

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

**Interim Financial Report
31 March 2010**

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

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the first quarter and 3-month period ended 31 March 2010

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 1st Quarter 31.3.2010 RM'000	Preceding Year Corresponding 1st Quarter 31.3.2009 RM'000 (Restated)	Current Year To date 31.3.2010 RM'000	Preceding Year Corresponding Period 31.3.2009 RM'000 (Restated)
Revenue	A8	120,153	94,386	120,153	94,386
Cost of sales		(100,700)	(72,071)	(100,700)	(72,071)
Gross profit		19,453	22,315	19,453	22,315
Other income, net		5,199	3,919	5,199	3,919
Operating expenses		(6,772)	(7,746)	(6,772)	(7,746)
Profit from operations		17,880	18,488	17,880	18,488
Finance costs		(1,423)	(1,216)	(1,423)	(1,216)
Share of profit in an associate		93	102	93	102
Profit before tax	A8	16,550	17,374	16,550	17,374
Tax expense		(2,895)	(4,092)	(2,895)	(4,092)
Net profit for the period		13,655	13,282	13,655	13,282
Other comprehensive income		(4,645)	3,485	(4,645)	3,485
Total comprehensive income		9,010	16,767	9,010	16,767
Profit attributable to:					
Equity holders of the Company		9,467	7,716	9,467	7,716
Minority interests		4,188	5,566	4,188	5,566
		13,655	13,282	13,655	13,282
Total comprehensive income attributable to:					
Equity holders of the Company		5,696	9,342	5,696	9,342
Minority interests		3,314	7,425	3,314	7,425
		9,010	16,767	9,010	16,767
EPS - Basic (sen)	B14	4.12	3.29	4.12	3.29
- Diluted (sen)	B14	4.10	3.27	4.10	3.27

The notes set out on pages 5 to 15 form an integral part of 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 31 March 2010

	Unaudited As At 31.3.2010 RM'000	Audited As At 31.12.2009 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	223,613	212,380
Associate	4,929	4,836
Investment in quoted shares	155,729	129,961
Investment in unquoted shares	335	335
Prepaid lease payments	1,293	1,403
Investment properties	73,447	73,442
Land held for property development	61,331	61,367
Goodwill on consolidation	7,635	7,635
	<u>528,312</u>	<u>491,359</u>
Current Assets		
Inventories	39,318	39,065
Property development	22,343	25,245
Trade and other receivables	112,937	127,006
Bank balances and deposits	114,443	115,178
	<u>289,041</u>	<u>306,494</u>
TOTAL ASSETS	<u>817,353</u>	<u>797,853</u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	240,505	239,283
Treasury shares	(14,382)	(10,585)
Reserves	232,853	211,706
	<u>458,976</u>	<u>440,404</u>
Minority Interests	<u>139,436</u>	<u>154,930</u>
Total Equity	598,412	595,334
Non-Current Liabilities		
Long-term borrowings	7,630	8,019
Retirement benefit obligations	689	692
Deferred taxation	22,762	23,126
	<u>31,081</u>	<u>31,837</u>
Current Liabilities		
Trade and other payables	79,412	57,685
Short-term borrowings	106,381	106,618
Taxation	2,067	6,379
	<u>187,860</u>	<u>170,682</u>
Total Liabilities	<u>218,941</u>	<u>202,519</u>
TOTAL EQUITY AND LIABILITIES	<u>817,353</u>	<u>797,853</u>
Net Assets Per Ordinary Share (RM)	<u><u>2.00</u></u>	<u><u>1.91</u></u>

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Unaudited Condensed Consolidated Statement Of Changes In Equity
For the 3-month period ended 31 March 2010

