

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

**Interim Financial Report
30 June 2013**

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 2013

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2nd Quarter 30.6.2013 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2012 RM'000	Current Year To date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Revenue	A8	157,702	161,879	291,622	312,209
Cost of sales		(114,748)	(123,419)	(215,675)	(235,379)
Gross profit		42,954	38,460	75,947	76,830
Other income, net		8,445	(918)	15,074	2,224
Operating expenses		(6,985)	(8,305)	(15,314)	(19,578)
Profit from operations		44,414	29,237	75,707	59,476
Finance costs		(595)	(904)	(1,489)	(2,071)
Share of profit in an associate		125	(19)	154	247
Profit before tax	A8	43,944	28,314	74,372	57,652
Income tax expense		(11,404)	(7,553)	(19,187)	(14,617)
Profit after tax for the period		32,540	20,761	55,185	43,035
Other comprehensive income		3,406	845	12,449	(1,000)
Total comprehensive income for the period	B10	35,946	21,606	67,634	42,035
Profit attributable to:					
Owners of the Company		22,784	12,936	38,828	27,359
Non-controlling interests		9,756	7,825	16,357	15,676
		32,540	20,761	55,185	43,035
Total comprehensive income attributable to:					
Owners of the Company		24,069	12,344	48,183	27,028
Non-controlling interests		11,877	9,262	19,451	15,007
		35,946	21,606	67,634	42,035
EPS - Basic (sen)	B11	10.22	5.75	17.42	12.17
EPS - Diluted (sen)	B11	10.21	5.74	17.40	12.15

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

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2013

	Unaudited As At 30.6.2013 RM'000	Audited As At 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	250,744	248,251
Associate	45,543	44,237
Quoted investments	67,911	70,866
Unquoted investments	2,323	2,210
Land use rights	796	847
Investment properties	121,390	121,363
Land held for property development	58,244	48,216
Deferred tax asset	486	-
Goodwill on consolidation	15,273	10,812
Long-term prepayment	994	1,056
	563,704	547,858
Current Assets		
Inventories	69,886	69,442
Property development	6,743	9,158
Trade and other receivables	148,032	142,466
Bank balances and deposits	143,924	126,108
	368,585	347,174
TOTAL ASSETS	932,289	895,032
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	242,455	242,395
Treasury shares	(28,512)	(27,145)
Reserves	434,363	395,488
	648,306	610,738
Non-Controlling Interests	140,273	134,763
Total Equity	788,579	745,501
Non-Current Liabilities		
Other payables	833	793
Long-term borrowings	5,271	6,469
Deferred taxation	17,626	18,022
	23,730	25,284
Current Liabilities		
Trade and other payables	67,466	51,950
Short-term borrowings	40,155	62,243
Taxation	12,359	10,054
	119,980	124,247
Total Liabilities	143,710	149,531
TOTAL EQUITY AND LIABILITIES	932,289	895,032
Net Assets Per Ordinary Share (RM)	2.91	2.73

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

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 6-month period ended 30 June 2013

	← Non-distributable					→ Distributable					
	Share Capital	Treasury Shares	Share Premium	Employees' Share Option Reserve	Translation Reserve	Fair Value Reserve	Capital Reserve	Retained Profits	Attributable To Owners Of The Parent	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(10,892)	(10,892)	-	(10,892)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(26,094)	(26,094)
Purchase of treasury shares	-	(2,729)	-	-	-	-	-	-	(2,729)	-	(2,729)
Employees' share options exercised	50	-	25	-	-	-	-	-	75	-	75
	50	(2,729)	25	-	-	-	-	(10,892)	(13,546)	(26,094)	(39,640)
Increase in equity interest in a subsidiary	-	-	-	-	-	-	13,151	-	13,151	(46,756)	(33,605)
Total transactions with owners of the Company	50	(2,729)	25	-	-	-	13,151	(10,892)	(395)	(72,850)	(73,245)
Realisation of capital reserves	-	-	-	-	-	-	73	(148)	(75)	(58)	(133)
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

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

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

Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 6-month period ended 30 June 2013

