

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

**Interim Financial Report
30 September 2013**

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

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other
Comprehensive Income**
For the 3rd quarter and 9-month period ended 30 September 2013

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 3rd Quarter 30.9.2013 RM'000	Preceding Year Corresponding 3rd Quarter 30.9.2012 RM'000	Current Year To date 30.9.2013 RM'000	Preceding Year Corresponding Period 30.9.2012 RM'000
Revenue	A8	148,994	152,849	440,616	465,058
Cost of sales		(106,660)	(114,327)	(322,335)	(349,706)
Gross profit		42,334	38,522	118,281	115,352
Other income, net		8,723	3,403	23,797	5,627
Operating expenses		(8,666)	(7,272)	(23,980)	(26,850)
Profit from operations		42,391	34,653	118,098	94,129
Finance costs		(753)	(1,339)	(2,242)	(3,410)
Share of profit in an associate		(67)	(17)	87	230
Profit before tax	A8	41,571	33,297	115,943	90,949
Income tax expense		(9,550)	(8,092)	(28,737)	(22,709)
Profit after tax for the period		32,021	25,205	87,206	68,240
Other comprehensive income		11,083	(5,066)	23,532	(6,066)
Total comprehensive income for the period	B10	43,104	20,139	110,738	62,174
Profit attributable to:					
Owners of the Company		23,090	17,611	61,918	44,970
Non-controlling interests		8,931	7,594	25,288	23,270
		32,021	25,205	87,206	68,240
Total comprehensive income attributable to:					
Owners of the Company		31,529	13,899	79,712	40,927
Non-controlling interests		11,575	6,240	31,026	21,247
		43,104	20,139	110,738	62,174
EPS - Basic (sen)	B11	10.36	7.84	27.79	20.02
EPS - Diluted (sen)	B11	10.34	7.83	27.75	19.99

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 September 2013

	Unaudited As At 30.9.2013 RM'000	Audited As At 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	254,911	248,251
Associate	45,594	44,237
Quoted investments	75,832	70,866
Unquoted investments	2,323	2,210
Land use rights	776	847
Investment properties	121,396	121,363
Land held for property development	50,108	48,216
Deferred tax asset	489	-
Goodwill on consolidation	17,985	10,812
Long-term prepayment	968	1,056
	570,382	547,858
Current Assets		
Inventories	70,272	69,442
Property development	19,736	9,158
Trade and other receivables	159,761	142,466
Bank balances and deposits	147,567	126,108
	397,336	347,174
TOTAL ASSETS	967,718	895,032
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	242,455	242,395
Treasury shares	(28,590)	(27,145)
Reserves	465,912	395,488
	679,777	610,738
Non-Controlling Interests	148,615	134,763
Total Equity	828,392	745,501
Non-Current Liabilities		
Other payables	1,258	793
Long-term borrowings	7,764	6,469
Deferred taxation	17,320	18,022
	26,342	25,284
Current Liabilities		
Trade and other payables	57,703	51,950
Short-term borrowings	45,251	62,243
Taxation	10,030	10,054
	112,984	124,247
Total Liabilities	139,326	149,531
TOTAL EQUITY AND LIABILITIES	967,718	895,032
Net Assets Per Ordinary Share (RM)	3.05	2.73

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For the 9-month period ended 30 September 2013

	← 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 1.1.2012	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	-	-	-	-	(5,571)	1,528	-	44,970	40,927	21,247	62,174
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(17,616)	(17,616)	-	(17,616)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(26,145)	(26,145)
Purchase of treasury shares	-	(3,923)	-	-	-	-	-	-	(3,923)	-	(3,923)
Employees' share options exercised	190	-	95	-	-	-	-	-	285	-	285
	190	(3,923)	95	-	-	-	-	(17,616)	(21,254)	(26,145)	(47,399)
Increase in equity interest in a subsidiary	-	-	-	-	-	-	13,151	-	13,151	(49,021)	(35,870)
Total transactions with owners of the Company	190	(3,923)	95	-	-	-	13,151	(17,616)	(8,103)	(75,166)	(83,269)
Realisation of capital reserves	-	-	-	-	-	-	719	(149)	570	(59)	511
Balance at 30.9.2012	242,395	(26,239)	33,475	642	10,929	8,017	15,489	306,649	591,357	126,234	717,591

