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

Interim Financial Report
31 December 2011

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

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 4th quarter and financial year ended 31 December 2011

	Note	INDIVIDUAL PERIOD Current Year 4th Quarter 31.12.2011 RM'000	INDIVIDUAL PERIOD Preceding Year Corresponding 4th Quarter 31.12.2010 RM'000	CUMULATIVE PERIOD Current Year To date 31.12.2011 RM'000	CUMULATIVE PERIOD Preceding Year Corresponding Period 31.12.2010 RM'000
Revenue	A8	169,182	136,720	610,508	523,323
Cost of sales		(125,251)	(99,170)	(464,955)	(404,389)
Gross profit		43,931	37,550	145,553	118,934
Other income, net		22,721	24,019	57,566	53,140
Operating expenses		(35,828)	(21,507)	(56,388)	(45,169)
Profit from operations		30,824	40,062	146,731	126,905
Finance costs		(1,181)	(1,378)	(6,225)	(6,084)
Share of (loss)/profit in an associate		(353)	182	846	305
Profit before taxation	A8	29,290	38,866	141,352	121,126
Tax expense		(10,217)	(8,067)	(30,550)	(21,905)
Net profit for the period		19,073	30,799	110,802	99,221
Other comprehensive income		21,139	3,041	(8,598)	4,254
Total comprehensive income		40,212	33,840	102,204	103,475
Profit attributable to:					
Equity holders of the Company		5,995	19,330	73,501	65,197
Non-controlling interests		13,078	11,469	37,301	34,024
		19,073	30,799	110,802	99,221
Total comprehensive income attributable to:					
Equity holders of the Company		24,918	22,478	61,062	74,216
Non-controlling interests		15,294	11,362	41,142	29,259
		40,212	33,840	102,204	103,475
EPS - Basic (sen)	B12	2.64	8.42	32.33	28.42
EPS - Diluted (sen)	B12	2.64	8.41	32.30	28.39

The notes set out on pages 6 to 23 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 31 December 2011

	Unaudited As At 31.12.2011 RM'000	Audited As At 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	233,476	231,318
Associate	44,309	43,221
Investment in quoted shares	84,898	145,460
Investment in unquoted shares	2,210	335
Land use rights	1,048	1,139
Investment properties	106,439	84,408
Land held for property development	54,619	57,346
Goodwill on consolidation	10,812	10,812
	537,811	574,039
Current Assets		
Inventories	62,769	62,826
Property development	24,496	31,210
Trade and other receivables	140,157	109,099
Bank balances and deposits	159,805	118,365
	387,227	321,500
TOTAL ASSETS	925,038	895,539
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	242,205	242,205
Treasury shares	(22,316)	(18,527)
Reserves	336,485	289,725
	556,374	513,403
Non-Controlling Interests	180,035	162,254
Total Equity	736,409	675,657
Non-Current Liabilities		
Other payables	692	748
Long-term borrowings	8,772	9,251
Deferred taxation	22,688	22,493
	32,152	32,492
Current Liabilities		
Trade and other payables	63,976	59,351
Short-term borrowings	78,824	122,701
Taxation	13,677	5,338
	156,477	187,390
Total Liabilities	188,629	219,882
TOTAL EQUITY AND LIABILITIES	925,038	895,539
Net Assets Per Ordinary Share (RM)	2.46	2.25

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

Unaudited Condensed Consolidated Statement of Changes in Equity
For the financial year ended 31 December 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 financial year	-	-	-	-	(2,578)	11,597	-	65,197	74,216	29,259	103,475
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	3,030	3,030
Capital reserves	-	-	-	-	-	-	403	(118)	285	(106)	179
Dividends paid:-											
- shareholders of the company	-	-	-	-	-	-	-	(12,049)	(12,049)	-	(12,049)
- subsidiaries' minority shareholders	-	-	-	-	-	-	-	-	-	(26,184)	(26,184)
Issuance of ordinary shares											
pursuant to ESOS	2,922	-	-	-	-	-	-	-	2,922	-	2,922
Share option to employees	-	-	-	463	-	-	-	-	463	-	463
Purchase of treasury shares	-	(7,942)	-	-	-	-	-	-	(7,942)	-	(7,942)
Balance at 31.12.2010/1.1.2011	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 financial year	-	-	-	-	7,773	(20,212)	-	73,501	61,062	41,142	102,204
Capital reserves	-	-	-	-	-	-	146	(109)	37	24	61
Dividends paid:-											
- shareholders of the company	-	-	-	-	-	-	-	(14,490)	(14,490)	-	(14,490)
- subsidiaries' minority shareholders	-	-	-	-	-	-	-	-	-	(23,385)	(23,385)
Share option to employees	-	-	-	151	-	-	-	-	151	-	151
Purchase of treasury shares	-	(3,789)	-	-	-	-	-	-	(3,789)	-	(3,789)
Balance at 31.12.2011	242,205	(22,316)	33,380	642	16,307	6,489	2,762	276,905	556,374	180,035	736,409