	← Attributable to equity holders of the company →										
	← Non-distributable reserves →						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	Minority Interests RM'000	Total Equity RM'000
Balance at 1.1.2010	239,283	(10,585)	33,380	28	11,112	-	2,213	164,973	440,404	154,930	595,334
- as previously stated	-	-	-	-	-	15,104	-	-	15,104	1,325	16,429
- effect of adopting FRS 139	-	-	-	-	-	-	-	-	-	-	-
- as restated	239,283	(10,585)	33,380	28	11,112	15,104	2,213	164,973	455,508	156,255	611,763
Total comprehensive income for the period	-	-	-	-	(4,707)	936	-	9,467	5,696	3,314	9,010
Capital reserves	-	-	-	-	-	-	467	(120)	347	26	373
Dividends	-	-	-	-	-	-	-	-	-	(20,159)	(20,159)
Issue of ordinary shares pursuant to ESOS	1,222	-	-	-	-	-	-	-	1,222	-	1,222
Purchase of treasury shares	-	(3,797)	-	-	-	-	-	-	(3,797)	-	(3,797)
Balance at 31.03.2010	240,505	(14,382)	33,380	28	6,405	16,040	2,680	174,320	458,976	139,436	598,412
Balance at 1.1.2009	239,283	(6,412)	33,380	28	14,306	-	2,213	108,949	391,747	138,618	530,365
Total comprehensive income for the period	-	-	-	-	1,626	-	-	7,716	9,342	7,425	16,767
Dividends	-	-	-	-	-	-	-	-	-	(9,547)	(9,547)
Purchase of treasury shares	-	(350)	-	-	-	-	-	-	(350)	-	(350)
Balance at 31.3.2009	239,283	(6,762)	33,380	28	15,932	-	2,213	116,665	400,739	136,496	537,235

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Unaudited Condensed Consolidated Cash Flow Statements
For the 3-month period ended 31 March 2010

	Current Year 1st Quarter 31.3.2010 RM'000	Preceding Year Corresponding 1st Quarter 31.3.2009 RM'000
Profit before tax	16,550	17,374
Adjustments for non-cash flow		
- Non-cash items	5,428	7,120
- Non-operating items	(2,592)	799
Operating profit before changes in working capital	19,386	25,293
Changes in working capital		
- Net change in current assets	10,327	17,437
- Net change in current liabilities	2,961	(6,452)
Cash generated from operations	32,674	36,278
Income tax paid	(3,516)	(2,930)
Net cash from operating activities	29,158	33,348
Cash flows for investing activities		
Interest received	305	420
Dividend received	337	-
(Increase)/Decrease in:		
Land held for property development	-	(637)
Investment properties	(5)	(6)
Proceeds from disposal of property, plant and equipment	40	284
Purchase of property, plant and equipment	(22,943)	(3,351)
Proceeds from disposal of quoted shares	40,783	-
Purchase of quoted shares	(44,880)	-
Net cash for investing activities	(26,363)	(3,290)
Cash flows for financing activities		
Finance costs paid	(1,423)	(1,216)
Decrease in:		
Short-term borrowings, excluding bank overdrafts	(830)	(231)
Hire purchase payables	(5)	(27)
Net (repayment)/drawdown of term loans	(389)	(392)
Proceeds from issue of shares pursuant to ESOS	1,222	-
Purchase of treasury shares	(3,797)	(350)
Net cash for financing activities	(5,222)	(2,216)
Effect of foreign exchange translation	(1,301)	873
Net (decrease)/increase in cash and cash equivalents	(3,728)	28,715
Cash and cash equivalents at beginning of the period	108,500	141,503
Cash and cash equivalents at end of the period	104,772	170,218

The notes set out on pages 5 to 15 form an integral part of 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

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2009.

During the 3-month period ended 31 March 2010, the Group has adopted the following:-

FRSs/IC Interpretations	Effective date
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 8 Operating Segments	1 July 2009
Revised FRS 101 (2009) Presentation of Financial Statements	1 January 2010
Revised FRS 123 (2009) Borrowing Costs	1 January 2010
Revised FRS 139 (2010) Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
Annual Improvements to FRSs (2009)	1 January 2010

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A1. Basis of preparation (Cont'd)

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 2009.

A2. Qualification of financial statement

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2009 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 3-month period ended 31 March 2010.