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Unaudited Condensed Consolidated Statement of Changes in Equity (Cont'd)
For the 9-month period ended 30 September 2013

	← 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 1.1.2013	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	-	-	-	-	12,280	5,514	-	61,918	79,712	31,026	110,738
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	-	-	-	-	-	-	-	-	-	(17,166)	(17,166)
Purchase of treasury shares	-	(1,445)	-	-	-	-	-	-	(1,445)	-	(1,445)
Employees' share options exercised	60	-	30	-	-	-	-	-	90	-	90
Total transactions with owners of the Company	60	(1,445)	30	-	-	-	-	(9,129)	(10,484)	(17,166)	(27,650)
Realisation of capital reserves	-	-	-	-	-	-	(26)	(163)	(189)	(8)	(197)
Balance at 30.9.2013	242,455	(28,590)	33,505	774	25,852	18,053	15,064	372,664	679,777	148,615	828,392

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows
For the 9-month period ended 30 September 2013

	Current Year To date 30.9.2013 RM'000	Preceding Year Corresponding Period 30.9.2012 RM'000
Cash flows from operating activities		
Profit before tax	115,943	90,949
Adjustments for non-cash flow		
- Non-cash items	20,294	17,961
- Non-operating items	(13,036)	2,812
Operating profit before changes in working capital	123,201	111,722
Changes in working capital		
- Net change in current assets	(31,778)	6,749
- Net change in current liabilities	5,372	(6,069)
Cash from operations	96,795	112,402
Income tax paid	(26,945)	(27,670)
Net cash from operating activities	69,850	84,732
Cash flows for investing activities		
Interest received	1,284	1,428
Dividend received	446	1,579
Increase in:		
- Land held for property development	(1,892)	1,129
- Investment properties	(33)	(33)
Proceeds from disposal of property, plant and equipment	205	376
Purchase of property, plant and equipment	(20,636)	(18,385)
Proceeds from disposal of quoted shares	88,485	87,766
Purchase of quoted shares	(74,958)	(74,251)
Purchase of unquoted investments	(113)	-
Net cash outflow from acquisition of subsidiaries	(4,437)	(27,714)
Acquisition of additional equity interest in:		
- a subsidiary from non-controlling interests	-	(35,206)
- an associate company	(166)	-
Net cash for investing activities	(11,815)	(63,311)

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Unaudited Condensed Consolidated Statement of Cash Flows
For the 9-month period ended 30 September 2013 (Cont'd)

	Current Year To date 30.9.2013 RM'000	Preceding Year Corresponding Period 30.9.2012 RM'000
Cash flows for financing activities		
Interest paid	(1,848)	(2,981)
Dividends paid to shareholders	(9,129)	(10,892)
Dividends paid to minority shareholders	(17,166)	(26,145)
Net withdrawal/(repayment) of:		
- Revolving credits and trust receipts	(835)	6,498
- Hire purchase payables	689	28
- Term loans	(17,407)	(9,701)
Proceeds from issue of shares pursuant to ESOS	90	285
Purchase of treasury shares	(1,445)	(3,923)
Net cash for financing activities	<u>(47,051)</u>	<u>(46,831)</u>
Effect of foreign exchange translation	7,930	(3,801)
Net increase/(decrease) in cash and cash equivalents	18,914	(29,211)
Cash and cash equivalents at beginning of the period	125,708	156,144
Cash and cash equivalents at end of the period	<u><u>144,622</u></u>	<u><u>126,933</u></u>

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

Bank balances and deposits	147,567	127,466
Bank overdrafts	(2,945)	(533)
	<u>144,622</u>	<u>126,933</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.

