DSPC") was incorporated as a limited company upon issuance of the Investment Certificate under the laws of the Lao People's Democratic Republic ("Lao PDR"). DSPC will have an initial registered and paid-up capital of USD3,000,000 and the eventual registered and paid-up capital is currently estimated at USD53,790,000. DSPC is 79%, 1% and 20% owned by Ground Roses Limited ("GRL"), Silver Acreage Limited ("SAL") and Electricite Du Laos respectively. GRL and SAL are wholly-owned subsidiaries of the Company.

DSPC will eventually sign a Concession Agreement with the Government of Lao PDR to develop, build and operate the Don Sahong Hydropower Project.

Other than as disclosed above, there was no event subsequent to the end of the period reported up to 20 August 2015, 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 16 February 2015, Jadi Imaging Holdings Berhad ("Jadi") ceased to be an associate of the Group following the open market disposal of Jadi shares, which resulted in the Group's equity interest in Jadi falling below 20%. Consequently, the Group's remaining investment in Jadi will henceforth be reclassified as "investment in quoted shares" under non-current assets.
- (b) On 13 May 2015, the following subsidiaries were dissolved upon expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia:
- (i) Mega First Corporate Services Sdn Bhd.
 - (ii) Mega First Development Sdn Bhd.
 - (iii) Mega First Properties Sdn Bhd.
 - (iv) Mega First Ventures Sdn Bhd.
 - (v) Empayar Permai Sdn Bhd.
 - (vi) MFCB Marketing Sdn Bhd.
 - (vii) Hexachase Labels (Kuala Lumpur) Sdn Bhd.
 - (viii) Hexachase Paper Products Sdn Bhd.

A11. Changes in composition of the Group (Cont'd)

- (c) On 2 June 2015, Highland Resources Sdn. Bhd. was dissolved upon expiration of 3 months from the date of lodgement of the Return by Liquidator relating to the Final Meeting with the Companies Commission of Malaysia.
- (d) On 19 June 2015, Rock Chemical Industries (Malaysia) Sdn. Berhad subscribed for 210,000 new ordinary shares of RM1.00 each representing 51.22% equity interest in the enlarged issued and paid-up share capital of Melewar Jutamas Sdn. Bhd. ("MJSB") for the cash consideration of RM12,690,000.00. MJSB is the registered owner of a piece of land measuring approximately 34.398 hectares held under H.S. (D) 13091, PT 9796 in Mukim Teja, District of Kampar, State of Perak with a leasehold period expiring on 6 May 2073.

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 2015.

A12. Changes in contingent liabilities and assets

(a) **Contingent liabilities**

The Group's contingent liabilities as at 30 June 2015 are as follows:

- (i) The sum of RM678,000 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 20 August 2015, 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 20 August 2015, 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 2015, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	16,249
Not contracted	5,185
	<hr/>
	21,434
Project development expenditure	
Authorised but not provided for:	
Contracted	6,352
Not contracted	6,235
	<hr/>
	34,021
	<hr/>

A14. Significant related party transactions

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2015.

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 2015	2Q 2014	% Chg	2Q 2015	2Q 2014	% Chg
Power	114,834	127,558	-10.0%	31,967	31,193	2.5%
Resources	21,374	26,967	-20.7%	2,479	4,780	-48.1%
Property	3,502	16,601	-78.9%	745	4,925	-84.9%
Sub-total	139,710	171,126	-18.4%	35,191	40,898	-14.0%
Investment holding and others	8,174	7,904	3.4%	(815)	(61)	n.m.
	147,884	179,030	-17.4%	34,376	40,837	-15.8%
Profit after tax				26,247	27,893	-5.9%

The Group's profit after tax eased 5.9% year-on-year to RM26.2 million in the current quarter on weaker operational results from the Resources and Property Divisions, cushioned partially by lower income tax expense. While the Power Division delivered a marginal 2.5% increase in pre-tax profit to RM32.0 million, overall group pre-tax profit fell 15.8% to RM34.4 million, led by a 48.1% and 84.9% reduction in contribution from the Resources and Property Division respectively.

