

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

**Interim Financial Report  
31 December 2010**

**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 2010**

|   | Note | INDIVIDUAL PERIOD                                   |  | CUMULATIVE PERIOD                               |   |
|---|------|---|--|---|---|
|   |      | Current Year<br>4th Quarter<br>31.12.2010<br>RM'000 | Preceding Year<br>Corresponding<br>4th Quarter<br>31.12.2009<br>RM'000<br>(Restated) | Current Year<br>To date<br>31.12.2010<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31.12.2009<br>RM'000<br>(Restated) |
| Revenue                                     | A8   | 136,720   | 141,711  | 523,323   | 463,103   |
| Cost of sales                               |      | (99,170)  | (88,692)   | (404,389)                                       | (327,151)   |
| Gross profit                                |      | 37,550  | 53,019   | 118,934   | 135,952   |
| Other income, net                           |      | 24,019  | 1,969  | 53,140  | 28,865  |
| Operating expenses                          |      | (21,507)  | (19,474)   | (45,169)  | (42,560)  |
| Profit from operations                      |      | 40,062  | 35,514   | 126,905   | 122,257   |
| Finance costs                               |      | (1,378)   | (1,337)  | (6,084)   | (5,310)   |
| Share of profit in an associate             |      | 182   | 128  | 305   | 573   |
| Profit before taxation                      | A8   | 38,866  | 34,305   | 121,126   | 117,520   |
| Tax expense                                 |      | (6,314)   | (8,191)  | (20,152)  | (21,332)  |
| Net profit for the period                   |      | 32,552  | 26,114   | 100,974   | 96,188  |
| Other comprehensive income                  |      | 3,041   | (1,401)  | 4,254   | (4,321)   |
| Total comprehensive income                  |      | 35,593  | 24,713   | 105,228   | 91,867  |
| Profit attributable to:                     |      |   |  |   |   |
| Equity holders of the Company               |      | 20,224  | 16,067   | 66,091  | 65,626  |
| Non-controlling interests                   |      | 12,328  | 10,047   | 34,883  | 30,562  |
|   |      | 32,552  | 26,114   | 100,974   | 96,188  |
| Total comprehensive income attributable to: |      |   |  |   |   |
| Equity holders of the Company               |      | 23,372  | 15,251   | 75,110  | 62,432  |
| Non-controlling interests                   |      | 12,221  | 9,462  | 30,118  | 29,435  |
|   |      | 35,593  | 24,713   | 105,228   | 91,867  |
| EPS - Basic (sen)                           | B16  | 8.82  | 6.90   | 28.82   | 28.18   |
| EPS - Diluted (sen)                         | B16  | 8.73  | 6.83   | 28.54   | 27.90   |

The notes set out on pages 5 to 17 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 2010**

|   | <b>Unaudited<br/>As At<br/>31.12.2010<br/>RM'000</b> | <b>Audited<br/>As At<br/>31.12.2009<br/>RM'000<br/>(Restated)</b> |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| <b>Non-Current Assets</b>                                       |  |   |
| Property, plant and equipment                                   | 231,318  | 212,380   |
| Associate   | 43,221   | 4,836   |
| Investment in quoted shares                                     | 145,460  | 129,961   |
| Investment in unquoted shares                                   | 335  | 335   |
| Prepaid lease payments  | 1,139  | 1,403   |
| Investment properties   | 84,408   | 73,442  |
| Land held for property development                              | 57,346   | 61,367  |
| Goodwill on consolidation                                       | 10,812   | 7,635   |
|   | 574,039  | 491,359   |
| <b>Current Assets</b>   |  |   |
| Inventories   | 62,826   | 39,065  |
| Property development  | 31,210   | 25,245  |
| Trade and other receivables                                     | 109,099  | 127,006   |
| Bank balances and deposits                                      | 118,365  | 115,178   |
|   | 321,500  | 306,494   |
| <b>TOTAL ASSETS</b>   | <b>895,539</b>                                       | <b>797,853</b>  |
| <b>EQUITY AND LIABILITIES</b>                                   |  |   |
| <b>Equity Attributable To Equity Holders Of<br/>The Company</b> |  |   |
| Share capital   | 242,205  | 239,283   |
| Treasury shares   | (18,527)   | (10,585)  |
| Reserves  | 290,619  | 211,706   |
|   | 514,297  | 440,404   |
| <b>Non-Controlling Interests</b>                                | 163,113  | 154,930   |
| <b>Total Equity</b>   | <b>677,410</b>                                       | <b>595,334</b>  |
| <b>Non-Current Liabilities</b>                                  |  |   |
| Other payables  | 669  | 692   |
| Long-term borrowings  | 9,251  | 8,019   |
| Hire purchase payables  | 79   | -   |
| Deferred taxation   | 20,740   | 23,126  |
|   | 30,739   | 31,837  |
| <b>Current Liabilities</b>                                      |  |   |
| Trade and other payables  | 59,351   | 57,685  |
| Short-term borrowings   | 122,701  | 106,618   |
| Taxation  | 5,338  | 6,379   |
|   | 187,390  | 170,682   |
| <b>Total Liabilities</b>  | <b>218,129</b>                                       | <b>202,519</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>895,539</b>                                       | <b>797,853</b>  |
| <b>Net Assets Per Ordinary Share (RM)</b>                       | <b>2.25</b>  | <b>1.91</b>   |