A6. Debt and equity securities

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
As of 1.1.2010	239,283	(8,851)	239,283	(10,585)
Issue of ordinary shares pursuant to ESOS	1,222	-	1,222	-
Purchase of treasury shares	-	(2,454)	-	(3,797)
As of 31.03.2010	<u>240,505</u>	<u>(11,305)</u>	<u>240,505</u>	<u>(14,382)</u>

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A6. Debt and equity securities (Cont'd)

a) Share options exercised

During the 3-month period, 1,222,000 ordinary shares were issued at par pursuant to the exercise of options under the Company's Employee Share Option Scheme. As at 31 March 2010, options over 1,700,000 (31.12.2009 : 2,922,000) unissued ordinary shares remained outstanding.

b) Treasury Shares

During the 3-month period, the Company purchased 2,454,400 of its issued ordinary shares from the open market at an average cost of RM1.55 per share for a total consideration of RM3,797,573 comprising purchase price of RM3,780,004 and the total transaction cost of RM17,569. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 240,505,000 (31.12.2009 : 239,283,000) issued and fully paid-up ordinary shares as at 31 March 2010, 11,305,000 ordinary shares (31.12.2009 : 8,850,600) were held as treasury shares by the Company. As at 31 March 2010, the number of outstanding ordinary shares in issue and fully paid-up amounted to 229,200,000 (31.12.2009 : 230,432,400).

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

A7. Dividend declared

A final dividend of 5.0 sen, less income tax of 25%, for the financial year ended 31 December 2009 was approved by the shareholders at the Annual General Meeting held on 20 May 2010. This dividend is payable on 15 July 2010 to entitled shareholders as at 30 June 2010 and has not been included as a liability in these financial statements.

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A8. Segment information for the 3-month period ended 31 March 2010

	Revenue RM'000	Profit Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	92,572	10,294
Property development and investment	4,907	1,273
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	18,322	4,018
Engineering, designing and manufacturing of automotive and transportation components	4,069	852
Investment holding	283	20
Associate	-	93
	<u>120,153</u>	<u>16,550</u>

A9. Valuation of Property, Plant and Equipment

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

A10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported up to 13 May 2010, 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 material change in the composition of the Group for the 3-month period ended 31 March 2010 including business combination, acquisition or disposal of subsidiaries, restructuring and discontinuing operations.

A12. Changes in contingent liabilities and assets

a) Contingent liabilities

There was no change in contingent liabilities of the Group from 1 January 2010 to 13 May 2010, 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 13 May 2010, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A13. Effects of Adopting New and Revised Accounting Standards

a) FRS 117 – Leases

The following comparative figures have been restated as a result of accounting for the effects of FRS 117 retrospectively:-

	← At 31.12.2009 →		
	As Previously Reported RM'000	Effects of FRS 117 RM'000	As Restated RM'000
Statement of Financial Position (extract)			
Property, plant and equipment	210,373	2,007	212,380
Prepaid lease payments	3,410	(2,007)	1,403

A13. Effects of Adopting New and Revised Accounting Standards (Cont'd)

b) FRS 139 - Financial Instruments: Recognition and Measurement

The Group has applied FRS 139 in accordance with the transitional provisions. The changes have been accounted for by restating the following opening balances of the Group as at 1 January 2010:-

	← At 1.1.2010 →		
	As Previously Reported RM'000	Effects of FRS 139 RM'000	As Restated RM'000
Statement of Financial Position (extract)			
Reserves	211,706	15,104	226,810

c) FRS 101- Presentation of Financial Statements

The following comparative figures have been restated as a result of accounting for the effects of FRS 101:-

	← 3-month period from 1.1.2009 to 31.3.2009 →		
	As Previously Reported RM'000	Effects of FRS 101 RM'000	As Restated RM'000
Statement of Comprehensive Income (extract)			
Other comprehensive income	-	3,485	3,485

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group's revenue of RM120.2 million for the current quarter under review was 27.3% higher than the corresponding period last year of RM94.4 million. However, pre-tax profit decreased by 4.7% to RM16.6 million.