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 9-month period ended 30 September 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 (2011) 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: 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 2012 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 9-month period ended 30 September 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
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

A1. Basis of preparation (Cont'd)

- (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 September 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	-	(901)	-	(1,445)
At 30.9.2013	<u>242,455</u>	<u>(19,843)</u>	<u>242,455</u>	<u>(28,590)</u>

During the 9-month period ended 30 September 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 901,200 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 RM1,444,943. 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 September 2013, 19,843,500 (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 222,611,500 (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

Save as disclosed under Note B9, no dividend was paid in the current quarter ended 30 September 2013.

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A8. Segment information for the 9-month period ended 30 September 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	333,043	63,544	18,640	25,389	-	440,616
Inter-segment revenue	-	-	-	2,629	(2,629)	-
Consolidated revenue	333,043	63,544	18,640	28,018	(2,629)	440,616
Results						
Profit from operations	78,445	16,479	4,745	19,765	(1,336)	118,098
Finance costs						(2,242)
Share of profit in an associate						87
Profit before tax						115,943
Income tax expense						(28,737)
Profit after tax						87,206
Total assets At 30.9.2013	357,589	190,985	280,460	432,071	(293,387)	967,718

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A8. Segment information for the 9-month period ended 30 September 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	354,122	63,896	25,167	21,873	-	465,058
Inter-segment revenue	-	-	-	1,549	(1,549)	-
Consolidated revenue	354,122	63,896	25,167	23,422	(1,549)	465,058
Results						
Profit from operations	70,101	14,952	12,109	(1,631)	(1,402)	94,129
Finance costs						(3,410)
Share of profit in an associate						230
Profit before tax						90,949
Income tax expense						(22,709)
Profit after tax						68,240
Total assets						
At 30.9.2012	336,516	182,943	290,529	427,544	(345,051)	892,481

A9. Valuation of property, plant and equipment

There has been no revaluation of property, plant and equipment in these financial statements.

A10. Events subsequent to the end of the reporting period

On 21 October 2013, a new wholly-owned subsidiary, Mega First Plantation (Cambodia) Ltd (~~(%MFPC+)~~), was incorporated and registered in the Kingdom of Cambodia. The principal activity of MFPC will be agricultural cultivation including rubber.

Other than as disclosed above, there was no other event subsequent to the end of the period reported up to 18 November 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) (~~(%RCI+)~~), 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 membersqvoluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965.
- (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 (~~(%TASB+)~~) 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.

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

- (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 (MJSB+) for an aggregate cash consideration of RM550,090.
- (viii) 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.

Other than as disclosed above, there was no other change in the composition of the Group for the current quarter and 9-month period ended 30 September 2013.

A12. Changes in contingent liabilities and assets

- (a) Contingent liabilities

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

	RM'000
(i) Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	<u>1,670</u>

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 18 November 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 18 November 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 September 2013, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	20,995
Not contracted	1,528
	<hr/>
	22,523
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A14. Significant related party transactions

There was no significant related party transaction during the current quarter and 9-months period ended 30 September 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)		
	3Q 2013	3Q 2012	% Chg	3Q 2013	3Q 2012	% Chg
Power	113,218	116,218	-2.6%	28,807	23,793	21.1%
Resources	21,389	20,470	4.5%	6,217	4,977	24.9%
Property	5,942	7,622	-22.0%	180	5,188	-96.5%
Sub-total	140,549	144,310	-2.6%	35,204	33,958	3.7%
Investment holding and others	8,445	8,539	-1.1%	6,367	(661)	n.m.
	148,994	152,849	-2.5%	41,571	33,297	24.8%

Group revenue for 3Q 2013 declined 2.5% to RM149.0 million. However, pre-tax profit rose 24.8% to RM41.6 million mainly due to higher contribution from the Power and Resources Divisions 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 RM3.5 million from quoted investments (3Q 2012 : RM380,000).

