

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

**Interim Financial Report
30 June 2011**

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 2011

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2nd Quarter 30.6.2011 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2010 RM'000	Current Year To date 30.6.2011 RM'000	Preceding Year Corresponding Period 30.6.2010 RM'000
Revenue	A8	158,571	139,401	289,364	259,554
Cost of sales		(121,845)	(106,952)	(223,962)	(207,652)
Gross profit		36,726	32,449	65,402	51,902
Other income, net		13,104	12,098	27,479	17,297
Operating expenses		(7,756)	(7,591)	(14,669)	(14,363)
Profit from operations		42,074	36,956	78,212	54,836
Finance costs		(1,842)	(1,358)	(3,442)	(2,781)
Share of profit in an associate		442	30	944	123
Profit before taxation	A8	40,674	35,628	75,714	52,178
Tax expense		(6,642)	(4,047)	(13,092)	(6,942)
Net profit for the period		34,032	31,581	62,622	45,236
Other comprehensive income		(9,675)	(8,467)	(20,902)	(13,112)
Total comprehensive income		24,357	23,114	41,720	32,124
Profit attributable to:					
Equity holders of the Company		25,488	22,356	47,290	31,823
Non-controlling interests		8,544	9,225	15,332	13,413
		34,032	31,581	62,622	45,236
Total comprehensive income attributable to:					
Equity holders of the Company		15,828	15,376	27,646	21,072
Non-controlling interests		8,529	7,738	14,074	11,052
		24,357	23,114	41,720	32,124
EPS - Basic (sen)	B16	11.19	9.74	20.76	13.87
EPS - Diluted (sen)	B16	11.17	9.74	20.72	13.87

The notes set out on pages 5 to 15 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 2011

	Unaudited As At 30.6.2011 RM'000	Audited As At 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	235,043	231,318
Associate	44,868	43,221
Investment in quoted shares	111,985	145,460
Investment in unquoted shares	2,210	335
Land use rights	1,056	1,139
Investment properties	84,436	84,408
Land held for property development	53,420	57,346
Goodwill on consolidation	10,812	10,812
	543,830	574,039
Current Assets		
Inventories	60,266	62,826
Property development	30,772	31,210
Trade and other receivables	138,703	109,099
Bank balances and deposits	140,157	118,365
	369,898	321,500
TOTAL ASSETS	913,728	895,539
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	242,205	242,205
Treasury shares	(20,375)	(18,527)
Reserves	317,372	289,725
	539,202	513,403
Non-Controlling Interests	156,262	162,254
Total Equity	695,464	675,657
Non-Current Liabilities		
Other payables	667	669
Long-term borrowings	9,921	9,251
Hire purchase payables	79	79
Deferred taxation	21,769	22,493
	32,436	32,492
Current Liabilities		
Trade and other payables	65,990	59,351
Short-term borrowings	112,711	122,701
Taxation	7,127	5,338
	185,828	187,390
Total Liabilities	218,264	219,882
TOTAL EQUITY AND LIABILITIES	913,728	895,539
Net Assets Per Ordinary Share (RM)	2.37	2.25

The notes set out on pages 5 to 15 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 Changes in Equity
For the 6-month period ended 30 June 2011

	← 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 1.1.2010											
- as previously stated	239,283	(10,585)	33,380	28	11,112	-	2,213	164,973	440,404	154,930	595,334
- effects of adopting FRS 139	-	-	-	-	-	15,104	-	-	15,104	1,325	16,429
- as restated	239,283	(10,585)	33,380	28	11,112	15,104	2,213	164,973	455,508	156,255	611,763
Total comprehensive income for the period	-	-	-	-	(5,344)	(5,407)	-	31,823	21,072	11,052	32,124
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	3,029	3,029
Capital reserves	-	-	-	-	-	-	466	(120)	346	(52)	294
Dividends	-	-	-	-	-	-	-	-	-	(22,118)	(22,118)
Issuance of ordinary shares pursuant to ESOS	2,922	-	-	-	-	-	-	-	2,922	-	2,922
Purchase of treasury shares	-	(5,983)	-	-	-	-	-	-	(5,983)	-	(5,983)
Balance at 30.6.2010	242,205	(16,568)	33,380	28	5,768	9,697	2,679	196,676	473,865	148,166	622,031
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	-	-	-	-	-	-	-	-	-	(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

The notes set out on pages 5 to 15 form an integral part and should be read in conjunction with this interim report.

