

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

**Interim Financial Report
30 September 2011**

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

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 3rd quarter and 9-month period ended 30 September 2011

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 3rd Quarter 30.9.2011 RM'000	Preceding Year Corresponding 3rd Quarter 30.9.2010 RM'000	Current Year To date 30.9.2011 RM'000	Preceding Year Corresponding Period 30.9.2010 RM'000
Revenue	A8	151,962	127,049	441,326	386,603
Cost of sales		(115,742)	(97,567)	(339,704)	(305,219)
Gross profit		36,220	29,482	101,622	81,384
Other income, net		7,366	11,824	34,845	29,121
Operating expenses		(5,891)	(9,299)	(20,560)	(23,662)
Profit from operations		37,695	32,007	115,907	86,843
Finance costs		(1,602)	(1,925)	(5,044)	(4,706)
Share of profit in an associate		255	-	1,199	123
Profit before taxation	A8	36,348	30,082	112,062	82,260
Tax expense		(7,241)	(6,896)	(20,333)	(13,838)
Net profit for the period		29,107	23,186	91,729	68,422
Other comprehensive income		(8,835)	14,325	(29,737)	1,213
Total comprehensive income		20,272	37,511	61,992	69,635
Profit attributable to:					
Equity holders of the Company		20,216	14,044	67,506	45,867
Non-controlling interests		8,891	9,142	24,223	22,555
		29,107	23,186	91,729	68,422
Total comprehensive income attributable to:					
Equity holders of the Company		8,498	30,666	36,144	51,738
Non-controlling interests		11,774	6,845	25,848	17,897
		20,272	37,511	61,992	69,635
EPS - Basic (sen)	B16	8.88	6.12	29.66	19.99
EPS - Diluted (sen)	B16	8.87	6.11	29.62	19.97

The notes set out on pages 6 to 16 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 September 2011

	Unaudited As At 30.9.2011 RM'000	Audited As At 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	237,936	231,318
Associate	45,050	43,221
Investment in quoted shares	86,832	145,460
Investment in unquoted shares	2,210	335
Land use rights	1,085	1,139
Investment properties	84,441	84,408
Land held for property development	53,742	57,346
Goodwill on consolidation	10,812	10,812
	522,108	574,039
Current Assets		
Inventories	59,920	62,826
Property development	24,999	31,210
Trade and other receivables	148,830	109,099
Bank balances and deposits	140,223	118,365
	373,972	321,500
TOTAL ASSETS	896,080	895,539
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	242,205	242,205
Treasury shares	(21,044)	(18,527)
Reserves	316,524	289,725
	537,685	513,403
Non-Controlling Interests	165,019	162,254
Total Equity	702,704	675,657
Non-Current Liabilities		
Other payables	673	669
Long-term borrowings	9,384	9,251
Hire purchase payables	79	79
Deferred taxation	22,173	22,493
	32,309	32,492
Current Liabilities		
Trade and other payables	57,059	59,351
Short-term borrowings	97,854	122,701
Taxation	6,154	5,338
	161,067	187,390
Total Liabilities	193,376	219,882
TOTAL EQUITY AND LIABILITIES	896,080	895,539
Net Assets Per Ordinary Share (RM)	2.37	2.25

The notes set out on pages 6 to 16 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 9-month period ended 30 September 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	-	-	-	-	(9,164)	15,035	-	45,867	51,738	17,897	69,635
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	3,030	3,030
Capital reserves	-	-	-	-	-	-	450	(118)	332	(75)	257
Dividends	-	-	-	-	-	-	-	(8,610)	(8,610)	(24,816)	(33,426)
Issuance of ordinary shares pursuant to ESOS	2,922	-	-	-	-	-	-	-	2,922	-	2,922
Purchase of treasury shares	-	(6,651)	-	-	-	-	-	-	(6,651)	-	(6,651)
Balance at 30.9.2010	242,205	(17,236)	33,380	28	1,948	30,139	2,663	202,112	495,239	152,291	647,530
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	-	-	-	-	7,047	(38,409)	-	67,506	36,144	25,848	61,992
Capital reserves	-	-	-	-	-	-	142	(107)	35	23	58
Dividends	-	-	-	-	-	-	-	(9,380)	(9,380)	(23,106)	(32,486)
Purchase of treasury shares	-	(2,517)	-	-	-	-	-	-	(2,517)	-	(2,517)
Balance at 30.9.2011	242,205	(21,044)	33,380	491	15,581	(11,708)	2,758	276,022	537,685	165,019	702,704

The notes set out on pages 6 to 16 form an integral part and should be read in conjunction with this interim report.