The notes set out on pages 5 to 17 form an integral part and should be read in conjunction with this interim report.

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

**Unaudited Condensed Consolidated Statement of Changes in Equity**  
**For the financial year ended 31 December 2010**

|  | ← Attributable to equity holders of the company → |                              |                            |                                      |                                  |                                    |                              |                               |                 |  |                           |
|--|---|------------------------------|----------------------------|--------------------------------------|----------------------------------|------------------------------------|------------------------------|-------------------------------|-----------------|--|---------------------------|
|  | ← Non-distributable →                             |                              |                            |                                      |                                  |                                    | Distributable                |                               |                 |  |                           |
|  | Share<br>Capital<br>RM'000                        | Treasury<br>Shares<br>RM'000 | Share<br>Premium<br>RM'000 | Share<br>Option<br>Reserve<br>RM'000 | Translation<br>Reserve<br>RM'000 | Fair<br>Value<br>Reserve<br>RM'000 | Capital<br>Reserve<br>RM'000 | Retained<br>Profits<br>RM'000 | Total<br>RM'000 | Non-Controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
| 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<br>for the financial year | -   | -                            | -                          | -                                    | (3,194)                          | -                                  | -                            | 65,626                        | 62,432          | 29,435                                 | 91,867                    |
| Dividends  | -   | -                            | -                          | -                                    | -                                | -                                  | -                            | (9,602)                       | (9,602)         | (13,123)                               | (22,725)                  |
| Purchase of treasury shares                          | -   | (4,173)                      | -                          | -                                    | -                                | -                                  | -                            | -                             | (4,173)         | -                                      | (4,173)                   |
| Balance at 31.12.2009 / 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<br>for the financial year | -   | -                            | -                          | -                                    | (2,578)                          | 11,597                             | -                            | 66,091                        | 75,110          | 30,118                                 | 105,228                   |
| Acquisition of subsidiary                            | -   | -                            | -                          | -                                    | -                                | -                                  | -                            | -                             | -               | 3,030                                  | 3,030                     |
| Capital reserves                                     | -   | -                            | -                          | -                                    | -                                | -                                  | 403                          | (118)                         | 285             | (106)                                  | 179                       |
| Dividends  | -   | -                            | -                          | -                                    | -                                | -                                  | -                            | (12,049)                      | (12,049)        | (26,184)                               | (38,233)                  |
| Issuance of ordinary shares<br>pursuant to ESOS      | 2,922   | -                            | -                          | -                                    | -                                | -                                  | -                            | -                             | 2,922           | -                                      | 2,922                     |
| Fair value of ESOS                                   | -   | -                            | -                          | 463                                  | -                                | -                                  | -                            | -                             | 463             | -                                      | 463                       |
| Purchase of treasury shares                          | -   | (7,942)                      | -                          | -                                    | -                                | -                                  | -                            | -                             | (7,942)         | -                                      | (7,942)                   |
| Balance at 31.12.2010                                | 242,205   | (18,527)                     | 33,380                     | 491                                  | 8,534                            | 26,701                             | 2,616                        | 218,897                       | 514,297         | 163,113                                | 677,410                   |

