MFCB
MEGA FIRST CORPORATION BERHAD
Company No. 6682-V

MEGA FIRST CORPORATION BERHAD

ANNUAL REPORT **2010**

MFCB
MEGA FIRST CORPORATION BERHAD
Company No. 6682-V

Annual Report

2010

contents

Corporate Information

BOARD OF DIRECTORS

CHAIRMAN
Goh Nan Kioh, *B.Ec.(Hons.)*

DEPUTY CHAIRMAN
* Dato' Haji Abu Hanifah bin Noordin, *B.Ec. (Hons.) Acc., CA(M), CPA*

GROUP MANAGING DIRECTOR
Dr. Lim Thian Soo, *MBChB, MBA*

EXECUTIVE DIRECTOR
Goh Nan Yang, *B.Sc. (Hons.)*
(Also Alternate to Goh Nan Kioh)

NON-EXECUTIVE DIRECTORS
* Dato' Jorgen Bornhoft, *B.Com. (Acc. & Fin.) (Hons.)*
* Maisuri bin Besri, *B.Ec. (Hons.), MBA*
* Yeow See Yuen, *B.Acc. (Hons.)*
* Yong Fook Shin, *B.Sc. (Mining Geology), ARSM, MIMM, MIME, P.Eng., C.Eng.*
Tay Kheng Chiong, *B.Eng. (Hons), MBA, C.Eng. MIET (UK)*
* Dato' Tan Ang Meng, *CPA*
* Dato' Koh Hong Sun, *MA*

EXECUTIVE COMMITTEE
Dr. Lim Thian Soo *(Chairman)*
Goh Nan Yang
Tay Kheng Chiong

AUDIT COMMITTEE
* Yeow See Yuen *(Chairman)*
* Dato' Haji Abu Hanifah bin Noordin
* Dato' Jorgen Bornhoft

REMUNERATION COMMITTEE
Goh Nan Kioh *(Chairman)*
* Maisuri bin Besri
* Dato' Jorgen Bornhoft

NOMINATION COMMITTEE
* Dato' Jorgen Bornhoft *(Chairman)*
* Yeow See Yuen
* Maisuri bin Besri

EMPLOYEES SHARE OPTION COMMITTEE
* Dato' Jorgen Bornhoft *(Chairman)*
* Yeow See Yuen
Goh Nan Kioh

(*) - Independent and Non-Executive Director

COMPANY SECRETARIES
Yong Lai Sim, *ACIS*
Ghee Yoke Ping, *ACIS*

REGISTERED OFFICE
A-12-01, Level 12
Block A, PJ8
23, Jalan Barat
Seksyen 8
46050 Petaling Jaya
Tel : 03-7960 8818
Fax : 03-7960 7818
E-mail : mfcb@mega-first.com
Website : www.mega-first.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Symphony Share Registrars Sdn. Bhd.
(Company No. 378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel : 03-7841 8000
Fax : 03-7841 8008

AUDITORS
Crowe Horwath (AF 1018)

PRINCIPAL BANKERS
AmBank (M) Berhad
EON Bank Berhad
RHB Bank Berhad
Agricultural Bank of China
Bank of Communications

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad, Main Market

SECTOR
Trading/Services

STOCK CODE
3069

STOCK NAME
MFCB

Profile Of Directors

GOH NAN KIOH
Chairman
Non-Independent and Non-Executive Director
Malaysian

Mr Goh Nan Kioh, age 57, joined the Board on 1 February 2003 as a Non-Independent and Non-Executive Director. He was appointed as Chairman of the Board on 29 July 2003. Mr Goh holds a Bachelor of Economics (Honours) degree from the University of Malaya. He has wide and varied business investments in many countries. He is presently the Chief Executive Officer of Cambrew Group of companies, a brewery and soft drinks company, and Chairman of Pearl River Tyre (Holdings) Limited, a tyre manufacturing company listed on the Hong Kong Stock Exchange.

Mr Goh and his wife's siblings namely Dr Lim Thian Soo, Mr Lim Thiam Cheok and Ms Lim Yam Poh, are substantial shareholders of the Company. Mr Goh is also the brother of Mr Goh Nan Yang.