	← 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)
Share option to directors	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	(1,367)	-	-	-	-	-	-	(1,367)	-	(1,367)
Employees' share options exercised	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

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

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

Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2013

	Current Year To date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Cash flows from operating activities		
Profit before tax	74,372	57,652
Adjustments for non-cash flow - Non-cash items	15,051	13,780
- Non-operating items	(9,610)	2,652
Operating profit before changes in working capital	79,813	74,084
Changes in working capital - Net change in current assets	(5,709)	12,159
- Net change in current liabilities	6,079	1,481
Cash from operations	80,183	87,724
Income tax paid	(15,750)	(16,981)
Net cash from operating activities	64,433	70,743
Cash flows for investing activities		
Interest received	801	862
Dividend received	310	1,216
Increase in:		
- Land held for property development	(10,028)	(516)
- Investment properties	(27)	(28)
Proceeds from disposal of property, plant and equipment	166	376
Purchase of property, plant and equipment	(12,457)	(13,743)
Proceeds from disposal of quoted shares	72,953	87,253
Purchase of quoted shares	(58,166)	(67,402)
Purchase of unquoted investments	(113)	-
Net cash outflow from acquisition of subsidiaries	(4,437)	(27,476)
Acquisition of additional equity interest in:		
- a subsidiary from non-controlling interests	-	(33,605)
- an associate company	(166)	-
Net cash for investing activities	(11,164)	(53,063)

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

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

Unaudited Condensed Consolidated Statement of Cash Flows
For the 6-month period ended 30 June 2013 (Cont'd)

	Current Year To date 30.6.2013 RM'000	Preceding Year Corresponding Period 30.6.2012 RM'000
Cash flows for financing activities		
Interest paid	(1,239)	(1,809)
Dividends paid to minority shareholders	(13,919)	(12,889)
Net withdrawal/(repayment) of:		
- Revolving credits and trust receipts	(10,195)	(4,816)
- Hire purchase payables	182	(46)
- Term loans	(12,691)	(7,275)
Proceeds from issue of shares pursuant to ESOS	90	75
Purchase of treasury shares	(1,367)	(2,729)
Net cash for financing activities	<u>(39,139)</u>	<u>(29,489)</u>
Effect of foreign exchange translation	4,086	(2,396)
Net increase/(decrease) in cash and cash equivalents	18,216	(14,205)
Cash and cash equivalents at beginning of the period	125,708	156,144
Cash and cash equivalents at end of the period	<u>143,924</u>	<u>141,939</u>

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

Bank balances and deposits	143,924	142,380
Bank overdrafts	-	(441)
	<u>143,924</u>	<u>141,939</u>

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

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

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

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

- (a) During the 6-month period ended 30 June 2013, 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
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures . Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013

A1. Basis of preparation (Cont'd)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to FRSs 2009 - 2011 Cycle	1 January 2013

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.

- (b) The Group has not applied in advance the following new accounting standards and interpretations (including the consequential amendments) but are not yet effective for the 6-month period ended 30 June 2013:

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 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.

For the period up to 30 June 2013, the Group prepared these interim financial statements in accordance with FRS as the Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 December 2014.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2014.

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 2012.

A2. Qualification of financial statements

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2012 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 1.1.2013	242,395	(18,942)	242,395	(27,145)
Issue of shares pursuant to ESOS	60	-	60	-
Purchase of treasury shares	-	(856)	-	(1,367)
At 30.6.2013	<u>242,455</u>	<u>(19,798)</u>	<u>242,455</u>	<u>(28,512)</u>

A6. Debt and equity securities (Cont'd)

During the 6-month period ended 30 June 2013:-

- (a) 60,000 new ordinary shares of RM1.00 each were issued at the price of RM1.50 per share pursuant to the exercise of options under the Company's Employees' Share Option Scheme (ESOS).

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

- (b) The Company purchased 856,200 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM1.60 per share for a total consideration of RM1,366,503. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 242,455,000 (31.12.2012 : 242,395,000) issued and fully paid-up ordinary shares of RM1.00 each as at 30 June 2013, 19,798,500 (31.12.2012 : 18,942,300) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 222,656,500 (31.12.2012 : 223,452,700).