The notes set out on pages 5 to 17 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 Statements**  
**For the financial year ended 31 December 2010**

|   | <b>2010</b>     | <b>2009</b>      |
|---|-----------------|------------------|
|   | <b>RM'000</b>   | <b>RM'000</b>    |
| <b>Cash flows from operating activities</b>                 |                 |                  |
| Profit before tax   | 121,126         | 117,520          |
| Adjustments for non-cash flow - Non-cash items              | 522             | 40,699           |
| - Non-operating items                                       | 220             | (16,606)         |
| Operating profit before changes in working capital          | 121,868         | 141,613          |
| Changes in working capital - Net change in current assets   | (6,637)         | (11,726)         |
| - Net change in current liabilities                         | 1,193           | 1,016            |
| Cash generated from operations                              | 116,424         | 130,903          |
| Income tax paid   | (23,592)        | (19,061)         |
| <b>Net cash from operating activities</b>                   | <b>92,832</b>   | <b>111,842</b>   |
| <b>Cash flows for investing activities</b>                  |                 |                  |
| Interest received   | 1,594           | 1,774            |
| Dividend received   | 4,270           | 1,870            |
| Decrease/(Increase) in:                                     |                 |                  |
| Land held for property development                          | 4,021           | (1,488)          |
| Investment properties                                       | (33)            | (34)             |
| Proceeds from disposal of property, plant and equipment     | 1,977           | 1,650            |
| Purchase of property, plant and equipment                   | (49,267)        | (35,078)         |
| Proceeds from disposal of quoted shares                     | 135,000         | 162,658          |
| Purchase of quoted shares                                   | (115,386)       | (272,274)        |
| Acquisition of associate                                    | (34,602)        | -                |
| Net cash inflow from deconsolidation of subsidiaries        | -               | 56               |
| Net cash inflow from acquisition of a subsidiary            | 108             | -                |
| <b>Net cash for investing activities</b>                    | <b>(52,318)</b> | <b>(140,866)</b> |
| <b>Cash flows for financing activities</b>                  |                 |                  |
| Finance costs paid  | (6,084)         | (5,310)          |
| Dividends paid to minority interests                        | (25,740)        | (12,941)         |
| Dividends paid to shareholders                              | (12,049)        | (9,602)          |
| Increase/(Decrease) in:                                     |                 |                  |
| Short term borrowings, excluding bank overdrafts            | 15,297          | 37,969           |
| Hire purchase payables                                      | (88)            | (39)             |
| Net repayment of term loans                                 | (1,163)         | (1,534)          |
| Repayment of bonds  | (3,000)         | (7,000)          |
| Proceeds from issue of shares pursuant to ESOS              | 2,922           | -                |
| Purchase of treasury shares                                 | (7,942)         | (4,173)          |
| <b>Net cash for financing activities</b>                    | <b>(37,847)</b> | <b>(2,630)</b>   |
| <b>Effect of foreign exchange translation</b>               | <b>(4,845)</b>  | <b>(1,349)</b>   |
| <b>Net decrease in cash and cash equivalents</b>            | <b>(2,178)</b>  | <b>(33,003)</b>  |
| <b>Cash and cash equivalents at beginning of the period</b> | <b>108,500</b>  | <b>141,503</b>   |
| <b>Cash and cash equivalents at end of the period</b>       | <b>106,322</b>  | <b>108,500</b>   |

The notes set out on pages 5 to 17 form an integral part and should be read in conjunction with this interim report.