The notes set out on pages 6 to 23 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 Cash Flow Statement
For the financial year ended 31 December 2011

		Current Year To date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Cash flows from operating activities			
Profit before tax		141,352	121,126
Adjustments for non-cash flow	- Non-cash items	4,099	(6,703)
	- Non-operating items	(814)	219
Operating profit before changes in working capital		144,637	114,642
Changes in working capital	- Net change in current assets	(28,179)	749
	- Net change in current liabilities	8,786	7,139
Cash generated from operations		125,244	122,530
Income tax paid		(21,404)	(25,110)
Net cash from operating activities		103,840	97,420
Cash flows from/(for) investing activities			
Interest received		4,656	1,594
Dividend received		2,383	4,270
Decrease/(Increase) in:			
Land held for property development		2,727	4,021
Investment properties		(3,877)	(33)
Proceeds from disposal of property, plant and equipment		509	1,977
Purchase of property, plant and equipment		(19,968)	(49,267)
Proceeds from disposal of quoted shares		160,407	135,000
Purchase of quoted shares		(118,284)	(115,386)
Purchase of unquoted shares		(1,875)	-
Net cash inflow from acquisition of subsidiary		-	1,018
Acquisition of additional equity interest in a subsidiary from minority interests		-	(1,000)
Acquisition of associate		(1,687)	(34,602)
Net cash from/(for) investing activities		24,991	(52,408)

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

Unaudited Condensed Consolidated Cash Flow Statement
For the financial year ended 31 December 2011 (Cont'd)

	Current Year To date 31.12.2011 RM'000	Preceding Year Corresponding Period 31.12.2010 RM'000
Cash flows for financing activities		
Finance costs paid	(6,225)	(6,084)
Dividends paid to shareholders	(14,490)	(12,049)
Dividends paid to minority shareholders	(23,385)	(26,184)
(Decrease)/Increase in:		
Short term borrowings, excluding bank overdrafts	(11,006)	15,297
Hire purchase payables	(183)	(88)
Net repayment of term loans	(26,323)	(1,162)
Repayment of bonds	-	(3,000)
Proceeds from issue of shares pursuant to ESOS	-	2,922
Purchase of treasury shares	(3,789)	(7,942)
Repayment to minority shareholders	-	(6,650)
Net cash for financing activities	(85,401)	(44,940)
Effect of foreign exchange translation	6,988	(2,250)
Net increase/(decrease) in cash and cash equivalents	50,418	(2,178)
Cash and cash equivalents at beginning of the financial year	106,322	108,500
Cash and cash equivalents at end of the financial year	156,740	106,322

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

Bank balances and deposits	159,805	118,365
Bank overdrafts	(3,065)	(12,043)
	156,740	106,322

The notes set out on pages 6 to 23 form an integral part and should be read in conjunction with this interim report.

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 (ñFRSò) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (ñMASBò) 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 financial year ended 31 December 2011, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments)

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

A1. Basis of preparation (Cont'd)

FRSs and IC Interpretations (including the Consequential Amendments)

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

(a) 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, other than the following:

(a) (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(a) (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(a) (iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy. Comparatives are not presented by virtue of the exemption given in the amendments.

(a) (iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

A1. Basis of preparation (Cont'd)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective Date**
FRS 9 Financial Instruments	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures ï Transfers of Financial Assets	1 January 2012
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

A1. Basis of preparation (Cont'd)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Groupꞌs operations except as follows:

(b) (i) The amendments to FRS 7 intend to provide greater transparency around risk exposures of transactions when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting the new accounting standards in the next financial year. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the directors do not expect any significant impact on the financial statements arising from the adoption.