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 2013.

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

A8. Segment information for the 6-month period ended 30 June 2013

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

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

A8. Segment information for the 6-month period ended 30 June 2013 (Cont'd)

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	237,904	43,426	17,545	13,334	-	312,209
Inter-segment revenue	-	-	-	776	(776)	-
Consolidated revenue	237,904	43,426	17,545	14,110	(776)	312,209
Results						
Profit from operations	46,145	9,865	5,632	(1,117)	(1,049)	59,476
Finance costs						(2,071)
Share of profit in an associate						247
Profit before tax						57,652
Income tax expense						(14,617)
Profit after tax						43,035
Total assets At 30.6.2012	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

- (i) On 5 July 2013, the following dormant subsidiaries were placed under membersq voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:-

Direct subsidiaries

- (a) Mega First Corporate Services Sdn Bhd.
- (b) Mega First Development Sdn Bhd.
- (c) Mega First Properties Sdn Bhd.
- (d) Mega First Ventures Sdn Bhd.

Indirect subsidiaries

- (a) Empayar Permai Sdn Bhd.
- (b) MFCB Marketing Sdn Bhd.
- (c) Hexachase Labels (Kuala Lumpur) Sdn Bhd.
- (d) Hexachase Paper Products Sdn Bhd.

- (ii) On 31 July 2013, the Company had obtained approval from The Royal Government of Cambodia for a 90-year concession of a plot of land measuring 9,477 hectares situated in the Namlear Wildlife Sanctuary Zone, Mondulkiri Province, Kingdom of Cambodia for agricultural development and cultivation.

Other than as disclosed above, there was no other event subsequent to the end of the period reported up to 19 August 2013, 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 4 January 2013, Rock Chemical Industries (Malaysia) Sdn Berhad (formerly known as Rock Chemical Industries (Malaysia) Berhad) (RCKI), which is a wholly-owned subsidiary of the Company, acquired 778 fully paid-up ordinary shares of RM1.00 each representing 77.8% of the issued and paid-up share capital of Teratai Kembara Sdn Bhd (TKSB) for an aggregate cash consideration of RM3.89 million.
- (ii) On 10 January 2013, Highland Resources Sdn Bhd, a wholly-owned subsidiary of Gombak Land Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, was placed under membersq voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.

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

- (iii) On 6 February 2013, MFFB International Limited, a wholly-owned subsidiary of Bayangan Sutera Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, was dissolved following completion of its liquidation.
- (iv) On 1 March 2013, Teratai ANR Sdn Bhd (~~(%ASB+)~~) was incorporated with a paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each which were held by TKSB. On 28 March 2013, TASB increased its issued share capital to 500,000 comprising fully paid ordinary shares of RM1.00 each, of which 450,000 shares representing 90% equity interest are held by TKSB.
- (v) On 23 April 2013, RCI subscribed for one new registered share of USD1.00 representing 100% equity interest in Silver Acreage Limited at the subscription price of USD1.00. Silver Acreage Limited was incorporated in The British Virgin Islands on 2 April 2013.
- (vi) On 26 April 2013, RCI subscribed for one new registered share of USD1.00 representing 100% equity interest in Ground Roses Limited at the subscription price of USD1.00. Ground Roses Limited was incorporated in The British Virgin Islands on 23 April 2013.
- (vii) On 13 May 2013, RCI acquired 1,321 fully paid-up ordinary shares of RM1.00 each representing 55% of the issued and paid-up share capital of Identiti Jitu Sdn Bhd (~~(%JSB+)~~) for an aggregate cash consideration of RM550,090.

Other than as disclosed above, there was no other change in the composition of the Group for the current quarter and 6-month period ended 30 June 2013.

A12. Changes in contingent liabilities and assets

- (a) Contingent liabilities

The Group's contingent liabilities as at 30 June 2013:

(i)		RM'000
	Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	1,645
		<hr/> <hr/>

A12. Changes in contingent liabilities and assets (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. This matter has been fixed for assessment of damages and the amount claimed has yet to be proven in Court. The claim is not expected to be material.

