

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

**Interim Financial Report
30 September 2014**

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 2014

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 3rd Quarter 30.9.2014 RM'000	Preceding Year Corresponding 3rd Quarter 30.9.2013 RM'000	Current Year To Date 30.9.2014 RM'000	Preceding Year Corresponding Period 30.9.2013 RM'000
Revenue	A8	164,331	148,994	512,186	440,616
Cost of sales		(117,094)	(106,660)	(374,652)	(322,335)
Gross profit		47,237	42,334	137,534	118,281
Other income, net		5,765	8,723	6,093	23,797
Operating expenses		(9,203)	(8,666)	(25,364)	(23,980)
Profit from operations		43,799	42,391	118,263	118,098
Finance costs		(1,070)	(753)	(2,811)	(2,242)
Share of profit/(loss) in an associate, net of tax		68	(67)	(161)	87
Profit before tax	A8	42,797	41,571	115,291	115,943
Income tax expense		(10,646)	(9,550)	(31,369)	(28,737)
Profit after tax for the period		32,151	32,021	83,922	87,206
Other comprehensive (expenses) /income		6,558	11,083	(5,690)	23,532
Total comprehensive income for the period	B10	38,709	43,104	78,232	110,738
Profit after tax attributable to:					
Owners of the Company		22,485	23,090	55,629	61,918
Non-controlling interests		9,666	8,931	28,293	25,288
		32,151	32,021	83,922	87,206
Total comprehensive income attributable to:					
Owners of the Company		26,673	31,529	50,904	79,712
Non-controlling interests		12,036	11,575	27,328	31,026
		38,709	43,104	78,232	110,738
EPS - Basic (sen)	B11	10.10	10.36	24.98	27.79
EPS - Diluted (sen)	B11	10.06	10.34	24.89	27.75

The notes set out on pages 7 to 23 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 2014

	Unaudited As At 30.9.2014 RM'000	Audited As At 31.12.2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	287,955	279,906
Associate	38,760	38,631
Investment in quoted shares	63,551	70,889
Investment in unquoted shares	335	335
Land use rights	6,216	6,368
Investment properties	121,363	121,363
Land held for property development	50,323	50,042
Project development expenditure	66,479	52,747
Deferred tax asset	438	484
Goodwill on consolidation	10,812	10,812
Long-term prepayment	734	924
	646,966	632,501
Current Assets		
Inventories	67,805	69,848
Property development	26,519	24,216
Receivables	121,675	115,055
Bank balances and deposits	184,461	156,635
	400,460	365,754
TOTAL ASSETS	1,047,426	998,255
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	243,002	242,455
Treasury shares	(30,025)	(28,669)
Reserves	506,836	465,785
	719,813	679,571
Non-Controlling Interests	153,319	143,272
Total Equity	873,132	822,843
Non-Current Liabilities		
Payables	1,258	1,044
Long-term borrowings	10,723	6,776
Deferred taxation	20,953	22,396
	32,934	30,216
Current Liabilities		
Payables	64,847	69,838
Short-term borrowings	64,397	65,003
Taxation	12,116	10,355
	141,360	145,196
Total Liabilities	174,294	175,412
TOTAL EQUITY AND LIABILITIES	1,047,426	998,255
Net Assets Per Ordinary Share (RM)	3.23	3.05

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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 2014

	← Non-distributable					→ Distributable					Total Equity RM'000
	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	
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)
Issuance of ordinary shares pursuant to ESOS	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 Changes in Equity (Cont'd)
For the 9-month period ended 30 September 2014