Power Division

The Power Division contributed 80.6% and 81.8% to the Group's core revenue and pre-tax profit, respectively.

Power revenue declined 2.6% mainly due to a double-digit decline in revenue from the Tawau plant, partially offset by a positive exchange translation difference in respect of the Shaoxing plant's revenue. The drop in revenue in the Tawau plant was largely due to lower energy sold (as a result of scheduled maintenance) and lower fuel oil prices. Sales volumes in China rose on higher customer demand, but revenue was flat as volume growth was offset by lower steam prices.

Pre-tax profit however rose 21.1% to RM28.8 million, primarily due to higher margin from the Shaoxing plant, partially offset by lower margin of the Tawau plant. The Shaoxing plant's improved margin was primarily due to lower coal expense while margin for the Tawau plant was affected by lower capacity charges and higher plant maintenance costs.

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 19.4% and 18.2% to the Group's core revenue and pre-tax profit, respectively.

Revenue from the Resources Division was 4.5% higher at RM21.4 million primarily due to higher sales of lime products. Quicklime sales increased in both local and export markets while sales of hydrated lime dropped. Pre-tax profit rose 24.9% to RM6.2 million, mainly contributed by lime products and foreign currency exchange gain from a stronger US Dollar.

Revenue from the Property Division dropped 22.0% due to the 30.6% decline in property development revenue while rental revenue from investment properties rose 7.5% on higher occupancy. Pre-tax profit fell significantly to RM180,000. The reduction in Property revenue and pre-tax profit was mainly attributable to lower property sales and higher marketing cost.

(b) For the 9-month period ended 30 September 2013

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD 2013	YTD 2012	% Chg	YTD 2013	YTD 2012	% Chg
Power	333,043	354,122	-6.0%	78,259	69,523	12.6%
Resources	63,544	63,896	-0.6%	16,181	14,567	11.1%
Property	18,640	25,167	-25.9%	4,166	10,451	-60.1%
Sub-total	415,227	443,185	-6.3%	98,606	94,541	4.3%
Investment holding and others	25,389	21,873	16.1%	17,337	(3,592)	n.m.
	440,616	465,058	-5.3%	115,943	90,949	27.5%

Group revenue decreased 5.3% to RM440.6 million. However, pre-tax profit rose 27.5% to RM115.9 million mainly due to higher contribution from the Power and Resources Divisions, a positive exchange translation difference arising from the strengthening of Chinese Renminbi against Malaysian Ringgit and a gain of RM13.3 million from quoted investments, compared to a loss of RM179,000 reported in the corresponding period last year.

The Group's core operating divisions posted a 4.3% increase in pre-tax profit driven by the Power and Resources Divisions.

B1. Review of performance (Cont'd)

(b) For the 9-month period ended 30 September 2013 (Cont'd)

Power Division

This Division remains the main contributor to the Group.

Power revenue declined 6.0% mainly on lower contribution from the Tawau plant, partially offset by a positive exchange translation difference in respect of Shaoxing's revenue. The drop in revenue in the Tawau plant was largely due to lower energy sold (as a result of scheduled maintenance) and lower fuel oil prices. Excluding the impact of currency translation differences, revenue from Shaoxing fell on the reduction in steam prices as a result of lower coal prices, despite higher energy and steam volumes.

Pre-tax profit grew 12.6% to RM78.3 million, mainly due to higher margin from the Shaoxing plant, partially offset by lower margin of the Tawau plant. The margin improvement in the Shaoxing plant was primarily due to improved energy yield from steam. However, margin for the Tawau plant was adversely affected by higher plant maintenance costs.

Resources and Property Divisions

While the Resources Division's revenue was flat, pre-tax profit grew 11.1% to RM16.2 million, largely due to favourable change of product mix.