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**Notes to the interim financial report**

**A EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. Basis of preparation**

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

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

During the financial year ended 31 December 2010, the Group has adopted the following:-

| <b>FRSs/IC Interpretations</b>  | <b>Effective date</b> |
|---|-----------------------|
| FRS 4 Insurance Contracts   | 1 January 2010        |
| FRS 7 Financial Instruments: Disclosures  | 1 January 2010        |
| FRS 8 Operating Segments  | 1 July 2009           |
| FRS 101 (Revised) Presentation of Financial Statements  | 1 January 2010        |
| FRS 123 (Revised) Borrowing Costs   | 1 January 2010        |
| FRS 139 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        |
| Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation                  | 1 January 2010        |
| Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in relation to Compound Instruments | 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        |

**Mega First Corporation Berhad  
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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 financial year ended 31 December 2010.

**A6. Debt and equity securities**

|   | Number of Ordinary Shares<br>← of RM1 Each →           |                            | ← Amount →   |                              |
|---|--|----------------------------|--|------------------------------|
|   | Share<br>Capital<br>(Issued and<br>Fully Paid)<br>'000 | Treasury<br>Shares<br>'000 | Share<br>Capital<br>(Issued and<br>Fully Paid)<br>RM'000 | Treasury<br>Shares<br>RM'000 |
| At 1.1.2010                                     | 239,283  | (8,851)                    | 239,283  | (10,585)                     |
| Issue of ordinary<br>shares pursuant<br>to ESOS | 2,922  | -                          | 2,922  | -                            |
| Purchase of<br>treasury shares                  | -  | (4,877)                    | -  | (7,942)                      |
| At 31.12.2010                                   | <u>242,205</u>   | <u>(13,728)</u>            | <u>242,205</u>   | <u>(18,527)</u>              |

**A6. Debt and equity securities (Cont'd)**

- a) During the financial year ended 31 December 2010, the Company issued 2,922,000 new ordinary shares of RM1.00 each, for cash, arising from the exercise of options granted under the Company's Employees Share Option Scheme at the exercise price of RM1.00 per ordinary share.
- b) At the Extraordinary General Meeting held on 20 May 2010, the shareholders of the Company had approved, amongst others,
  - (i) the termination of the then existing Employees Share Option Scheme (ESOS);
  - (ii) the establishment of a new ESOS which has a tenure of 10 years; and
  - (iii) the granting of share options to eligible Directors of the Company.

The old ESOS was terminated on 20 May 2010 and the new ESOS became effective on 1 August 2010.

- c) At the Annual General Meeting held on 20 May 2010, the shareholders of the Company had renewed their approval for the Company's plan to purchase its own shares of an aggregate amount up to 10% of the issued and paid-up share capital of the Company.
- d) During the financial year ended 31 December 2010, the Company has purchased 4,877,000 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM1.63 per share for a total consideration of RM7,942,247. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.
- e) Of the total 242,205,000 (31.12.2009 : 239,283,000) issued and paid-up ordinary shares of RM1.00 each as at 31 December 2010, 13,727,600 shares (31.12.2009 : 8,850,600 shares) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and paid-up is therefore 228,477,400 (31.12.2009 : 230,432,400).
- f) During the financial year ended 31 December 2010, Serudong Power Sdn Bhd, a 51%-owned subsidiary of Mega First Power Industries Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company has fully redeemed the remaining outstanding bonds of RM3,000,000.

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.



**Mega First Corporation Berhad  
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**A7. Dividend paid**

A final dividend of 5.0 sen less income tax of 25% for the financial year ended 31 December 2009 was paid on 15 July 2010.

An interim dividend of 2.0 sen less income tax of 25% (financial year ended 31 December 2009 : interim dividend of 2.0 sen less income tax of 25%) for the financial year ended 31 December 2010 was paid on 7 October 2010.

**A8. Segment information for the financial year ended 31 December 2010**

| <b>By Activity</b>   | <b>Revenue<br/>RM'000</b> | <b>Profit<br/>Before<br/>Taxation<br/>RM'000</b> |
|--|---------------------------|--|
| <u>Continuing operations:</u>  |                           |  |
| Build, own and operate power plants  | 395,038                   | 74,001   |
| Property development and investment  | 25,043                    | 24,604   |
| Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks | 74,540                    | 15,667   |
| Engineering, designing and manufacturing of automotive and transportation components   | 15,104                    | 2,690  |
| Investment holding and others  | 13,598                    | 4,164  |
|  | <hr/>                     | <hr/>  |
|  | 523,323                   | 121,126  |
|  | <hr/>                     | <hr/>  |

**A9. Valuation of property, plant and equipment**

The valuation of property, plant and equipment have been brought forward without any amendments from the preceding year's audited financial statements.