Power Division

Pre-tax profit for the Power Division rose marginally by 2.5% to RM32.0 million. Despite a 10% appreciation in Renminbi against the Malaysian Ringgit, revenue fell 10% to RM114.8 million, impacted by slower steam take-up rate and lower unit prices. Steam volume fell 6.9% during the current quarter due to a slowdown in economic activity in China, while the average steam price and energy tariff registered an 11.7% and 12.0% reduction respectively as a result of lower fuel costs (pass through mechanism). For the quarter under review, the average coal price and Medium Fuel Oil price posted a 9.6% and 29.5% decline respectively.

Pre-tax profit for the Power Division was however bolstered by gain on translation of the results of the Group's China operations, forex gain on Reminbi fixed deposits, higher interest income and higher capacity charge in Tawau.

Resources and Property Divisions

While domestic sales volume of lime products rose 10% year-on-year, a 48% decline in export volume of lime products and lower brick sales resulted in revenue for the Resources Division coming in 20.7% lower to RM21.4 million. On a positive note, the average selling price of lime products edged up a 5% gain to RM337 per tonne; primarily due to a favourable change in the USD:RM exchange rate.

B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Resources and Property Divisions (Cont'd)

Export sales of lime product in the current quarter were negatively impacted by slower offtake by two major customers in India and the Philippines respectively, while a slowdown in domestic construction activities had a knocked on effect on brick sales. Moving forward, with the addition of a new 400 tonne/day kiln in August 2015, management will move to expand its overseas customer base more aggressively.

Lower volume aside, margin for the Resources Division in the current quarter was adversely affected by the temporary decommissioning of Kiln 4 for maintenance and repair, and higher overheads and borrowing costs associated with the capacity expansion. As a result, pre-tax profit fell at a sharper rate by 48.1% to RM2.5 million during the quarter.

The Property Division posted a pre-tax profit of RM745,000 on a revenue of RM3.5 million. The weak performance was mainly attributable to lower unit sales and lower recognition of revenue in the development segment. On the other hand, results of the investment segment were weighed by higher maintenance charges and sinking fund.

(b) For the 6-month period ended 30 June 2015

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD	YTD	% Chg	YTD	YTD	% Chg
	2015	2014		2015	2014	
Power	206,791	243,535	-15.1%	59,168	52,923	11.8%
Resources	44,720	55,459	-19.4%	7,702	10,459	-26.4%
Property	16,526	32,867	-49.7%	5,343	10,111	-47.2%
Sub-total	268,037	331,861	-19.2%	72,213	73,493	-1.7%
Investment holding and others	15,687	15,994	-1.9%	(4,416)	(999)	n.m.
	283,724	347,855	-18.4%	67,797	72,494	-6.5%
Profit after tax				50,982	51,771	-1.5%

Group profit after tax came in marginally lower by 1.5% to RM51.0 million, as a lower effective tax rate partially mitigated a 6.5% reduction in pre-tax profit to RM67.8 million. The decline in pre-tax profit was attributable to weaker performances from the Resources and Property Divisions and a RM2.3 million loss from de-recognition of an associate company (included under Investment holding and others).

B1. Review of performance (Cont'd)

(b) For the 6-month period ended 30 June 2015 (Cont'd)

Power Division

In the six-month period, pre-tax profit increased 11.8% to RM59.2 million on a 15.1% decline in revenue to RM206.8 million. Steam sales volume fell 9.6% on slower industrial demand, exacerbated by a 10.8% and 13.3% reduction in average steam price and energy tariff respectively on lower fuel costs. This was partially offset by a 10.4% appreciation of Reminbi versus the Ringgit. In the meantime, coal prices were 9.9% lower, while the cost of Medium Fuel Oil registered a 32.9% reduction.

Despite a lower revenue, pre-tax profit for the Power Division was propped up by foreign currency gains from translation of the results of its China operations and Renminbi fixed deposits, and higher interest income.

Resources and Property Divisions

Revenue from the Resources Division was 19.4% lower at RM44.7 million. Lime products recorded a 23.1% decline in sales volume to 99,750 tonnes largely due to lower demand for quicklime and hydrated lime from the export markets. Domestic market sales remained buoyant, up 4.8% to 57,298 tonnes during the period. The average selling price of lime products increased 5% to RM332 per tonne, assisted by the strengthening of US Dollar against the Malaysian Ringgit.

Despite a higher average selling price, margins in the first half of this year were squeezed by lower sales volume, Kiln 4 shut down for repair and maintenance in the second quarter, and higher operating expenses and borrowing costs arising from the division's capacity expansion, which came on stream in August 2015. Hence, pre-tax profit declined 26.4% to RM7.7 million.