Other than as disclosed above, there was no other material contingent liability as at 19 August 2013, 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 2013, 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 2013, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	33,216
Not contracted	5,026
	<hr/>
	38,242
	<hr/> <hr/>

A14. Significant related party transactions

There was no significant related party transaction during the current quarter and 6-months period ended 30 June 2013.

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 2013	2Q 2012	% Chg	2Q 2013	2Q 2012	% Chg
Power	119,040	124,199	-4.2%	29,492	25,009	17.9%
Resources	22,178	22,318	-0.6%	5,176	5,431	-4.7%
Property	7,114	8,418	-15.5%	2,428	2,117	14.7%
Sub-total	148,332	154,935	-4.3%	37,096	32,557	13.9%
Investment holding and others	9,370	6,944	34.9%	6,848	(4,243)	n.m.
	157,702	161,879	-2.6%	43,944	28,314	55.2%

Group revenue for 2Q 2013 declined 2.6% to RM157.7 million. However, pre-tax profit rose 55.2% to RM43.9 million mainly due to higher contribution from Power Division and non-core activities as reflected in the results of Investment holding and others. The pre-tax profit from non-core activities for the current quarter included a gain of RM5.9 million from quoted investments, compared to a loss of RM4.3 million reported in the previous corresponding quarter.

The pre-tax profit of the Group's core operating divisions increased 13.9% to RM37.1 million, driven by the 17.9% growth from the Power Division.

Power Division

The Power Division contributed 80.3% and 79.5% to the Group's core revenue and pre-tax profit for the current quarter.

Power revenue in 2Q 2013 declined 4.2% due to the 20.7% drop in revenue from the Tawau plant despite Shaoxing posting a 2.6% growth. The drop in revenue in the Tawau plant was largely due to lower energy sold (due to plant maintenance) and lower fuel oil price. The growth in Shaoxing plant was mainly due to the increase in energy and steam volume as a result of higher customer demand.

Pre-tax profit however rose 17.9% to RM29.5 million, primarily due to higher margin from the Shaoxing plant, partially offset by lower margin from the Tawau plant. The lower coal prices and the lower consumption of coal per unit of steam produced as a result of the completion of our plant modification exercise in September 2012 were the main driver of the margin expansion for the Shaoxing plant. On the other hand, margin for the Tawau plant was affected by higher maintenance cost and lower fuel gain.

B1. Review of performance (Cont'd)

(a) Current quarter (Cont'd)

Resources and Property Divisions

The two smaller core activities of the Group, namely Resources and Property Divisions contributed 19.7% and 20.5% to the Group's core revenue and pre-tax profit respectively.

While the revenue from the Resources Division was flat in 2Q 2013, pre-tax profit dropped 4.7% to RM5.2 million, largely due to margin contraction from the quarrying and calcium carbonate powder (as a result of economies of scale).

Revenue from the Property Division dropped 15.5% due to the 21.0% decline in property development revenue while rental revenue from investment properties rose 4.3%. However, Property Division's pre-tax profit rose 14.7% due to the 21.1% growth in property development profit as a result of sales from previously launched shop offices in Melaka which has higher margin.

(b) For the 6-month period ended 30 June 2013

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD 2013	YTD 2012	% Chg	YTD 2013	YTD 2012	% Chg
Power	219,825	237,904	-7.6%	49,452	45,730	8.1%
Resources	42,155	43,426	-2.9%	9,964	9,590	3.9%
Property	12,698	17,545	-27.6%	3,986	5,263	-24.3%
Sub-total	274,678	298,875	-8.1%	63,402	60,583	4.7%
Investment holding and others	16,944	13,334	27.1%	10,970	(2,931)	n.m.
	291,622	312,209	-6.6%	74,372	57,652	29.0%

Group revenue decreased 6.6% to RM291.6 million in 1H 2013. However, pre-tax profit rose 29.0% to RM74.4 million mainly due to gain of RM9.9 million from quoted investments, compared to a loss of RM1.7 million reported in the corresponding period last year.