**A10. Events subsequent to the balance sheet date**

There was no material event subsequent to the end of the financial year reported up to 17 February 2011, 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**

- a) On 6 April 2010, the Group increased its shareholding in Hexachase Corporation Sdn. Bhd. (~~(%Hexachase+)~~), an existing associate company, from 50% to 52.38% through the subscription of an additional 6,250 new ordinary shares of RM1 each for a total cash consideration of RM500,000. Hexachase therefore became a subsidiary of MFCB with effect from 6 April 2010.
- b) On 20 September 2010, the Group acquired from IJM Corporation Berhad a 30% equity interest comprising 3,000 shares of USD1 each in Don Sahong Power Company Limited (~~(%DSPC+)~~) for a total purchase consideration of RM4,155,000. DSPC is a special purpose vehicle set up to undertake the Don Sahong Hydropower Project. DSPC therefore became a 100% owned subsidiary of MFCB with effect from 20 September 2010.
- c) On 8 December 2010, Bloxwich Lighting Sdn Bhd (~~(%Bloxwich Lighting+)~~), a wholly-owned subsidiary of Bloxwich International Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company was incorporated in Malaysia. Bloxwich Lighting will be principally involved in the manufacturing of light emitting diode (LED) luminaire for lighting purposes.
- d) During the period from 16 July 2010 to 31 December 2010, the Group has acquired a total of 143,411,000 fully paid ordinary shares of RM0.10 each representing 20.59% equity interest in JADI Imaging Holdings Berhad (~~(%ADI+)~~), a public company listed on the Main Market of Bursa Malaysia Securities Berhad, for a total purchase consideration of RM34.6 million comprising:-
  - (i) 61,462,000 shares acquired through subscription of a private placement at the issue price of RM0.20 per share; and
  - (ii) 81,949,000 shares acquired through open market purchases.

JADI became an associate company on 25 October 2010 and the Group's share of results in JADI for the period from November 2010 to December 2010 has been incorporated in the consolidated results for the 4th quarter ended 31 December 2010.

Other than as disclosed above, there was no material change in the composition of the Group for the financial year ended 31 December 2010 including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

**Mega First Corporation Berhad  
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**A12. Changes in contingent liabilities and assets**

a) Contingent liabilities

The Group's contingent liability as at 31 December 2010:

|  | <u>RM'000</u> |
|--|---------------|
| Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the state of Sabah | 9,067         |

Other than as disclosed above, there was no change in contingent liabilities of the Group from 1 January 2010 to 17 February 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

b) Contingent assets

The Group has no contingent asset as at 17 February 2011, 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<br>Previously<br>Reported<br>RM'000 | Effects of<br>FRS 117<br>RM'000 | As<br>Restated<br>RM'000 |
| Statement of Financial Position<br>(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:-

|   | As<br>Previously<br>Reported<br>At<br>31.12.2009<br>RM000 | Effects of<br>FRS 139<br>RM000 | As<br>Restated<br>At<br>1.1.2010<br>RM000 |
|---|---|--------------------------------|---|
| Statement of Changes in Equity<br>(extract) |   |                                |   |
| Reserves                                    | 211,706   | 15,104                         | 226,810                                   |
| Non-controlling interests                   | 154,930   | 1,325                          | 156,255                                   |

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:-

|  | ← 12-month period from 1.1.2009 to 31.12.2009 → |                                |                         |
|--|---|--------------------------------|-------------------------|
|  | As<br>Previously<br>Reported<br>RM000           | Effects of<br>FRS 101<br>RM000 | As<br>Restated<br>RM000 |
| Statement of Comprehensive<br>Income (extract) |   |                                |                         |
| Other comprehensive income                     | -   | (4,321)                        | (4,321)                 |

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

**B1. Review of performance**

a) Current quarter

The Group's revenue for the current quarter decreased by 3.5% or RM5.0 million, compared to the corresponding period last year. However, pre-tax profit increased by 13.3% or RM4.6 million.