DATO' HAJI ABU HANIFAH BIN NOORDIN
Deputy Chairman
Independent and Non-Executive Director
Malaysian

Dato' Haji Abu Hanifah bin Noordin, age 59, was appointed to the Board on 5 December 1990 and is an Independent and Non-Executive Director. He was appointed as Deputy Chairman of the Board on 29 July 2003. Dato' Hanifah graduated from University of Malaya with an honours degree in Economics and subsequently qualified as a Chartered Accountant and a Certified Public Accountant. He was Chairman and Managing Partner of Ernst & Whinney (now known as Ernst & Young) for 9 years. He was also President of the Malaysian Institute of Accountants for 13 years and in that capacity was a Board member of the International Accounting Standards Committee (IASC). He is also a director of Pacific & Orient Berhad (listed on Bursa Malaysia).

DR. LIM THIAN SOO
Group Managing Director
Malaysian

Dr Lim Thian Soo, age 47, joined the Board on 1 February 2003 as a Non-Independent and Non-Executive Director. He was appointed as Group Managing Director of the Company on 26 February 2003. Dr Lim graduated with Bachelor of Medicine and Bachelor of Surgery degrees in 1986 from Edinburgh University Medical School and practised for 6 years as a doctor in the United Kingdom. He obtained his Masters of Business Administration degree from City University Business School in 1993. Prior to joining MFCB, he held the position of Director of Corporate Affairs of Pearl River Tyre (Holdings) Limited, a company listed on the Hong Kong Stock Exchange. Dr Lim is also a non-executive director of Rock Chemical Industries (Malaysia) Berhad (subsidiary of MFCB) and D&O Green Technologies Berhad ("D&O"), both of which are listed on Bursa Malaysia.

Dr Lim, his siblings namely Mr Lim Thiam Cheok and Ms Lim Yam Poh, and a brother-in-law namely Mr Goh Nan Kioh are substantial shareholders of the Company.

Dr Lim is deemed to be interested in various transactions between MFCB Group and D&O Group entered into in the ordinary course of business by virtue of his common directorships and substantial shareholdings.

Profile Of Directors

GOH NAN YANG
Executive Director
(Also Alternate Director to Goh Nan Kioh)
Malaysian

Mr Goh Nan Yang, age 47, joined the Board on 13 March 2003 as the alternate director to Mr Goh Nan Kioh, who is his brother. He was appointed as Executive Director on 26 November 2004. Mr Goh graduated from the University of Toledo with a Bachelor of Science honours degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid-1990s, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia. Since then, his business has diversified into hospitality and student education ventures. Mr Goh is a non-executive director and deemed substantial shareholder of D&O Green Technologies Berhad ("D&O"), a company listed on Bursa Malaysia. He is also the Chief Executive Officer and Director of Pearl River Tyre (Holdings) Limited (listed on the Hong Kong Stock Exchange).

Mr Goh Nan Yang is deemed to be interested in various transactions between MFCB Group and D&O Group by virtue of his common directorships, and substantial shareholding in D&O.

YONG FOOK SHIN
Independent and Non-Executive Director
Malaysian

Mr Yong Fook Shin, age 68, joined the Board on 30 March 1995 and is an Independent and Non-Executive Director. He graduated with a Bachelor of Science in Mining Geology (Honours) degree from Imperial College, England. He is a Chartered Engineer, a Professional Engineer and an Associate of the Royal School of Mines, and is a Member of the Institution of Mining and Metallurgy as well as the Institute of Mineral Engineering. He has more than 37 years of experience in the mining industry, having worked in tin mines in Malaysia and Brazil. Mr Yong was the Managing Director of Mamut Copper Mining Sdn Bhd during the last five years of the Mamut Copper Mine's operation; its closure was in October 1999.

MAISURI BIN BESRI
Independent and Non-Executive Director
Malaysian

Encik Maisuri bin Besri, age 53, joined the Board on 1 March 2003 and is an Independent and Non-Executive Director. He holds a Bachelor of Economics (Public Administration) (Honours) degree from the University of Malaya, and a Master of Business Administration degree from Edith Cowan University of Australia. Encik Maisuri is the Group General Manager of Sabah Economic Development Corporation ("SEDCO"). Prior to joining SEDCO in November 2002, he has served for 20 years in the Sabah State Government and was attached to the State Economic Planning Unit and the State Ministry of Finance.