Revenue from Property Division of RM16.5 million was 49.7% lower compared to the corresponding period last year, largely due to a 56.5% decrease in development revenue resulting from lower unit sales and lower contribution from ongoing projects. Pre-tax profit therefore decreased 47.2% to RM5.3 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2Q 2015	1Q 2015	% Chg	2Q 2015	1Q 2015	% Chg
Power	114,834	91,957	24.9%	31,967	27,201	17.5%
Resources	21,374	23,346	-8.4%	2,479	5,223	-52.5%
Property	3,502	13,024	-73.1%	745	4,598	-83.8%
Sub-total	139,710	128,327	8.9%	35,191	37,022	-4.9%
Investment holding and others	8,174	7,513	8.8%	(815)	(3,601)	n.m.
	147,884	135,840	8.9%	34,376	33,421	2.9%
Profit after tax				26,247	24,735	6.1%

Compared to the preceding quarter, revenue grew 8.9% to RM147.9 million while pre-tax profit increased marginally by 2.9% to RM34.4 million. In the preceding quarter, a loss of RM2.3 million was recognised from the de-consolidation of an associate as represented under "Investment holding and others". Profit after tax increased 6.1% to RM26.2 million.

Excluding "Investment holding and others", pre-tax profit decreased 4.9% to RM35.2 million, as weaker performances by the Resources and Property Divisions were largely offset by a 17.5% increase in contribution from the Power Division.

Power Division

Compared to the preceding quarter, revenue rose 24.9% to RM114.8 million on higher steam and energy sales volume, partially offset by lower unit steam price. Demand for steam and energy volume increased 35.5% and 30.2% respectively mainly on low base effect (shorter work days during the Lunar New Year month of February). Average steam price fell 8.6% in tandem with a 7.1% decline in average coal price, while overall energy tariff for the division was flat quarter-on-quarter as the effects of lower coal price was offset by the effects of a 10.6% increase in Medium Fuel Oil cost. The average exchange rate between the Malaysia Ringgit and Reminbi was stable quarter-on-quarter.

Pre-tax profit rose at a slower pace of 17.5% to RM32.0 million as the positive impact from higher sales volume was partially offset by higher forex gain recognised in the preceding quarter (RM6.4 million in 1Q 2015 versus RM2.1 million in 2Q 2015).

Resources and Property Divisions

Revenue from Resources Division fell 8.4% to RM21.4 million on lower sales of lime products and bricks. Sales volume of lime products decreased 12.6% to 46,515 tonnes mainly due to weaker export sales to Singapore and the Philippines. Brick sales dipped on weaker construction activities in Malaysia. Pre-tax profit decreased 52.5% to RM2.5 million due to lower sales volume, Kiln 4 shut down and higher carrying costs from the plant expansion.

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

Resources and Property Divisions (Cont'd)

Revenue from the Property Division fell 73.1% to RM3.5 million mainly due to lower unit sales and revenue recognition from uncompleted projects. The decline in development income contribution resulted in an 83.8% decline in pre-tax profit to RM745,000.

B3. Prospects

The operating environment is expected to remain challenging in light of the global economic headwinds faced by both emerging and developed markets worldwide. Steps have been undertaken to prepare for the challenges ahead and the Board believes the Group is well positioned to weather through this period of uncertainty. Cash flow is expected to remain strong with the balance sheet showing a cash and cash equivalent balance of RM256 million as at 30 June 2015.

On the positive note, the Group is a net beneficiary of a depreciating Ringgit against the US Dollar and Reminbi. The weakness in Ringgit if sustained is expected to bode well for the Group's results in the remaining quarters of this year.

The uncertain economic outlook and weakness in the Malaysian Ringgit are not expected to significantly affect the commercial viability of the Don Sahong Hydro project where future income stream will be primarily US Dollar denominated. The Board expects the project to proceed as scheduled.

B4. Profit forecast

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

B5. Income tax expense

	Current quarter ended 30.6.2015 RM'000	Period ended 30.6.2015 RM'000
Current tax expense		
Malaysian	1,579	6,022
Overseas	6,550	10,793
	<u>8,129</u>	<u>16,815</u>

The lower effective tax rate of the Group for the current quarter was mainly due to translation gains which are not taxable.