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.

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 financial year ended 31 December 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	-	(2,358)	-	(3,789)
At 31.12.2011	242,205	(16,086)	242,205	(22,316)

a) During the financial year ended 31 December 2011, the Company has purchased 2,358,600 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM1.61 per share for a total consideration of RM3,788,987. 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 31 December 2011, 16,086,200 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 226,118,800 (31.12.2010 : 228,477,400).

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

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.

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 ended 31 December 2011 was paid on 7 October 2011.

A8. Segment information for the financial year ended 31 December 2011

By Activity	Revenue RM'000	Profit Before Taxation RM'000
Continuing operations:		
Build, own and operate power plants	453,578	90,662
Property development and investment	44,222	36,556
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	85,221	14,850
Investment holding and others	27,487	(716)
	610,508	141,352

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

Subsequent to the balance sheet date, the Group completed the following acquisitions on 17 January 2012 via its wholly-owned subsidiary, Mega First Resources Sdn Bhd, for an aggregate cash consideration of RM26.0 million:-

a) 100% equity interest in Anting Sendirian Berhad;
b) 100% equity interest in Sri Anting Sdn Bhd; and
c) a piece of freehold agricultural land in Mukim Sungai Raya, District of Kinta, State of Perak.

Other than as disclosed above, there was no material event subsequent to the end of the period reported up to 20 February 2012, the latest practical date which is not earlier than seven days from the date of issue of these financial statements

A11. Changes in composition of the Group

There was no change in the composition of the Group for the financial year ended 31 December 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 31 December 2011:

	RM'000
Disputed assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah	1,915

The local authority in the State of Sabah has reduced the assessment from RM9.1 million to RM2.3 million for the period from 1998 to December 2011, of which RM425,000 has been accrued as a liability in the financial statements. However, the basis of assessment for the remaining balance of RM1.9 million 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 20 February 2012, 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 20 February 2012, 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 31 December 2011, the Group has the following commitments:

	RM'000
Property, plant and equipment	
Authorised but not provided for:	
Contracted	11,943
Not contracted	1,462
	13,405

A14. Significant related party transaction

The Group carried out the following significant transaction with a related party during the current quarter and financial year ended 31 December 2011:

	Current Quarter ended 31.12.2011 RM'000	Year ended 31.12.2011 RM'000
Purchase of light emitting diode (LED) lightings components	673	1,090

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)		
	4Q11	**4Q10**	**% Chg**	**4Q11**	**4Q10**	**% Chg**
Power	130,318	103,916	25.4	23,435	15,405	52.1
Resources	20,212	20,037	0.9	3,274	2,672	22.5
Property	10,808	6,820	58.5	21,917	16,030	36.7
Sub-total	161,338	130,773	23.4	48,626	34,107	42.6
Investment holding & others	7,844	5,947	31.9	(19,336)	4,759	n.m.
	169,182	136,720	23.7	29,290	38,866	(24.6)

The Group posted a 23.7% increase in revenue to RM169.2 million. However, pre-tax profit registered a 24.6% contraction to RM29.3 million due to non-operating items as reflected in the results of ñInvestment holding and othersò. Excluding the results of ñInvestment holding and othersò, the combined pre-tax profit of the Groupøs three core operating divisions rose 42.6% to RM48.6 million. A more detailed analysis of the results of each division is provided further below.

The results of ñInvestment holding and othersò in the current quarter was adversely affected by lower gain on disposal of quoted investments and RM18.5 million impairment loss on quoted investments arising from the reclassification of cumulative loss on quoted investments previously recognised under õother comprehensive incomeö. The amount was reclassified in the current quarter to profit or loss to comply with FRSIC 14.

Power Division

During the quarter, revenue contribution from the Power Division grew 25.4% to RM130.3 million, while pre-tax profit surged 52.1% to RM23.4 million. Steam sales increased 12.1% to 877,195 tonnes as a result of higher manufacturing output by our major customers. Accordingly, electricity sales expanded 12.6% to 172,289 MWh. The average steam price rose 7.2% to RMB186.1 per tonne due to higher coal prices. Divisional revenue was further boosted by higher energy charge from Serudong Power as a result of higher medium fuel oil prices.