The higher pre-tax profit was largely attributable to higher contribution from the Property Division and higher gain from disposal of quoted shares, partially offset by lower contribution from the Power Division. The Property Division recorded a pre-tax profit of RM19.2 million in the current quarter, which included a fair value gain on investment properties amounting to RM10.9 million.

b) For the financial year ended 31 December 2010

The Group's revenue of RM523.3 million and pre-tax profit of RM121.1 for the financial year ended 31 December 2010 was 13.0% or RM60.2 million and 3.1% or RM3.6 million, respectively, higher than the corresponding period last year.

The higher pre-tax profit was largely attributable to higher contribution from the Property and Engineering Divisions, partially offset by lower contribution from the Power and Limestone Divisions and lower gain from disposal of quoted shares. The pre-tax profit of the Property Division included a fair value gain on investment properties amounting to RM10.9 million.

**B2. Variation of results against preceding quarter**

The Group's revenue of RM136.7 million and pre-tax profit of RM38.9 million for the current quarter was 7.6% or RM9.7 million and 29.2% or RM8.8 million, respectively, higher than the preceding quarter.

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

**B3. Prospects**

The Board is confident that the results for the next financial year will continue to be satisfactory.

**B4. Profit forecast**

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

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**B5. Tax expense**

|                     | <b>Current<br/>Quarter<br/>ended<br/>31.12.2010<br/>RM'000</b> | <b>Year<br/>ended<br/>31.12.2010<br/>RM'000</b> |
|---------------------|--|---|
| Current tax expense |  |   |
| Malaysia            | 2,930  | 7,865   |
| Overseas            | 3,384  | 12,287  |
|                     | <u>6,314</u>   | <u>20,152</u>                                   |

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2010 was lower than the Malaysian statutory tax rate of 25% due mainly to reversal of doubtful debt allowance, fair value gain on investment properties and gain on disposal of quoted shares, which are non-taxable, and the income earned in China which is taxed at a lower rate of 22%.

**B6. Unquoted investments and properties**

Other than as disclosed in Note A11, there was no material sale or purchase of unquoted investment or property during the current quarter and financial year ended 31 December 2010.

**B7. Quoted investments**

a) Purchase and sale of quoted shares during the current quarter and financial year ended 31 December 2010.

(i) Acquisition of quoted shares

|                        | <b>Current<br/>Quarter<br/>ended<br/>31.12.2010<br/>RM'000</b> | <b>Year<br/>ended<br/>31.12.2010<br/>RM'000</b> |
|------------------------|--|---|
| Purchase consideration | <u>42,660</u>  | <u>149,988</u>                                  |

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**B7. Quoted investments (Cont'd)**

(ii) Disposal of quoted shares

|                                | <b>Current<br/>Quarter<br/>ended<br/>31.12.2010<br/>RM'000</b> | <b>Year<br/>ended<br/>31.12.2010<br/>RM'000</b> |
|--------------------------------|--|---|
| Sale proceeds                  | 23,530   | 135,000   |
| Cost of quoted shares disposed | (20,938)   | (124,185)                                       |
| Gain on disposal               | <u>2,592</u>   | <u>10,815</u>                                   |

b) Investment in quoted shares as at 31 December 2010

|                         | <b>Cost<br/>RM'000</b> | <b>Book<br/>Value<br/>RM'000</b> | <b>Market<br/>Value<br/>RM'000</b> |
|-------------------------|------------------------|----------------------------------|------------------------------------|
| Quoted in Malaysia      | 72,009                 | 91,259                           | 91,259                             |
| Quoted outside Malaysia | 54,206                 | 54,201                           | 54,201                             |
|                         | <u>126,215</u>         | <u>145,460</u>                   | <u>145,460</u>                     |