Profile Of Directors

YEOW SEE YUEN
Independent and Non-Executive Director
Malaysian

Mr Yeow See Yuen, age 43, joined the Board as an Independent and Non-Executive Director on 10 May 2006. He holds a first class honours degree in Accountancy from the National University of Singapore. He started his career with Coopers & Lybrand in Singapore in 1991 in the audit division. He left the firm in 1994 to join Deutsche Securities Asia Limited ("Deutsche Securities") where he spent 9 years working in the Equity Research Department. During that period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy. He is also an Independent Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

Mr Yeow is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

DATO' JORGEN BORNHOFT
Independent and Non-Executive Director
Dane

Dato' Jorgen Bornhoft, age 69, joined the Board as an Independent and Non-Executive Director on 18 May 2006. He holds a degree in Accountancy and Finance (Bachelor of Commerce) from the Copenhagen Business School and attended executive management courses at INSEAD. He was the Chief Executive Officer of Carlsberg Brewery Malaysia Berhad from April 1991 and was the Managing Director from October 1995. In January 2003, he was appointed as Chief Executive Officer of Carlsberg Asia Pte. Ltd. in Singapore until 30 June 2004. Prior to his appointment to Carlsberg Brewery Malaysia Berhad, he was Vice-President in Carlsberg International A/S, Denmark, responsible for foreign subsidiaries and new projects. He is the Chairman of the Board of Directors of Hap Seng Consolidated Berhad and Director of Hap Seng Plantations Holding Berhad, both of which are listed on Bursa Malaysia. He is also a Director of The Royal Bank of Scotland Berhad.

TAY KHENG CHIONG
Non-Independent and Non-Executive Director
Malaysian

Mr Tay Kheng Chiong, age 47, joined the Board as a Non-Independent and Non-Executive Director on 1 June 2006. He holds a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics from the University of Sunderland, England. He also holds a Master of Business Administration degree from the University of Stratchclyde, Scotland and is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom. Mr Tay has more than 20 years experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as a Development Engineer and was promoted to Director of Manufacturing in 1999. During 2001 to 2005, he was the Managing Director of Dominant Opto Technologies Sdn Bhd. He is presently the Group Managing Director of D&O Green Technologies Berhad ("D&O"), which is listed on Bursa Malaysia.

Mr Tay is deemed to be interested in certain transactions between MFCB Group and D&O Group by virtue of his common directorships.

Profile Of Directors

DATO' TAN ANG MENG
Independent and Non-Executive Director
Malaysian

Dato' Tan Ang Meng, age 55, joined the Board as an Independent and Non-Executive Director on 1 December 2010. He is a certified public accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

Dato' Tan started his career in 1975 with PriceWaterhouseCoopers, Kuala Lumpur Office in the audit division. He left the firm in 1981 to join UMW Holdings Berhad as Group Accountant. In 1983, he joined Guinness Malaysia Berhad as Assistant Chief Accountant. Following the merger between Guinness Malaysia Bhd and Malayan Breweries (M) Sdn Bhd, he was transferred to Malayan Breweries Limited in 1991 (which later changed its name to Asia Pacific Breweries Ltd) and served with the Group until January 2001. During that period, he held various senior management positions with his last position as Regional Director based in Singapore with responsibility for the brewery operations in China, Vietnam, Cambodia and Myanmar. In March 2001, he joined as Chief Executive Officer of the Fraser & Neave Holdings Bhd ("F&N"), a position he held until his retirement in November 2010. Dato' Tan is also a Director of United Malacca Berhad, which is listed on Bursa Malaysia.

DATO' KOH HONG SUN
Independent and Non-Executive Director
Malaysian

Dato' Koh, age 58, joined the Board as an Independent and Non-Executive Director on 1 December 2010. He holds a Masters degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

Dato' Koh had a distinguished career with the Royal Malaysian Police (RMP) for almost 40 years, having joined RMP as a Probationary Inspector in 1971 and retired in October 2010 as the Director of Commercial Crime Investigation Department.