	← Non-distributable →					Distributable →					Total Equity RM'000
	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	
Balance at 1.1.2014	242,455	(28,669)	33,505	732	28,696	9,659	15,077	378,116	679,571	143,272	822,843
Total comprehensive income for the period	-	-	-	-	(1,119)	(3,606)	-	55,629	50,904	27,328	78,232
Contributions by and distributions to owners of the Company:-											
Dividends paid to:-											
- shareholders of the Company	-	-	-	-	-	-	-	(10,026)	(10,026)	-	(10,026)
- subsidiaries' non-controlling interests	-	-	-	-	-	-	-	-	-	(17,564)	(17,564)
Purchase of treasury shares	-	(1,356)	-	-	-	-	-	-	(1,356)	-	(1,356)
Issuance of ordinary shares pursuant to ESOS	547	-	274	-	-	-	-	-	821	-	821
Total transactions with owners of the Company	547	(1,356)	274	-	-	-	-	(10,026)	(10,561)	(17,564)	(28,125)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	350	350
Realisation of capital reserves	-	-	-	-	-	-	86	(187)	(101)	(67)	(168)
Balance at 30.9.2014	243,002	(30,025)	33,779	732	27,577	6,053	15,163	423,532	719,813	153,319	873,132

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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 2014

	Current Year To Date 30.9.2014 RM'000	Preceding Year Corresponding Period 30.9.2013 RM'000
Cash flows from operating activities		
Profit before tax	115,291	115,943
Adjustments for non-cash flow - Non-cash items	24,492	20,294
- Non-operating items	(1,717)	(13,036)
Operating profit before changes in working capital	138,066	123,201
Changes in working capital - Net change in current assets	(7,091)	(21,544)
- Net change in current liabilities	(5,495)	5,372
Cash from operations	125,480	107,029
Income tax paid	(30,987)	(26,945)
Net cash from operating activities	94,493	80,084
Cash flows for investing activities		
Interest received	2,363	1,284
Dividend received	684	446
Increase in:		
- Land held for property development	(281)	(1,892)
- Investment properties	-	(33)
- Project development expenditure	(13,732)	(10,234)
Proceeds from disposal of property, plant and equipment	410	205
Purchase of property, plant and equipment	(33,263)	(20,636)
Proceeds from disposal of quoted shares	30,414	88,485
Purchase of quoted shares	(25,568)	(74,958)
Purchase of unquoted shares	-	(113)
Net cash inflow/(outflow) from acquisition of subsidiaries	350	(4,437)
Acquisition of additional equity interest in an associate	(419)	(166)
Net cash for investing activities	(39,042)	(22,049)

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Mega First Corporation Berhad
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Unaudited Condensed Consolidated Statement of Cash Flows (Cont'd)
For the 9-month period ended 30 September 2014

	Current Year To Date 30.9.2014 RM'000	Preceding Year Corresponding Period 30.9.2013 RM'000
Cash flows for financing activities		
Interest paid	(2,486)	(1,848)
Dividends paid to shareholders	(10,026)	(9,129)
Dividends paid to minority shareholders	(17,564)	(17,166)
Net (repayment)/withdrawal of:		
- Revolving credits and trust receipts	1,896	(835)
- Hire purchase payables	26	689
- Term loans	(8,054)	(17,407)
Proceeds from issue of shares pursuant to ESOS	821	90
Purchase of treasury shares	(1,356)	(1,445)
Net cash for financing activities	<u>(36,743)</u>	<u>(47,051)</u>
Effect of foreign exchange translation	(381)	7,930
Net increase in cash and cash equivalents	<u>18,327</u>	<u>18,914</u>
Cash and cash equivalents at beginning of the period	155,593	125,708
Cash and cash equivalents at end of the period	<u><u>173,920</u></u>	<u><u>144,622</u></u>

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

Bank balances and deposits	184,461	147,567
Bank overdrafts	(10,541)	(2,945)
	<u>173,920</u>	<u>144,622</u>

The notes set out on pages 7 to 23 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 2013.

- (a) During the 9-month period ended 30 September 2014, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 10, FRS 12 and FRS 127 (2011): 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

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

A1. Basis of preparation (Cont'd)

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the 9-month period ended 30 September 2014:

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 (2009) Financial Instruments	} To be announced by MASB.
FRS 9 (2010) Financial Instruments	
FRS 9 Financial Instruments (Hedge Accounting and Amendments to FRS 7, FRS 9 and FRS 139)	
Amendments to FRS 9 and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures	
Amendments to FRS 119: Defined Benefit Plans . Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 . 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 . 2013 Cycle	1 July 2014
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

- (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. The MFRSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called ~~Transitioning Entities~~).