The Group's core operating divisions posted a 4.7% increase in pre-tax profit driven by the Power and Resources Divisions.

B1. Review of performance (Cont'd)

(b) For the 6-month period ended 30 June 2013 (Cont'd)

Power Division

In 1H 2013, Power revenue declined 7.6% on lower contribution from both the Shaoxing and Tawau plants. The drop in revenue in the Shaoxing plant was mainly due to the 15.3% drop in steam prices as a result of lower coal prices, despite higher energy and steam volumes. The drop in revenue in the Tawau plant was largely due to lower energy sold (due to a major engine overhaul and several breakdowns) and fuel oil prices.

However, 1H 2013 pre-tax profit recorded 8.1% improvement to RM49.5 million, mainly due to higher margin from the Shaoxing plant, partially offset by lower margin from the Tawau plant. The margin improvement in the Shaoxing plant was primarily due to improved energy yield from steam. On the other hand, margin for the Tawau plant was affected by higher maintenance cost and lower fuel gain.

Resources and Property Divisions

Revenue from the Resources Division was 2.9% lower at RM42.2 million in 1H 2013, primarily attributable to 8.4% lower sales of limestone products (due to lower volumes). Pre-tax profit however improved by 3.9% to RM10.0 million, underpinned mainly by the higher contribution margin from sales of limestone products (due to higher selling prices).

Revenue from the Property Division at RM12.7 million was 27.6% lower compared to the first half of last year mainly due to 35.3% lower development revenue (as a result of lower unit sales and lower contribution from several completed or substantially completed projects last year), offset by a marginally higher rental revenue. Pre-tax profit therefore dropped 24.3% to RM4.0 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2Q 2013	1Q 2013	% Chg	2Q 2013	1Q 2013	% Chg
Power	119,040	100,785	18.1%	29,492	19,960	47.8%
Resources	22,178	19,977	11.0%	5,176	4,788	8.1%
Property	7,114	5,584	27.4%	2,428	1,558	55.8%
Sub-total	148,332	126,346	17.4%	37,096	26,306	41.0%
Investment holding and others	9,370	7,574	23.7%	6,848	4,122	66.1%
	157,702	133,920	17.8%	43,944	30,428	44.4%

The Group posted higher second quarter results mainly on higher contribution from core operating divisions. The results for both periods were also boosted by gain from quoted investments (2Q 2013 : RM5.9 million; 1Q 2013 : RM4.0 million).

Power Division

Revenue from the Power Division grew 18.1% for the second quarter largely due to low demand in the first quarter due to closure for the Lunar New Year holidays.

Pre-tax profit rose 47.8% largely due to margin improvement in the Shaoxing plant due to lower coal price and slower growth in coal consumption compared to steam and energy volumes.

Resources and Property Divisions

The combined revenue and pre-tax profit of these divisions were higher than the preceding quarter.

Revenue from the Resources Division was 11.0% higher at RM22.2 million primarily due to higher sales of limestone products. Pre-tax profit increased 8.1% to RM5.2 million, mainly contributed by its limestone products.

Revenue from the Property Division rose 27.4% from both development and investment activities. Development revenue rose 36.7% on higher unit sales while rental revenue from investment properties rose on higher occupancy. Pre-tax profit grew more than 50% in the second quarter, boosted by sales of higher-margin shop offices previously subjected to sales restrictions.

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 30.6.2013 RM'000	Period ended 30.6.2013 RM'000
Current tax expense		
Malaysian	2,411	5,795
Overseas	8,993	13,392
	<hr/> 11,404	<hr/> 19,187

The effective tax rate of the Group for the current quarter was marginally higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% on dividends repatriated from China, partially offset by gain on disposal of quoted shares, which is non-taxable.

The effective tax rate of the Group for the 6-month period ended 30 June 2013 was marginally higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% on dividends repatriated from China and underprovision of prior year tax, partially offset by gain on disposal of quoted shares, which is non-taxable.