B1. Review of performance (Cont’d)

a) Current quarter (Cont’d)

Pre-tax profit margin improved from 14.8% to 18.0%, underpinned mainly by significant improvement in production efficiency resulting from the completion of Phase 2 plant modification in January 2011. The improvement was partially offset by higher loss on disposal of obsolete plant and machinery following the plant modification exercise amounting to RM3.7 million in the current quarter (Q4-2010: RM2.1 million).

Resources Division

Compared to a year ago, divisional revenue was flat at RM20.2 million. Brick sales were up 91.2% to RM5.0 million. However, the increase was offset by an 8.8% decline in lime products to RM13.2 million and lower trading revenue. Calcium Silicate bricks enjoyed brisk sales and better prices due to a buoyant domestic construction sector and wider acceptance by customers. Lime products on the other hand were affected by a decline in sales of hydrated lime to the Philippines due to increased domestic supply.

During the quarter, the division recorded a 22.5% improvement in pre-tax profit to RM3.3 million, boosted by higher profit contribution from the sale of Calcium Silicate bricks.

Property Division

Property Division chalked up a 58.5% increase in sales revenue to RM10.8 million. Both property development and rental revenue from investment property registered year-on-year improvements. Development revenue grew 60.6% to RM9.0 million whereas rental income increased 48.3% to RM1.8 million. More residential units were sold during the quarter due to two new launches in Salak Tinggi and Malacca. Higher occupancy rate in PJ8 and maiden income stream from Greentown car park boosted rental income.

Divisional pre-tax profit contribution to the Group rose 36.7% to RM21.9 million, boosted by higher fair value gain on PJ8 of RM17.0 million (Q4-2010: RM10.9 million). Excluding fair value adjustment, pre-tax profit from operations was flat at RM4.9 million, as higher rental income was offset by lower margin in property development sales.

B1. Review of performance (Cont'd)

b) For the financial year ended 31 December 2011

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	2011	**2010**	**% Chg**	**2011**	**2010**	**% Chg**
Power	453,578	395,038	14.8	90,662	74,001	22.5
Resources	85,221	74,542	14.3	14,850	12,483	19.0
Property	44,222	25,043	76.6	36,556	19,526	87.2
Sub-total	583,021	494,623	17.9	142,068	106,010	34.0
Investment holding & others	27,487	28,700	(4.2)	(716)	15,116	n.m.
	610,508	523,323	16.7	141,352	121,126	16.7

Both Group revenue and pre-tax profit posted a 16.7% increase to RM610.5 million and RM141.4 million in 2011, respectively. Revenue of the core operating divisions increased 17.9% to RM583.0 million, while their combined pre-tax profit surged 34% to RM142.1 million, as analysed further below.

Lower gains from quoted investments of RM3 million (2010: RM14.9 million) weighed on the results of ĩInvestment holding and othersö.

Power Division

Power Division, the largest earnings contributor to the Group, continued to charge ahead in 2011. Revenue surged 14.8% to RM453.6 million, while pre-tax profit grew 22.5% to RM90.7 million, due mainly to significant efficiency improvements achieved through a 3-phase plant modification exercise, higher steam prices and higher energy sales. Consequently, gross profit margin improved from 18.3% in 2010 to 21.3% in 2011.

The plant modification exercise, which would be carried out in phases from 2009 to end 2012 effectively enabled more energy to be generated with the same amount of steam output. This is evident from a 12.1% rise in energy (electricity) sales to 641,592 MWh in 2011 despite a marginal 2.5% expansion in steam sales volume during the same period. During the year, growth of steam volume was dampened by slower industrial output as a result of slower global economic activity. Average steam prices registered a 10.2% increase to RMB183.7 per tonne in tandem with higher coal prices.

Pre-tax margin expanded at a slower pace from 18.7% in 2010 to 20.0% in 2011 due mainly to one-off gain from insurance claim and write-back of doubtful debt provision in 2010.

B1. Review of performance (Cont'd)

b) For the financial year ended 31 December 2011 (Contõd)

Resources Division

For the full year, revenue increased 14.3% to RM85.2 million, spurred by a 69.7% increase in brick sales to RM18.1 million, partially offset by a 4.3% decline in sales of lime products to RM51.0 million. As explained earlier, stronger demand and higher selling prices for Calcium Silicate bricks was bolstered by a buoyant domestic construction sector, especially in the high end property segment. Sales of lime products were however adversely affected by lower export volume especially to the Philippines due to intensifying local competition.