On 2 September 2014, MASB issued a notice and notified that Transitioning Entities that have chosen to apply FRSs shall comply with MFRSs for annual periods beginning on or after 1 January 2017.

A1. Basis of preparation (Cont'd)

- (c) The Group falls within the definition of Transitioning Entities and has elected to present its first MFRS financial statements beginning 1 January 2017.

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 2013.

A2. Qualification of financial statements

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2013 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 1.1.2014	242,455	(19,882)	242,455	(28,669)
Issue of shares pursuant to ESOS	547	-	547	-
Purchase of treasury shares	-	(607)	-	(1,356)
At 30.9.2014	243,002	(20,489)	243,002	(30,025)

A6. Debt and equity securities (Cont'd)

During the 9-month period ended 30 September 2014, the Company:-

- (a) Issued 547,000 new ordinary shares of RM1.00 each for cash arising from the exercise of options under the Company's Employees' Share Option Scheme (ESOS).

<u>No. of new ordinary shares issued</u>	<u>Issue price per share</u>
490,000	RM1.50
57,000	RM1.52

All the abovementioned ordinary shares rank pari passu with the then ordinary shares of the Company.

- (b) Purchased 607,000 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM2.23 per share. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 243,002,000 (31.12.2013: 242,455,000) issued and fully paid-up ordinary shares of RM1.00 each as at 30 September 2014, 20,488,500 (31.12.2013 : 19,881,500) ordinary shares were held as treasury shares by the Company. The number of outstanding ordinary shares in issue and fully paid-up was therefore 222,513,500 (31.12.2013 : 222,573,500).

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

A7. Dividend paid

Save as disclosed under Note B9, no dividend was declared for the current quarter ended 30 September 2014.

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

A8. Segment information for the 9-month period ended 30 September 2014

GROUP 2014	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	358,701	83,832	45,710	23,943	-	512,186
Inter-segment revenue	-	-	-	2,951	(2,951)	-
Consolidated revenue	358,701	83,832	45,710	26,894	(2,951)	512,186
Results						
Profit from operations	84,774	17,364	15,298	2,108	(1,281)	118,263
Finance costs						(2,811)
Share of loss in an associate						(161)
Profit before tax						115,291
Income tax expense						(31,369)
Profit after tax						83,922
Total assets						
At 30.9.2014	398,411	204,739	308,243	408,877	(272,844)	1,047,426

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A8. Segment information for the 9-month period ended 30 September 2014 (Cont'd)

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

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

There was no event subsequent to the end of the period reported up to 20 November 2014, 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 10 April 2014, Runding ANR Sdn. Bhd. (~~(%RASB+)~~) was incorporated with a paid-up capital of RM2.00 comprising ordinary shares of RM1.00 each. RASB is a wholly-owned subsidiary of Runding Kualiti Sdn Bhd, which in turn is a 60%-owned subsidiary of Rock Chemical Industries (Malaysia) Sdn. Berhad (~~(%RCI+)~~).
- (ii) On 12 June 2014, Hexachase Corporation Sdn. Bhd., which is a 52.4%-owned subsidiary of the Company, acquired 65% equity interest in Hexachase Flexipack Sdn. Bhd. comprising 650,000 fully paid ordinary shares of RM1.00 each.
- (iii) On 24 July 2014, Mega First Ventures Limited (~~(%MFVL+)~~) obtained approval for de-registration from the Registrar of Companies in Hong Kong. MFVL is a wholly-owned subsidiary of RCI, which in turn is a wholly-owned subsidiary of the Company.

Other than as disclosed above, there was no change in the composition of the Group for the current quarter and 9-month period ended 30 September 2014.

A12. Changes in contingent liabilities and assets

- (a) Contingent liabilities

The Group's contingent liabilities as at 30 September 2014:

	RM'000
(i) Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	1,795

A12. Changes in contingent liabilities and assets (Cont'd)

(a) Contingent liabilities (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. The damages claimed by the third party had to be proven at the court. The claim is expected to be immaterial and therefore no provision has been made.