**B8. Status of corporate proposal**

On 6 March 2007, Rock Chemical Industries (Malaysia) Berhad (RCI), a 60.4%-owned subsidiary of the Company, announced that the company was proposing to establish an 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.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 17 February 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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**B9. Borrowing and debt securities**

Group borrowings as at 31 December 2010:

|                                  | <b><u>RM'000</u></b> |
|----------------------------------|----------------------|
| <b>Short-term borrowings</b>     |                      |
| <i>Secured denominated in:</i>   |                      |
| Ringgit Malaysia                 | 65,961               |
| Chinese Renminbi (RMB40,000,000) | 18,696               |
|                                  | <u>84,657</u>        |
| <i>Unsecured denominated in:</i> |                      |
| Ringgit Malaysia                 | 10,000               |
| Chinese Renminbi (RMB60,000,000) | 28,044               |
|                                  | 122,701              |
| <b>Long-term borrowings</b>      |                      |
| <i>Secured denominated in:</i>   |                      |
| Ringgit Malaysia                 | 9,251                |
|                                  | <u>131,952</u>       |

**B10. Off balance sheet financial instruments**

There was no financial instrument with off balance sheet risk as at 17 February 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

**B11. Changes in material litigation**

There was no pending material litigation as at 17 February 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.



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**B12. Capital commitments**

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

|   | <b>RM'000</b> |
|---|---------------|
| <b>Property, plant and equipment and investment</b> |               |
| Authorised but not provided for:                    |               |
| Contracted  | 6,427         |
| Not contracted                                      | 8,075         |
|   | <hr/>         |
|   | 14,502        |
|   | <hr/>         |

**B13. Dividend**

The Board proposes a final dividend of 5.5 sen, less income tax of 25%, for the financial year ended 31 December 2010 (2009 : 5.0 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.

**B14. Significant related party transaction**

There was no significant related party transaction during the current quarter and financial year ended 31 December 2010.

**B15. Retained Profits**

|                                       | <b>At<br/>30.9.2010<br/>RM'000</b> | <b>At<br/>31.12.2010<br/>RM'000</b> |
|---------------------------------------|------------------------------------|-------------------------------------|
| Total retained profits of the Group:- |                                    |                                     |
| - Realised                            | 203,749                            | 214,159                             |
| - Unrealised                          | (1,637)                            | 4,738                               |
|                                       | <hr/>                              | <hr/>                               |
|                                       | 202,112                            | 218,897                             |
|                                       | <hr/>                              | <hr/>                               |

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**B16. Earnings per share**

|   | Quarter ended |         | Year ended  |         |
|---|---------------|---------|-------------|---------|
|   | 31 December   |         | 31 December |         |
|   | 2010          | 2009    | 2010        | 2009    |
|   | RM'000        | RM'000  | RM'000      | RM'000  |
| <b>Basic earnings per share</b>   |               |         |             |         |
| Profit for the period attributable to ordinary equity holders of the Company                            | 20,224        | 16,067  | 66,091      | 65,626  |
| Weighted average number of ordinary shares in issue ('000)  | 229,310       | 232,843 | 229,310     | 232,843 |
| Basic earnings per share (sen)  | 8.82          | 6.90    | 28.82       | 28.18   |
| <b>Diluted earnings per share</b>   |               |         |             |         |
| Profit for the period attributable to ordinary equity holders of the Company                            | 20,224        | 16,067  | 66,091      | 65,626  |
| Dilutive effects of outstanding employeesq share options  | 74            | 41      | 297         | 164     |
| Diluted earnings  | 20,298        | 16,108  | 66,388      | 65,790  |
| Weighted average number of ordinary shares in issue (€000)  | 229,310       | 232,843 | 229,310     | 232,843 |
| Adjustment for share options (€000)   | 3,300         | 2,922   | 3,300       | 2,922   |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€000) | 232,610       | 235,765 | 232,610     | 235,765 |
| Diluted earnings per share (sen)  | 8.73          | 6.83    | 28.54       | 27.90   |

**BY ORDER OF THE BOARD**

**Yong Lai Sim**  
**Ghee Yoke Ping**  
Secretaries

Petaling Jaya  
24 February 2011