Pre-tax profit surged 19.0% from RM12.5 million in 2010 to RM14.9 million in 2011. The improved performance was mainly contributed by significantly better performances from brick sales, partially offset by higher operating costs for lime products due to the relining of a kiln in the fourth quarter of 2011.

Property Division

The Groupõs Property Division recorded a 76.6% improvement in revenue to RM44.2 million in 2011, buoyed by an 82.7% increase in revenue from the sale of residential and commercial properties to RM38.3 million. Rental income from investment property also received a boost from higher occupancy rates in PJ8 and inaugural contribution from Greentown car park in Ipoh, rising 45.4% to RM5.9 million.

Pre-tax profit rose sharply by 87.2% to RM36.6 million, lifted by RM18.2 million (2010 : RM10.9 million) fair value adjustment of PJ8 and Greentown car park, and a RM6.1 million recovery of an old debt plus interests that had been previously provided for as doubtful debt. Excluding these non-recurrent items, operating pre-tax profit for the division rose 42.7% to RM12.3 million due to higher sales of development properties and rental income.

B2. Variation of results against preceding quarter

	Revenue (RM'000)			Pre-tax Profit (RM'000)		
	4Q11	**3Q11**	**% Chg**	**4Q11**	**3Q11**	**% Chg**
Power	130,318	113,003	15.3	23,435	25,997	(9.9)
Resources	20,212	21,689	(6.8)	3,274	4,801	(31.8)
Property	10,808	10,341	4.5	21,917	2,330	n.m.
Sub-total	161,338	145,033	11.2	48,626	33,128	46.8
Investment holding & others	7,844	6,929	13.2	(19,336)	3,220	n.m.
	169,182	151,962	11.3	29,290	36,348	(19.4)

Pre-tax profit slid quarter-on-quarter by 19.4% to RM29.3 million despite revenue expanding 11.3% to RM169.2 million. Group pre-tax profit in the current quarter was dampened by lower gain on disposal of quoted investments and an RM18.5 million impairment charge on quoted investments, as explained earlier. At the core, the combined pre-tax profit of the Power, Resources and Property divisions grew 46.8% to RM48.6 million on an 11.2% revenue increase.

Power Division

Compared to the preceding quarter, revenue in the current quarter increased 15.3% from RM113.0 million to RM130.3 million. The increase reflects a low base effect arising from weaker steam demand traditionally observed during the summer months (third quarter) where industrial output is low. Additionally, production output of our major customers was further curbed during the third quarter by the provincial government over environmental consideration and shortage of power supply in China. Consequently, steam sales volume in the current quarter was 18.4% higher when compared to the preceding quarter. Total energy sales volume however rose only 6.2% to 162,156 MWh as the off-take of electricity is guaranteed by the local power bureau and is therefore less volatile quarter-on-quarter. There was marginal change in steam price during the quarter when compared to the preceding quarter.

Despite the improvement in sales, pre-tax profit declined 9.9% to RM23.4 million. Pre-tax margin fell from 23% to 18%, weighed down mainly by RM3.7 million loss on disposal of obsolete plant and equipment and additional RM1.5 million provisions made during the current quarter for slow moving inventories, town council assessment and doubtful debts.

B2. Variation of results against preceding quarter (Cont'd)

Resources Division

Revenue at RM20.2 million was 6.8% lower compared to the preceding quarter due mainly to lower trading sales of chemical products. Lime products sales revenue increased 11.4% quarter-on-quarter to RM13.2 million due to higher off-take from local customers, while sales volume and prices were flat for Calcium Silicate bricks.

Compared to preceding quarter, pre-tax profit recorded a 31.8% decline to RM3.3 million due to higher operating costs incurred in the current quarter for the relining of a kiln in Gopeng.

Property Division

Compared to the preceding quarter, divisional revenue was up marginally by 4.5% to RM10.8 million. Sale of development project was 2.1% higher, while rental income increased 18.7% to RM1.8 million.