Other than as disclosed above, there was no material contingent liability as at 20 November 2014, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

(b) Contingent asset

The Group has no contingent asset as at 20 November 2014, 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 2014, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	47,953
Not contracted	11,149
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	59,102
Project development expenditure	
Authorised but not provided for:	
Contracted	18,178
	<hr/>
	77,280
	<hr/>

A14. Significant related party transactions

There was no significant related party transaction during the current quarter and 9-month period ended 30 September 2014.

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 2014	3Q 2013	% Chg	3Q 2014	3Q 2013	% Chg
Power	115,166	113,218	1.7%	31,768	28,807	10.3%
Resources	28,373	21,389	32.7%	6,692	6,217	7.6%
Property	12,843	5,942	116.1%	5,044	180	n.m.
Sub-total	156,382	140,549	11.3%	43,504	35,204	23.6%
Investment holding and others	7,949	8,445	-5.9%	(707)	6,367	n.m.
	164,331	148,994	10.3%	42,797	41,571	2.9%

The Group's core operating divisions posted better results in the current quarter. Total pre-tax profit of the core divisions rose 23.6% to RM43.5 million on an 11.3% increase in revenue to RM156.4 million. Group pre-tax profit, including contributions from Investment holding and other activities, however grew marginally at 2.9% to RM42.8 million as the comparative quarter last year included higher gains from quoted investments (RM3.5 million in 3Q 2013 versus RM1.2 million in 3Q 2014) and one-off gain of RM2.9 million from the deconsolidation of subsidiaries.

Power Division

Revenue rose marginally by 1.7% to RM115.2 million as a result of higher sales of steam and energy volume, partially offset by lower prices of steam and energy tariff. Selling prices of steam and energy were adjusted downwards to reflect the lower coal prices. Pre-tax profit however rose 10.3% to RM31.8 million due to better gross margin and foreign exchange gains from Reminbi fixed deposits with banks.

Resources and Property Divisions

Revenue from Resources Division was 32.7% higher in 3Q 2014 at RM28.4 million primarily due to higher sales of lime products, calcium carbonate powder and bricks, but partially offset by lower sales of limestone. Quicklime sales increased on higher domestic demand. Sales of hydrated lime increased significantly in both local and export markets. Pre-tax profit rose at a slower pace of 7.6% to RM6.7 million due to lower margins from calcium carbonate powder and bricks and lower limestone sales.

The Property Division delivered significantly improved performance in 3Q 2014. The property development segment recorded profit of about RM3.9 million in 3Q 2014 as compared to a loss of RM663,000 in 3Q 2013, mainly due to a 165% increase in revenue to RM10.9 million from higher unit sales and higher percentage of completion of units under construction.

B1. Review of performance (Cont'd)

(b) For the 9-month period ended 30 September 2014

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	YTD 2014	YTD 2013	% Chg	YTD 2014	YTD 2013	% Chg
Power	358,701	333,043	7.7%	84,691	78,259	8.2%
Resources	83,832	63,544	31.9%	17,151	16,181	6.0%
Property	45,710	18,640	145.2%	15,155	4,166	263.8%
Sub-total	488,243	415,227	17.6%	116,997	98,606	18.7%
Investment holding and others	23,943	25,389	-5.7%	(1,706)	17,337	n.m
	512,186	440,616	16.2%	115,291	115,943	-0.6%

The pre-tax profit of the Group's core operating divisions rose 18.7% to RM117.0 million. However, Group pre-tax profit was flat at RM115.3 million despite revenue expanding 16.2% to RM512.2 million. This was largely due to a lower gain of RM2.1 million from quoted investments (2013: RM13.3 million) and a one-off gain of RM2.9 million from the deconsolidation of subsidiaries recorded in the corresponding period last year.

Power Division

Revenue rose 7.7% on higher contribution from both the Shaoxing and Tawau plants. The higher revenue in the Shaoxing plant was largely due to the favourable foreign exchange translation and higher sales volume, offset by lower steam price and energy tariff. The higher revenue in the Tawau plant was attributable to higher energy sales and medium fuel oil prices.