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Unaudited Condensed Consolidated Cash Flow Statements
For the 6-month period ended 30 June 2011

	Current Year To date 30.6.2011 RM'000	Preceding Year Corresponding Period 30.6.2010 RM'000
Cash flows from operating activities		
Profit before tax	75,714	52,178
Adjustments for non-cash flow - Non-cash items	(7,482)	12,247
- Non-operating items	(667)	(11,720)
Operating profit before changes in working capital	67,565	52,705
Changes in working capital - Net change in current assets	(35,152)	10,339
- Net change in current liabilities	1,567	8,760
Cash generated from operations	33,980	71,804
Income tax paid	(7,297)	(4,644)
Net cash from operating activities	26,683	67,160
Cash flows from investing activities		
Interest received	3,268	703
Dividend received	841	3,002
Decrease/(Increase) in:		
Land held for property development	(28)	(167)
Investment properties	3,926	(28)
Proceeds from disposal of property, plant and equipment	-	914
Purchase of property, plant and equipment	(11,558)	(33,884)
Proceeds from disposal of quoted shares	126,800	110,276
Purchase of quoted shares	(98,560)	(47,790)
Purchase of unquoted shares	(1,875)	-
Net cash inflow from acquisition of subsidiary	-	1,019
Acquisition of associate	(942)	-
Net cash from investing activities	21,872	34,045
Cash flows (for)/from financing activities		
Finance costs paid	(3,442)	(2,781)
Dividends paid to minority interests	(11,363)	(2,877)
(Decrease)/Increase in:		
Short term borrowings, excluding bank overdrafts	(3,225)	10,096
Hire purchase payables	(45)	(9)
Net drawdown/(repayment) of term loans	720	(838)
Proceeds from issue of shares pursuant to ESOS	-	2,922
Purchase of treasury shares	(1,848)	(5,983)
Net cash (for)/from financing activities	(19,203)	530
Effect of foreign exchange translation	(765)	(2,266)
Net increase in cash and cash equivalents	28,587	99,469
Cash and cash equivalents at beginning of the period	106,322	108,500
Cash and cash equivalents at end of the period	134,909	207,969

The notes set out on pages 5 to 15 form an integral part and should be read in conjunction with this interim report.

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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 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

During the 6-month period ended 30 June 2011, the Group has adopted the following:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010

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A1. Basis of preparation (Cont'd)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Annual Improvements to FRSs (2010)	1 January 2011

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2010.

A2. Qualification of financial statement

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2010 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 are unusual because of their nature, size or incidence in these financial statements.

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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 2011.

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 1.1.2011	242,205	(13,728)	242,205	(18,527)
Purchase of treasury shares	-	(1,087)	-	(1,848)
At 30.6.2011	242,205	(14,815)	242,205	(20,375)

- a) During the 6-month period ended 30 June 2011, the Company has purchased 1,087,300 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM1.70 per share for a total consideration of RM1,847,980. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.
- b) Of the total 242,205,000 (31.12.2010 : 242,205,000) issued and paid-up ordinary shares of RM1.00 each as at 30 June 2011, 14,814,900 shares (31.12.2010 : 13,727,600 shares) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and paid-up is therefore 227,390,100 (31.12.2010 : 228,477,400).

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

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A7. Dividend paid

A final dividend of 5.5 sen, less income tax of 25%, for the financial year ended 31 December 2010 was paid on 15 July 2011 to entitled shareholders as at 30 June 2011.

A8. Segment information for the financial period ended 30 June 2011

By Activity	Revenue RM'000	Profit Before Taxation RM'000
<u>Continuing operations:</u>		
Build, own and operate power plants	210,257	41,230
Property development and investment	23,073	13,939
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	43,320	7,028
Engineering, designing and manufacturing of automotive and transportation components	5,431	670
Investment holding and others	7,283	12,847
	<u>289,364</u>	<u>75,714</u>

A9. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendments from the preceding year's audited financial statements.

A10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported up to 18 August 2011, 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

There was no change in the composition of the Group for the 6-month period ended 30 June 2011 including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

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A12. Changes in contingent liabilities and assets

a) Contingent liabilities

The Group's contingent liability as at 30 June 2011:

	<u>RM'000</u>
Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	9,067
Disputed income tax payable by a subsidiary	<u>603</u>

There was no change in contingent liabilities of the Group as at 18 August 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

b) Contingent assets

The Group has no contingent asset as at 18 August 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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

B1. Review of performance

a) Current quarter

The Group's revenue and pre-tax profit for the current quarter increased by 13.8% to RM158.6 million and 14.2% to RM40.7 million, respectively, compared to the corresponding quarter last year.

The higher pre-tax profit was largely attributable to higher contribution from the Property Division and higher gain from disposal of quoted shares, partially offset by lower contribution from the Limestone and Engineering Divisions.

b) For the 6-month period ended 30 June 2011

The Group's revenue and pre-tax profit for the 6-month period ended 30 June 2011 increased by 11.5% to RM289.4 million and 45.1% to RM75.7 million, respectively, compared to the corresponding period last year.