Revenue from the Property Division at RM18.6 million was 25.9% lower compared to the corresponding period last year mainly due to a 33.9% decline in property development revenue (as a result of lower unit sales), offset by a 4.0% higher rental revenue. Consequently, pre-tax profit declined 60.1% to RM4.2 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	3Q 2013	2Q 2013	% Chg	3Q 2013	2Q 2013	% Chg
Power	113,218	119,040	-4.9%	28,807	29,492	-2.3%
Resources	21,389	22,178	-3.6%	6,217	5,176	20.1%
Property	5,942	7,114	-16.5%	180	2,428	-92.6%
Sub-total	140,549	148,332	-5.2%	35,204	37,096	-5.1%
Investment holding and others	8,445	9,370	-9.9%	6,367	6,848	-7.0%
	148,994	157,702	-5.5%	41,571	43,944	-5.4%

Compared to the preceding quarter, the Group results in the current quarter were about 6% lower, both in terms of revenue and pre-tax profit. With the exception of the Resources Division, which registered a 20.1% improvement in pre-tax profit, all the other divisions, including Investment holding and others, registered varying rates of contraction.

Power Division

Revenue and pre-tax profit were both lower in 3Q 2013 when compared to the preceding quarter.

Divisional revenue fell 4.9% quarter-on-quarter, led by a 12.3% decline in revenue from the Tawau plant, while revenue from Shaoxing decreased moderately by 2.5% to RM88.1 million. Performance of the Tawau plant in the current quarter was adversely affected by shorter engine running hours, partially offset by higher energy tariff resulting from higher average fuel oil prices. Meanwhile, lower steam demand from industrial customers resulted in decreased sales volume of steam and energy in Shaoxing.

Pre-tax profit however posted a lower rate of decline at 2.3%, bolstered by lower coal prices and higher coal consumption efficiency in Shaoxing.

Resources and Property Divisions

Revenue from the Resources Division was 3.6% lower quarter-on-quarter at RM21.4 million. The decline was primarily due to lower sales of calcium carbonate powder, raw limestone and calcium silicate bricks, partially offset by higher sales of quicklime (driven by growth in export markets). Pre-tax profit however improved by 20.1% to RM6.2 million, underpinned mainly by favourable change of product mix and foreign currency exchange gain from US Dollar deposits.

Property revenue fell 16.5% to RM5.9 million mainly due to lower unit sales of development properties during the quarter. Consequently, pre-tax profit fell sharply from RM2.4 million in the preceding quarter to RM180,000 in the current quarter. Rental income from investment properties was flat quarter-on-quarter at RM1.8 million.

B3. Prospects

The Board expects the results for the remaining quarter to be satisfactory.

B4. Profit forecast

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

B5. Income tax expense

	Current quarter ended 30.9.2013 RM'000	Period ended 30.9.2013 RM'000
Current tax expense		
Malaysian	2,786	8,581
Overseas	6,764	20,156
	9,550	28,737

The effective tax rate of the Group for the current quarter was lower than the Malaysian statutory tax rate of 25% due mainly to gain on disposal of quoted shares, which is non-taxable.

The effective tax rate of the Group for the 9-month period ended 30 September 2013 was marginally lower than the Malaysian statutory tax rate of 25% due mainly to gain on disposal of quoted shares, which is non-taxable, partially offset by withholding tax of 10% on dividends repatriated from China.

B6. Status of corporate proposal

There were no corporate proposals announced but not completed at 18 November 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 September 2013:	<u>RM'000</u>
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	7,764
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	41,251
<i>Unsecured denominated in:</i>	
Ringgit Malaysia	4,000
	<hr/> 45,251
	<hr/> 53,015

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

B8. Material litigation

On 15 November 2013, Serudong Power Sdn Bhd (SPSB), a 51%-owned subsidiary of Mega First Power Industries Sdn Bhd, which in turn a wholly-owned subsidiary of the Company, commenced arbitration proceedings under the Kuala Lumpur Regional Centre for Arbitration Rules against Sabah Electricity Sdn Bhd. The commencement of the arbitration proceedings is in relation to the recovery of outstanding capacity and energy payments due to the adjustment of the Fixed Operating Rate and Variable Operating Rate for the period from December 2000 to September 2013, together with interests thereon at 1.5% above the base lending rate as provided for in the power purchase agreement.