Pre-tax profit grew 8.2% to RM84.7 million mainly due to a strong operational performance and the effect of foreign currency translation. The Shaoxing plant's pre-tax profit rose on improved margin from lower coal price. The Tawau plant's pre-tax profit rose due to lower plant maintenance costs incurred.

Resources and Property Divisions

Revenue from Resources Division rose 31.9% to RM83.8 million on higher sales of lime products and calcium carbonate powder but partially offset by lower sales of limestone. Pre-tax profit increased, but at a much slower rate, to RM17.2 million due to lower margins from lime products, limestone and bricks.

Revenue from Property Division at RM45.7 million was 145% higher compared to the corresponding period last year, largely due to a 204% increase in development revenue resulting from higher unit sales and higher percentage of completion of units under construction. Consequently, pre-tax profit rose three-fold to RM15.2 million.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	3Q 2014	2Q 2014	% Chg	3Q 2014	2Q 2014	% Chg
Power	115,166	127,558	-9.7%	31,768	31,193	1.8%
Resources	28,373	26,967	5.2%	6,692	4,780	40.0%
Property	12,843	16,601	-22.6%	5,044	4,925	2.4%
Sub-total	156,382	171,126	-8.6%	43,504	40,898	6.4%
Investment holding and others	7,949	7,904	0.6%	(707)	(61)	n.m.
	164,331	179,030	-8.2%	42,797	40,837	4.8%

Group revenue declined 8.2% to RM164.3 million. However, pre-tax profit rose 4.8% to RM42.8 million mainly due to higher contribution from Resources Division.

Power Division

Revenue fell 9.7% to RM115.2 million attributable to lower sales volume. Steam demand dipped resulting in lower sales volume of steam and energy in Shaoxing. Revenue from the Tawau plant dropped due to shorter operating hours.

Pre-tax profit however rose 1.8% to RM31.8 million primarily due to improved margin for both Shaoxing and Tawau plants. These were attributable mainly to lower coal costs in Shaoxing, and higher capacity charges and lower plant maintenance costs in Tawau.

Resources and Property Divisions

Revenue from Resources Division was 5.2% higher at RM28.4 million primarily due to higher sales of lime products. Quicklime and hydrated lime sales volume increased 7.6% but average selling price decreased slightly. Pre-tax profit rose 40.0% to RM6.7 million, mainly contributed by lower unit production cost and a foreign exchange gain of RM191,000 compared to a loss of RM397,000 in 2Q 2014 (due to a stronger US Dollar).

Property revenue fell 22.6% to RM12.8 million mainly due to lower unit sales and percentage of completion of units under construction. Pre-tax profit however rose marginally to RM5.0 million from sales of several completed commercial properties.

B3. Prospects

Barring unforeseen circumstances, 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 30.9.2014 RM'000	Period ended 30.9.2014 RM'000
Current tax expense		
Malaysian	3,896	9,581
Overseas	6,750	21,788
	<u>10,646</u>	<u>31,369</u>

The effective tax rate of the Group for the current quarter approximated the Malaysian statutory tax rate of 25%.

The effective tax rate of the Group for the 9-month period ended 30 September 2014 was higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% on dividends repatriated from China.

B6. Status of corporate proposal

There were no corporate proposals announced but not completed at 20 November 2014, 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 2014:

RM'000

Long-term borrowings

Secured denominated in:

Ringgit Malaysia 10,723

Short-term borrowings

Secured denominated in:

Ringgit Malaysia 38,856

Unsecured denominated in:

Ringgit Malaysia 25,541

64,397

75,120

The Group has no debt securities as at 30 September 2014.

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 is 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 the outstanding capacity and energy payments of approximately RM18,656,000 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.

Since then, the parties have agreed by mutual consent to suspend the arbitration until 31 January 2015 so as to facilitate negotiation for an amicable settlement of the dispute.