B5. Income tax expense (Cont'd)

The proportionate tax expense of the Group for the 6-month period ended 30 June 2015 was mainly due to withholding tax of 10% for dividends repatriated from China, and cushioned by translation gains which are not taxable.

B6. Status of corporate proposal

There was no corporate proposal announced but not completed at 20 August 2015, 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 2015:

RM'000

Long-term borrowings

Secured denominated in:

Ringgit Malaysia

35,205

Short-term borrowings

Secured denominated in:

Ringgit Malaysia

54,894

Unsecured denominated in:

Ringgit Malaysia

14,000

68,894

104,099

The Group has no debt securities as at 30 June 2015.

B8. Material litigation

There was no change in material litigation since the date of the last audited financial statements up to the date of this report.

B9. Dividend

- (a) A final tax-exempt dividend of 5.0 sen per ordinary share for the financial year ended 31 December 2014 amounted to RM11,142,575 was paid on 9 July 2015. This dividend 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 in respect of the financial year ending 31 December 2015 (31 December 2014 : interim tax-exempt dividend of 3.0 sen). The interim dividend will be paid on 9 October 2015 to the Depositors who are registered in the Record of Depositors at the close of business on 25 September 2015. 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 2014 : 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 30.6.2015 RM'000	Period ended 30.6.2015 RM'000
After crediting:		
Interest income	1,435	2,965
Dividend income	16	20
Fair value adjustment on investment properties	-	-
Gain on disposal of property, plant and equipment	129	247
Gain on foreign exchange:		
- realised	333	561
- unrealised	2,392	10,644
Gain on derivatives	-	-
After debiting:		
Amortisation	(52)	(104)
Depreciation of property, plant and equipment	(9,018)	(17,978)
Impairment of investment in quoted shares	-	-
Interest expense	(1,143)	(2,165)
Loss on derecognition of associate	-	(2,256)
Loss on disposal of property, plant and equipment	(169)	(192)
Loss on disposal of quoted shares	344	(324)
Loss on foreign exchange:		
- realised	1	(7)
- unrealised	2	(93)
Provision for and write-off of receivables	-	-
Provision for and write-off of inventories	(6)	(180)
Write-off of property, plant and equipment	(25)	(226)
Loss on derivatives	-	-
After other comprehensive income:		
Foreign currency translation difference for foreign operations	3,881	15,748
Reversal of share of associate's foreign currency translation	-	(1,293)
Fair value changes of available-for-sale financial assets	(2,202)	(9,990)

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

B11. Earnings per share

	Quarter ended 30 June		Period ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Basic earnings per share				
Profit after tax attributable to owners of the Company	17,600	17,510	36,267	33,144
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	243,002	242,455	243,002	242,455
Effect of new ordinary shares issued	106	147	106	147
Effect of treasury shares held	(20,492)	(19,886)	(20,492)	(19,886)
	<u>222,616</u>	<u>222,716</u>	<u>222,616</u>	<u>222,716</u>
Basic earnings per share (sen)	<u>7.91</u>	<u>7.86</u>	<u>16.29</u>	<u>14.88</u>
Diluted earnings per share				
Profit after tax attributable to owners of the Company	17,600	17,510	36,267	33,144
Weighted average number of ordinary shares ('000)	222,616	222,716	222,616	222,716
Weighted average number of shares under option ('000)	14,380	2,483	14,380	2,483
Weighted average number of shares that would have been issued at average market price ('000)	(12,750)	(1,617)	(12,713)	(1,631)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>224,246</u>	<u>223,582</u>	<u>224,283</u>	<u>223,568</u>
Diluted earnings per share (sen)	<u>7.85</u>	<u>7.83</u>	<u>16.17</u>	<u>14.83</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 2015 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.

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

B12. Retained profits

	At 30.6.2015 RM'000	At 31.12.2014 RM'000
Total retained profits:		
- realised	292,307	279,642
- unrealised	71,850	59,229
	<hr/> 364,157	<hr/> 338,871
Total share of retained profits from associated company:		
- realised	-	(89)
- unrealised	-	1,085
	<hr/> 364,157	<hr/> 339,867
Consolidation adjustments	91,950	91,275
	<hr/> 456,107	<hr/> 431,142
Total Group retained profits	<hr/> <hr/> 456,107	<hr/> <hr/> 431,142

B13. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 27 August 2015.