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

B2. Variation of results against preceding quarter

For the current quarter under review, the Group's revenue and pre-tax profit decreased by 15.2% and 51.8%, respectively.

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

B3. Prospects

The Board is confident that the results for 2010 will continue to be satisfactory.

B4. Profit forecast

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

B5. Tax expense

	Current Quarter ended 31.3.2010 RM'000	Period ended 31.3.2010 RM'000
Current tax expense		
Malaysian	922	922
Overseas	1,973	1,973
	<hr/> 2,895	<hr/> 2,895

The effective tax rate of the Group for the current quarter and 3-month period ended 31 March 2010 was lower than the Malaysian statutory tax rate of 25% due mainly to the gain on disposal of quoted investments, which is non-taxable, and the income earned in China which is taxed at a lower rate of 22%.

B6. Unquoted investments and properties

There was no sale or purchase of unquoted investment or property during the current quarter and 3-month period ended 31 March 2010.

B7. Quoted investments

a) Purchase and sale of quoted investments during the current quarter and 3-month period ended 31 March 2010.

i) Acquisition of quoted investments

	Current Quarter ended 31.3.2010 RM'000	Period ended 31.3.2010 RM'000
Purchase consideration	44,880	44,880

ii) Disposal of quoted investments

	Current Quarter ended 31.3.2010 RM'000	Period ended 31.3.2010 RM'000
Sale proceeds	40,783	40,783
Cost of quoted shares disposed	(37,895)	(37,895)
Gain on disposal	2,888	2,888

b) Investments in quoted shares as at 31 March 2010

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	65,109	75,684	75,684
Quoted outside Malaysia	79,439	80,045	80,045
	<u>144,548</u>	<u>155,729</u>	<u>155,729</u>

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B8. Status of corporate proposal

On 6 March 2007, RCI announced that the company was proposing to establish an Employees' Share Option Scheme ("ESOS") for the benefit of the eligible Executive Directors and employees of RCI and its subsidiaries. The ESOS was approved by the shareholders of RCI on 25 April 2007 and has yet to become effective.

On 20 May 2010, shareholders of the company approved at the general meeting the establishment of the new ESOS, which will have tenure of 10 years.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 13 May 2010, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Borrowing and debt securities

Group borrowings as at 31 March 2010:

	<u>RM'000</u>
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	25,092
Chinese Renminbi (RMB40,000,000)	19,116
	44,208
<i>Unsecured Denominated in:</i>	
Ringgit Malaysia	33,499
Chinese Renminbi (RMB60,000,000)	28,674
	106,381
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	7,630
	<u>114,011</u>

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 13 May 2010, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B11. Changes in material litigation

There was no pending material litigation as at 13 May 2010, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

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B12. Capital commitments

As at 31 March 2010, the Group has the following commitments:

	<u>RM'000</u>
Property, plant and equipment and investment	
Authorised but not provided for:	
Contracted	27,655
Not contracted	<u>12,171</u>
	<u>39,826</u>

B13. Dividend

No interim dividend was declared for the current quarter under review.

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B14. Earnings per share

	Quarter ended 31 March		Year ended 31 March	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	9,467	7,716	9,467	7,716
Weighted average number of ordinary shares in issue ('000)	229,585	234,251	229,585	234,251
Basic earnings per share (sen)	4.12	3.29	4.12	3.29
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	9,467	7,716	9,467	7,716
Dilutive effects of outstanding employees' share options	25	41	25	41
Diluted earnings	9,492	7,757	9,492	7,757
Weighted average number of ordinary shares in issue ('000)	229,585	234,251	229,585	234,251
Adjustment for share options ('000)	1,700	2,922	1,700	2,922
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	231,285	237,173	231,285	237,173
Diluted earnings per share (sen)	4.10	3.27	4.10	3.27

B15. Significant related party transaction

There was no significant related party transaction during the current quarter and 3-month period ended 31 March 2010.

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
20 May 2010