Mega First Corporation Berhad
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Unaudited Condensed Consolidated Cash Flow Statement
For the 9-month period ended 30 September 2011

	Current Year To date 30.9.2011 RM'000	Preceding Year Corresponding Period 30.9.2010 RM'000
Cash flows from operating activities		
Profit before tax	112,062	82,260
Adjustments for non-cash flow - Non-cash items	(6,633)	3,856
- Non-operating items	606	(22)
Operating profit before changes in working capital	106,035	86,094
Changes in working capital - Net change in current assets	(39,160)	3,925
- Net change in current liabilities	1,417	(4,536)
Cash generated from operations	68,292	85,483
Income tax paid	(15,167)	(13,164)
Net cash from operating activities	53,125	72,319
Cash flows from investing activities		
Interest received	4,052	1,369
Dividend received	386	3,359
Decrease/(Increase) in:		
Land held for property development	3,604	3,044
Investment properties	(33)	(33)
Proceeds from disposal of property, plant and equipment	35	902
Purchase of property, plant and equipment	(14,206)	(42,422)
Proceeds from disposal of quoted shares	148,789	111,470
Purchase of quoted shares	(110,795)	(107,328)
Purchase of unquoted shares	(1,875)	-
Net cash inflow from acquisition of subsidiary	-	29
Acquisition of associate	(1,138)	-
Net cash from investing activities	28,819	(29,610)

The notes set out on pages 6 to 16 form an integral part and should be read in conjunction with this interim report.

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Unaudited Condensed Consolidated Cash Flow Statement
For the 9-month period ended 30 September 2011 (Cont'd)

	Current	Preceding
	Year	Year
	To date	Corresponding
	30.9.2011	30.9.2010
	RM'000	RM'000
Cash flows (for)/from financing activities		
Finance costs paid	(5,044)	(4,706)
Dividends paid to minority interests	(23,106)	(13,861)
Dividends paid to shareholders	(9,380)	(8,610)
(Decrease)/Increase in:		
Short term borrowings, excluding bank overdrafts	(10,411)	15,498
Hire purchase payables	(115)	(32)
Net drawdown/(repayment) of term loans	(5,410)	(10,892)
Repayment of bonds	-	(3,000)
Proceeds from issue of shares pursuant to ESOS	-	2,922
Purchase of treasury shares	(2,517)	(6,651)
Net cash (for)/from financing activities	<u>(55,983)</u>	<u>(29,332)</u>
Effect of foreign exchange translation	7,617	(6,151)
Net increase in cash and cash equivalents	<u>33,578</u>	<u>7,226</u>
Cash and cash equivalents at beginning of the period	<u>106,322</u>	<u>108,500</u>
Cash and cash equivalents at end of the period	<u><u>139,900</u></u>	<u><u>115,726</u></u>

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

Bank balances and deposits	140,223	123,109
Bank overdrafts	(323)	(7,383)
	<u>139,900</u>	<u>115,726</u>

The notes set out on pages 6 to 16 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 9-month period ended 30 September 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 9-month period ended 30 September 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	-	(1,516)	-	(2,517)
At 30.9.2011	242,205	(15,244)	242,205	(21,044)

- a) During the 9-month period ended 30 September 2011, the Company has purchased 1,516,600 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM1.66 per share for a total consideration of RM2,517,482. 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 September 2011, 15,244,200 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 226,960,800 (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.

An interim dividend of 3.0 sen less income tax of 25% (financial year ended 31 December 2010 : interim dividend of 2.0 sen less income tax of 25%) for the financial year ending 31 December 2011 was paid on 7 October 2011.