During the period as an officer of the RMP, he has held various important command posts including as Commandant of The Police Training Centre in Kuala Lumpur, Assistant Director NCB-Interpol, Officer-in-Charge of Brickfields Police District, Federal Traffic Chief, Deputy Chief Police Officer of Johor, Chief Police Officer of Penang and Commissioner of Police as Director of Commercial Crime Investigation Department. He has won various awards including IGP Sword of Honour as the best trainee in the Probationary Inspectors Course in 1971, Best Trainee Outward Bound School (1971) and Best Student in the Government Senior Advanced Leadership and Management Course (2007).

Dato' Koh is also a Director of GLM Reit Management Sdn Bhd.

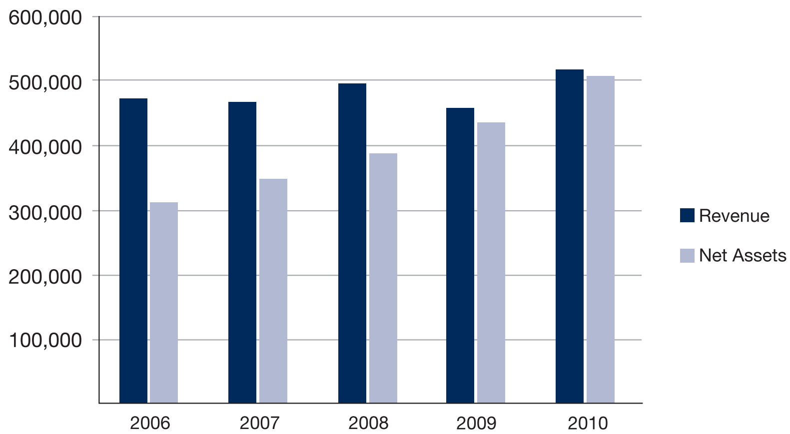
NOTE:-

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Mega First Corporation Berhad ("MFCB"), have no conflict of interest with MFCB and have not been convicted for any offence within the past 10 years.

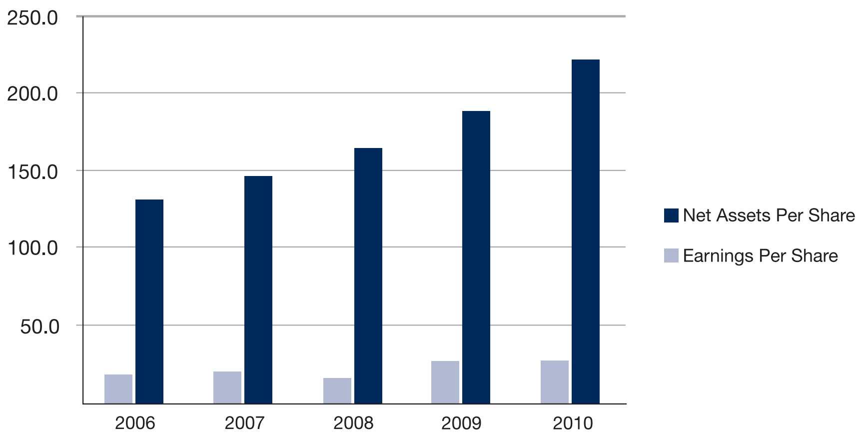
Financial Highlights

Financial Year Ended 31 December	2006 RM'000	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000
Results					
Revenue	478,387	471,813	500,889	463,103	523,323
Profit Before Tax	94,676	95,739	75,139	117,520	121,126
As Of 31 December					
Net Assets/ Shareholders' Equity	314,819	351,906	391,747	440,404	513,403
Per Ordinary Share					
Earnings (sen)	19.5	21.2	17.1	28.2	28.4
Gross Dividend (sen)	5.0	5.5	5.5	7.0	7.5
Net Assets (sen)	133.4	148.8	167.1	191.1	224.7

RM'000 REVENUE AND NET ASSETS



Sen EARNINGS PER SHARE AND NET ASSETS PER SHARE



Corporate Governance Statement

The Board is committed to ensuring that good corporate governance practices are applied throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and to improve its financial performance. This disclosure statement sets out the manner in which the Board has applied the Principles of Corporate Governance pursuant to the Malaysian Code on Corporate Governance ("the Code"), and the extent to which it has complied with the Best Practices of the Code throughout the financial year ended 31 December 2010.