B6. Status of corporate proposal

There were no corporate proposals announced but not completed at 19 August 2013, 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 2013:

RM'000

Long-term borrowings

Secured denominated in:

Ringgit Malaysia 5,271

Short-term borrowings

Secured denominated in:

Ringgit Malaysia 32,946

Unsecured denominated in:

Ringgit Malaysia -

Chinese Renminbi (RMB14,000,000) 7,209

40,155

45,426

The Group has no debt securities as at 30 June 2013.

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) The final tax-exempt dividend of 4.1 sen per share for the financial year ended 31 December 2012 was declared by the shareholders at the Annual General Meeting held on 21 May 2013 and paid on 16 July 2013 to entitled shareholders. This dividend of RM9,129,000 has been included as a liability under trade and other payables in these financial statements.
- (b) The Board now declares 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 2013 (31 December 2012 : tax-exempt interim dividend of 3.0 sen and final tax-exempt dividend of 4.1 sen). The interim dividend will be paid on 11 October 2013 to the Depositors who are registered in the Record of Depositors at the close of business on 20 September 2013. 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 2012 : 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 30.6.2013 RM'000	Period ended 30.6.2013 RM'000
After crediting:-		
Interest income	(430)	(801)
Dividend income	(236)	(310)
Fair value adjustment on investment properties	-	-
Gain on disposal of property, plant and equipment	(74)	(147)
Gain on disposal of quoted shares	(5,628)	(9,592)
Gain on foreign exchange:		
- realised	(44)	(179)
- unrealised	(843)	(1,271)
Gain on derivatives	-	-
After debiting:-		
Amortisation	215	428
Depreciation of property, plant and equipment	7,784	14,959
Impairment of investment in quoted shares	-	-
Interest expense	476	1,239
Loss on disposal of property, plant and equipment	1	1
Loss on disposal of quoted shares	-	-
Loss on foreign exchange:		
- realised	2	6
- unrealised	63	65
Provision for and write-off of receivables	-	-
Provision for and write-off of inventories	-	39
Loss on derivatives	-	-
After other comprehensive income:-		
Foreign currency translation gain for foreign operations	(6,813)	(10,211)
Net fair value gain in available-for-sale financial assets	3,407	(2,238)
	<u>3,407</u>	<u>(2,238)</u>

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

B11. Earnings per share

	Quarter ended		Period ended	
	30 June		30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit for the period attributable to owners of the Company	22,784	12,936	38,828	27,359
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	242,395	242,205	242,395	242,205
Effect of new ordinary shares issued	38	5	38	5
Effect of treasury shares held	(19,527)	(17,390)	(19,527)	(17,390)
	<u>222,906</u>	<u>224,820</u>	<u>222,906</u>	<u>224,820</u>
Basic earnings per share (sen)	<u>10.22</u>	<u>5.75</u>	<u>17.42</u>	<u>12.17</u>
Diluted earnings per share				
Profit for the period attributable to owners of the Company	22,784	12,936	38,828	27,359
Weighted average number of ordinary shares in issue ('000)	222,906	224,820	222,906	224,820
Weighted average number of shares under option ('000)	2,730	3,350	2,730	3,350
Weighted average number of shares that would have been issued at average market price ('000)	(2,459)	(2,998)	(2,520)	(2,980)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€00)	<u>223,177</u>	<u>225,172</u>	<u>223,116</u>	<u>225,190</u>
Diluted earnings per share (sen)	<u>10.21</u>	<u>5.74</u>	<u>17.40</u>	<u>12.15</u>

- (a) The basic earnings per share is calculated by dividing the Group's profit attributable to owners 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 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 30.6.2013 RM'000	At 31.12.2012 RM'000
Total retained profits:		
- realised	189,599	141,248
- unrealised	51,068	60,521
	<hr/> 240,667	<hr/> 201,769
Total share of retained profits from associated company:		
- realised	537	381
- unrealised	482	518
	<hr/> 241,686	<hr/> 202,668
Consolidation adjustments	107,892	117,370
	<hr/> 349,578	<hr/> 320,038
Total Group retained profits	<hr/> <hr/> 349,578	<hr/> <hr/> 320,038

B13. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 26 August 2013.