A8. Segment information for the 9-month period ended 30 September 2011

By Activity	Revenue RM'000	Profit Before Taxation RM'000
<u>Continuing operations:</u>		
Build, own and operate power plants	323,260	67,227
Property development and investment	33,414	16,461
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	65,009	11,829
Engineering, designing and manufacturing of automotive and transportation components	7,941	764
Investment holding and others	11,702	15,781
	<hr/>	<hr/>
	441,326	112,062
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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 17 November 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements

**Mega First Corporation Berhad
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A11. Changes in composition of the Group

There was no change in the composition of the Group for the 9-month period ended 30 September 2011 including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

A12. Changes in contingent liabilities and assets

a) Contingent liabilities

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

	<u>RM'000</u>
Disputed assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	5,790
Disputed income tax payable by a subsidiary	<u>603</u>

The local authority in the State of Sabah has reduced the assessment from RM9.1 million to RM5.8 million for the period from 1998 to October 2011. However, the basis of assessment is disputed and therefore, no accrual has been made.

Except as mentioned above, there was no other change in contingent liabilities of the Group as at 17 November 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 17 November 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 19.6% to RM152.0 million and 20.8% to RM36.3 million, respectively, compared to the corresponding quarter last year.

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

b) For the 9-month period ended 30 September 2011

The Group's revenue and pre-tax profit for the 9-month period ended 30 September 2011 increased by 14.2% to RM441.3 million and 36.2% to RM112.1 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 decreased by 4.2% to RM152.0 million and 10.6% to RM36.3 million, respectively, compared to the preceding quarter.

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

B3. Prospects

The Board is confident that the results for the financial year ending 31 December 2011 will 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 30.9.2011 RM'000	Period ended 30.9.2011 RM'000
Current tax expense		
Malaysian	2,126	6,706
Overseas	5,115	13,627
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	7,241	20,333
	<hr/>	<hr/>

The effective tax rate of the Group for the current quarter and 9-month period ended 30 September 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 9-month period ended 30 September 2011.

B7. Quoted investments

a) Purchase and sale of quoted shares during the current quarter and 9-month period ended 30 September 2011.

(i) Acquisition of quoted shares

	Current Quarter ended 30.9.2011 RM'000	Period ended 30.9.2011 RM'000
Purchase consideration	12,235	110,795
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B7. Quoted investments (Cont'd)

(ii) Disposal of quoted shares

	Current Quarter ended 30.9.2011 RM'000	Period ended 30.9.2011 RM'000
Sale proceeds	21,989	148,789
Cost of quoted shares disposed	(18,701)	(129,863)
Gain on disposal	<u>3,288</u>	<u>18,296</u>

b) Investment in quoted shares as at 30 September 2011

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	62,205	46,256	46,256
Quoted outside Malaysia	46,564	40,576	40,576
	<u>108,769</u>	<u>86,832</u>	<u>86,832</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 17 November 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 September 2011:

	<u>RM'000</u>
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	46,880
Chinese Renminbi (RMB28,000,000)	13,992
	60,872
<i>Unsecured denominated in:</i>	
Ringgit Malaysia	7,000
Chinese Renminbi (RMB60,000,000)	29,982
	97,854
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	9,384
	<u>107,238</u>

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 17 November 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 17 November 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 September 2011, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	15,243
Not contracted	4,135
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	19,378
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B13. Dividend proposed or declared

No dividend has been declared for the current quarter under review.

B14. Significant related party transaction

There was no significant related party transaction during the current quarter and 9-month period ended 30 September 2011.

B15. Retained Profits

	At 30.9.2011 RM'000	At 31.12.2010 RM'000
Total retained profits of the Group:-		
- Realised	269,750	219,549
- Unrealised	6,272	(1,546)
	<hr/>	<hr/>
	276,022	218,003
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**Mega First Corporation Berhad
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**Mega First Corporation Berhad
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B16. Earnings per share

	Quarter ended 30 September		Period ended 30 September	
	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	20,216	14,044	67,506	45,867
Weighted average number of ordinary shares in issue ('000)	227,635	229,437	227,635	229,437
Basic earnings per share (sen)	8.88	6.12	29.66	19.99
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	20,216	14,044	67,506	45,867
Weighted average number of ordinary shares in issue ('000)	227,635	229,437	227,635	229,437
Weighted average number of shares under option ('000)	2,800	3,300	2,800	3,300
Weighted average number of shares that would have been issued at average market price ('000)	(2,642)	(2,946)	(2,515)	(3,056)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€000)	227,793	229,791	227,920	229,681
Diluted earnings per share (sen)	8.87	6.11	29.62	19.97

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
24 November 2011