The higher pre-tax profit was largely attributable to higher contribution from the Power and Property Divisions and higher gain from disposal of quoted shares, partially offset by lower contribution from the Limestone and Engineering Divisions.

B2. Variation of results against preceding quarter

The Group's revenue and pre-tax profit for the current quarter increased by 21.2% to RM158.6 million and 16.1% to RM40.7 million, respectively, compared to the preceding quarter.

The higher pre-tax profit was largely attributable to higher contribution from the Power, Limestone and Engineering Divisions and higher gain from disposal of quoted shares, partially offset by lower contribution from the Property Division.

B3. Prospects

The Board is confident that the results for the remaining quarters will continue to be satisfactory.

B4. Profit forecast

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

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B5. Tax expense

	Current Quarter ended 30.6.2011 RM'000	Period ended 30.6.2011 RM'000
Current tax expense		
Malaysian	1,679	4,580
Overseas	4,963	8,512
	<hr/>	<hr/>
	6,642	13,092
	<hr/>	<hr/>

The effective tax rate of the Group for the current quarter and 6-month period ended 30 June 2011 was lower than the Malaysian statutory tax rate of 25% due mainly to gain on disposal of quoted shares, which is non-taxable, utilisation of reinvestment allowance, and the income earned in China which is taxed at a lower rate of 24%.

B6. Unquoted investments and properties

There was no sale of unquoted investment or property during the current quarter and 6-month period ended 30 June 2011.

B7. Quoted investments

- a) Purchase and sale of quoted shares during the current quarter and 6-month period ended 30 June 2011.
- (i) Acquisition of quoted shares

	Current Quarter ended 30.6.2011 RM'000	Period ended 30.6.2011 RM'000
Purchase consideration	50,770	98,560
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B7. Quoted investments (Cont'd)

(ii) Disposal of quoted shares

	Current Quarter ended 30.6.2011 RM'000	Period ended 30.6.2011 RM'000
Sale proceeds	56,084	126,800
Cost of quoted shares disposed	(47,424)	(111,162)
Gain on disposal	<u>8,660</u>	<u>15,638</u>

b) Investment in quoted shares as at 30 June 2011

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	69,845	68,963	68,963
Quoted outside Malaysia	45,380	43,022	43,022
	<u>115,225</u>	<u>111,985</u>	<u>111,985</u>

B8. Status of corporate proposal

The Employee Share Option of Rock Chemical Industries (Malaysia) Berhad (RCI), a 60.4% owned subsidiary of the Company, that was approved by shareholders of RCI on 25 May 2007, has yet to become effective.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 18 August 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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B9. Borrowing and debt securities

Group borrowings as at 30 June 2011:

RM'000

Short-term borrowings

Secured denominated in:

Ringgit Malaysia

50,999

Chinese Renminbi (RMB40,000,000)

18,688

69,687

Unsecured denominated in:

Ringgit Malaysia

14,992

Chinese Renminbi (RMB60,000,000)

28,032

112,711

Long-term borrowings

Secured denominated in:

Ringgit Malaysia

9,921

122,632

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 18 August 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B11. Changes in material litigation

There was no pending material litigation as at 18 August 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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B12. Capital commitments

As at 30 June 2011, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	12,210
Not contracted	6,283
	<hr/>
	18,493
	<hr/>

B13. Dividend proposed or declared

The Board has declared an interim dividend of 3.0% less income tax of 25% (financial year ended 31 December 2010 : interim dividend of 2.0% less income tax of 25% and final dividend of 5.5% less income tax of 25%) for the financial year ending 31 December 2011. The interim dividend will be paid on 7 October 2011 to the Depositors registered in the Record of Depositors at the close of business on 23 September 2011.

This dividend has not been included as a liability in these financial statements.

B14. Significant related party transaction

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2011.

B15. Retained Profits

	At 30.6.2011 RM'000	At 31.12.2010 RM'000
Total retained profits of the Group:-		
- Realised	257,249	219,549
- Unrealised	7,938	(1,546)
	<hr/>	<hr/>
	265,187	218,003
	<hr/>	<hr/>

**Mega First Corporation Berhad
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**Mega First Corporation Berhad
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B16. Earnings per share

	Quarter ended 30 June		Period ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	25,488	22,356	47,290	31,823
Weighted average number of ordinary shares in issue ('000)	227,844	229,485	227,844	229,485
Basic earnings per share (sen)	11.19	9.74	20.76	13.87
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	25,488	22,356	47,290	31,823
Weighted average number of ordinary shares in issue ('000)	227,844	229,485	227,844	229,485
Weighted average number of shares under option ('000)	3,300	-	3,300	-
Weighted average number of shares that would have been issued at average market price ('000)	(2,878)	-	(2,895)	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€000)	228,266	229,485	228,249	229,485
Diluted earnings per share (sen)	11.17	9.74	20.72	13.87

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
25 August 2011