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

B9. Dividend

- (a) The final tax-exempt dividend of 4.1 sen per share for the financial year ended 31 December 2012 was approved by the shareholders at the Annual General Meeting held on 21 May 2013 and paid on 16 July 2013 to entitled shareholders.
- (b) An interim tax-exempt dividend of 3.0 sen per share in respect of the financial year ending 31 December 2013 (31 December 2012 : interim tax-exempt dividend of 3.0 sen) was declared on 28 August 2013 and paid on 11 October 2013.
- (c) The total dividend declared to-date for the current financial year is a tax-exempt dividend of 3.0 sen (30 September 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 30.9.2013 RM'000	Period ended 30.9.2013 RM'000
After crediting:-		
Interest income	483	1,284
Dividend income	136	446
Fair value adjustment on investment properties	-	-
Gain on disposal of property, plant and equipment	31	178
Gain on disposal of quoted shares	3,384	12,976
Gain on foreign exchange:		
- realised	116	295
- unrealised	1,083	2,354
Gain on derivatives	-	-
After debiting:-		
Amortisation	(216)	(644)
Depreciation of property, plant and equipment	(7,683)	(22,304)
Impairment of investment in quoted shares	-	-
Interest expense	(609)	(1,848)
Loss on disposal of property, plant and equipment	-	(1)
Loss on disposal of quoted shares	-	-
Loss on foreign exchange:		
- realised	(141)	(147)
- unrealised	(1)	(66)
Provision for and write-off of receivables	(210)	(210)
Provision for and write-off of inventories	-	(39)
Loss on derivatives	-	-
After other comprehensive income:-		
Foreign currency translation gain for foreign operations	7,807	18,018
Net fair value gain in available-for-sale financial assets	3,276	5,514
	<u>3,276</u>	<u>5,514</u>

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B11. Earnings per share

	Quarter ended 30 September		Period ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Basic earnings per share				
Profit for the period attributable to owners of the Company	23,090	17,611	61,918	44,970
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	46	32	46	32
Effect of treasury shares held	(19,628)	(17,597)	(19,628)	(17,597)
	<u>222,813</u>	<u>224,640</u>	<u>222,813</u>	<u>224,640</u>
Basic earnings per share (sen)	<u>10.36</u>	<u>7.84</u>	<u>27.79</u>	<u>20.02</u>
Diluted earnings per share				
Profit for the period attributable to owners of the Company	23,090	17,611	61,918	44,970
Weighted average number of ordinary shares in issue ('000)	222,813	224,640	222,813	224,640
Weighted average number of shares under option ('000)	2,730	3,210	2,730	3,210
Weighted average number of shares that would have been issued at average market price ('000)	(2,320)	(2,856)	(2,445)	(2,856)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (≠000)	<u>223,223</u>	<u>224,994</u>	<u>223,098</u>	<u>224,994</u>
Diluted earnings per share (sen)	<u>10.34</u>	<u>7.83</u>	<u>27.75</u>	<u>19.99</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.

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B12. Retained profits

	At 30.9.2013 RM'000	At 31.12.2012 RM'000
Total retained profits:		
- realised	230,611	141,248
- unrealised	52,394	60,521
	<hr/> 283,005	<hr/> 201,769
Total share of retained profits from associated company:		
- realised	519	381
- unrealised	478	518
	<hr/> 284,002	<hr/> 202,668
Consolidation adjustments	88,662	117,370
	<hr/> 372,664	<hr/> 320,038
Total Group retained profits	<hr/> <hr/> 372,664	<hr/> <hr/> 320,038

B13. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 25 November 2013.