As explained earlier, pre-tax profit in the current quarter was boosted by fair value gain on PJ8. Excluding the fair value adjustment of RM17.0 million, operating profit jumped 111.1% to RM4.9 million due mainly to the sale of a kindergarten unit in the current quarter which commanded higher profit margin.

B3. Prospects

The Board expects the results for the next financial year to be satisfactory.

B4. Profit forecast

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

B5. Tax expense

	Current Quarter ended 31.12.2011 RM'000	Year ended 31.12.2011 RM'000
Current tax expense		
Malaysian	4,834	11,540
Overseas	5,383	19,010
	10,217	30,550

The effective tax rate of the Group for the current quarter was higher than the Malaysian statutory tax rate of 25% due mainly to withholding tax of 10% for dividends repatriated from China, after setting off the impact from gain on disposal of quoted shares, which is non-taxable, utilisation of tax losses and reinvestment allowance, and the income earned in China which is taxed at a lower rate of 24%.

The effective tax rate of the Group for the financial year ended 31 December 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 tax losses and reinvestment allowance, and the income earned in China which is taxed at a lower rate of 24%, after setting off the impact from withholding tax of 10% for dividends repatriated from China.

B6. Status of corporate proposal

The Employee Share Option of Rock Chemical Industries (Malaysia) Berhad (ìRCIî), 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 20 February 2012, 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

Group borrowings as at 31 December 2011:

	RM'000
Short-term borrowings	
Secured denominated in:	
Ringgit Malaysia	43,330
Chinese Renminbi (RMB25,000,000)	12,585
	55,915
Unsecured denominated in:	
Ringgit Malaysia	12,841
Chinese Renminbi (RMB20,000,000)	10,068
	78,824
Long-term borrowings	
Secured denominated in:	
Ringgit Malaysia	8,772
	87,596

B8. Changes in material litigation

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

B9. Dividend proposed

The Board proposes a final dividend of 4.6 sen per share, less income tax of 25%, and a tax exempt dividend of 1.4 sen per share for the financial year ended 31 December 2011 (2010 : 5.5 sen less income tax of 25%). The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, has not been included as a liability in these financial statements. The entitlement and payment dates will be announced later.

B10. Detailed disclosure for consolidated statement of comprehensive income

The total comprehensive income is arrived at:-

	Current Quarter ended 31.12.2011 RM'000	Year ended 31.12.2011 RM'000
After crediting:-		
Interest income	570	4,656
Dividend income	1,422	2,383
Fair value gain on investment properties	16,998	16,998
Gain on disposal of quoted shares	185	19,111
Gain on foreign exchange:		
- realised	44	454
- unrealised	280	1,659
Net fair value changes in available-for-sale assets in other comprehensive income	1,071	(39,329)
Cumulative loss reclassified to profit or loss from other comprehensive income *	18,503	18,503
After debiting:-		
Amortisation	77	394
Allowance for impairment loss on receivables	936	936
Allowance for slow-moving inventories	959	959
Depreciation	7,123	26,869
Impairment loss on quoted investments *	18,503	18,503
Interest expense	1,108	5,975
Loss on foreign exchange:		
- realised	45	241
- unrealised	142	49

* The cumulative loss reclassified to profit or loss is in relation to a recognition of impairment loss on quoted investments in accordance to FRSIC 14 - Impairment of Investment in Equity Instrument Categorised as Available-for-Sale Financial Asset due to "significant or prolonged" decline in fair value.

B11. Retained Profits

	At 31.12.2011 RM'000	At 31.12.2010 RM'000
Total retained profits:-		
- realised	256,320	219,549
- unrealised	20,585	(1,546)
	276,905	218,003

B12. Earnings per share

	Quarter ended 31 December		Year ended 31 December	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	5,995	19,330	73,501	65,197
Weighted average number of ordinary shares in issue ('000)	227,321	229,437	227,321	229,437
Basic earnings per share (sen)	2.64	8.42	32.33	28.42
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	5,995	19,330	73,501	65,197
Weighted average number of ordinary shares in issue ('000)	227,321	229,437	227,321	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)	(2,745)	(2,946)	(2,561)	(3,056)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	227,376	229,791	227,560	229,681
Diluted earnings per share (sen)	2.64	8.41	32.30	28.39

B13. Authorised for issue

This interim financial statements was authorised for issue by the Board of Directors on 27 February 2012.