B8. Material litigation (Cont'd)

Other than as disclosed above, the Group has no material litigation which would materially and adversely affect its financial position as at 20 November 2014, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Dividend

- (a) A final tax-exempt dividend of 4.5 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013 was paid on 16 July 2014 to entitled shareholders as at 30 June 2014.
- (b) 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 2014 (31 December 2013 : interim tax-exempt dividend of 3.0 sen) was paid on 10 October 2014.
- (c) The total dividend declared to-date for the current financial year is a tax-exempt dividend of 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 30.9.2014 RM'000	Period ended 30.9.2014 RM'000
After crediting:-		
Interest income	1,297	2,363
Dividend income	125	684
Fair value adjustment on investment properties	-	-
Gain on disposal of property, plant and equipment	55	55
Gain on disposal of quoted shares	762	1,106
Gain on foreign exchange:		
- realised	10	81
- unrealised	2,692	423
Gain on derivatives	-	-
After debiting:-		
Amortisation	(46)	(141)
Depreciation of property, plant and equipment	(7,991)	(23,114)
Impairment of investment in quoted shares	-	-
Interest expense	(953)	(2,486)
Loss on foreign exchange:		
- realised	(137)	(207)
- unrealised	-	(959)
Provision for and write-off of receivables	(4)	(362)
Provision for and write-off of inventories	-	-
Loss on derivatives	-	-
After other comprehensive income:-		
Foreign currency translation difference for foreign operations	6,463	(1,954)
Share of an associate's foreign currency translation	187	(130)
Fair value changes of available-for-sale financial assets	(92)	(3,606)
	<u> </u>	<u> </u>

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B11. Earnings per share

	Quarter ended		Period ended	
	30 September		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit after tax attributable to owners of the Company	22,485	23,090	55,629	61,918
Weighted average number of ordinary shares ('000):-				
Issued ordinary shares at 1 January	242,455	242,395	242,455	242,395
Effect of new ordinary shares issued	257	46	257	46
Effect of treasury shares held	(20,038)	(19,628)	(20,038)	(19,628)
	<u>222,674</u>	<u>222,813</u>	<u>222,674</u>	<u>222,813</u>
Basic earnings per share (sen)	<u>10.10</u>	<u>10.36</u>	<u>24.98</u>	<u>27.79</u>
Diluted earnings per share				
Profit after tax attributable to owners of the Company	22,485	23,090	55,629	61,918
Weighted average number of ordinary shares ('000)	222,674	222,813	222,674	222,813
Weighted average number of shares under option ('000)	2,183	2,730	2,483	2,730
Weighted average number of shares that would have been issued at average market price ('000)	(1,454)	(2,320)	(1,638)	(2,445)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€00)	<u>223,403</u>	<u>223,223</u>	<u>223,519</u>	<u>223,098</u>
Diluted earnings per share (sen)	<u>10.06</u>	<u>10.34</u>	<u>24.89</u>	<u>27.75</u>

- (a) The basic earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period ended 30 September 2014 excluding treasury shares held by the Company.
- (b) The diluted earnings per share is calculated by dividing the Group's profit after tax attributable to owners of the Company by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all outstanding options granted pursuant to the ESOS are exercised.

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B12. Retained profits

	At 30.9.2014 RM'000	At 31.12.2013 RM'000
Total retained profits:		
- realised	289,826	233,075
- unrealised	49,110	56,490
	<hr/> 338,936	<hr/> 289,565
Total share of retained profits from associated company:		
- realised	392	683
- unrealised	1,134	1,004
	<hr/> 340,462	<hr/> 291,252
Consolidation adjustments	83,070	86,864
	<hr/> 423,532	<hr/> 378,116
Total Group retained profits	<hr/> <hr/> 423,532	<hr/> <hr/> 378,116

B13. Comparative figures

The following comparative figures have been reclassified to conform with the presentation of the current period:-

	As Restated RM'000	As Previously Reported RM'000
Consolidated Statement of Cash Flows (Extract):		
Cash flows from operating activities		
Net change in current assets	(21,544)	(31,778)
Cash flows for investing activities		
Increase in project development expenditure	(10,234)	-
	<hr/>	<hr/>

B14. Authorised for issue

These interim financial statements were authorised for issue by the Board of Directors on 27 November 2014.