BOARD OF DIRECTORS

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance, standards of conduct and critical business issues.

Board Composition and Responsibilities

The Company's Board is made up of Directors who are entrepreneurs and experienced professionals in the fields of economics, medicine, accountancy, business management, engineering and public law and order. All these different skills working together enable the Board to effectively lead and control the Company. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The Board consists of seven (9) Non-Executive Directors (including the Chairman) and two (2) Executive Directors. Seven (7) of the eleven (11) Directors are independent as defined under the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Board is satisfied that the current board composition fairly reflects the investment of minority shareholders in the Company, and considers its current size adequate given the present scope and nature of the Group's business operations.

The responsibilities of the Chairman, the Managing Director and the Executive Director are divided to ensure a balance of power and authority. The Chairman heads the Board and leads discussions at the Board level. He did not previously hold any executive position in the Group. The Managing Director and the Executive Director are responsible for the implementation of Board policies and decisions, organisational effectiveness and day-to-day running of the Group's business.

The Board has not appointed a Senior Independent Non-Executive Director, to whom concerns can be conveyed. The Board does not believe there is such a necessity because all members of the Board actively and freely participate during Board meetings and the Directors have unrestricted and timely access to the management for any information that they require in discharging their duties and responsibilities.

Board Meetings

The Board has at least four (4) scheduled quarterly meetings with additional meetings being convened as and when necessary. Meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable Directors to plan ahead and fit the year's Board meetings into their own schedule. During the year ended 31 December 2010, four (4) Board meetings were held and the attendance record of each Director is as follows:-

Name of Director	Attendance
Goh Nan Kioh	3 out of 4
Dato' Haji Abu Hanifah bin Noordin	4 out of 4
Dr. Lim Thian Soo	4 out of 4
Goh Nan Yang	3 out of 4
Yong Fook Shin	4 out of 4
Maisuri bin Besri	4 out of 4
Yeow See Yuen	4 out of 4
Dato' Jorgen Bornhoft	4 out of 4
Tay Kheng Chiong	2 out of 4
Dato' Tan Ang Meng (appointed 01.12.2010)	*
Dato' Koh Hong Sun (appointed 01.12.2010)	*

* - *No board meeting was held since their appointment.*

Corporate Governance Statement

Supply of Information

Board meetings are conducted in accordance to a structured agenda. At least five days prior to the Board meeting, all Directors were provided with the agenda and a set of Board papers containing information relevant to the matters to be deliberated at the meeting. These include the reports on the Group's financial position, results of operations, reasons for significant variation from the budgets, key business strategies of operating units in the light of any significant shifts in risk profiles, securities transactions of Directors and Principal Officers, and declaration by Directors on interest in contracts. Comprehensive annual budgets, business plans, strategies and risk profiles are presented to and approved by the Board. This is to enable the Directors to participate actively in the overall management and stewardship of the Company.

On joining, all new Directors are given background information describing the Group and its activities as well as other information necessary to enable them to carry out their duties.

Minutes of each Board meeting are circulated to all Directors prior to the confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are confirmed as a correct record of the proceedings of the Board.

The Directors are notified of any corporate announcements released to the Bursa Malaysia. They are also notified of the impending restriction in dealing with the securities of the Company and of its listed subsidiary at least one month prior to the release of the announcement on the quarterly financial results of the Group.

The Directors have direct access to the advice and services of the Company Secretaries, whether as a full board or in their individual capacities, in the furtherance of their duties. The Directors may seek external professional advice if required by them, at the Company's expense. No such advice was sought by any Director during the year.

Appointments to the Board and re-election of Directors

All Directors, including the Managing Director, shall subject themselves for re-election at least once in every three (3) years. Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting after their appointment. Directors over seventy (70) years of age are required to submit themselves for re-appointment by shareholders annually in accordance with Section 129(6) of the Companies Act.

The Board, through the Nomination Committee review annually its required mix of skill and experience and other qualities including core competencies which non-executive directors should bring to the Board.

Directors' Remuneration

The Board maintains that the current remuneration for each category of directors is sufficient to attract and retain directors of high calibre needed to run the Group successfully. The Remuneration Committee reviews annually and the Board approves the remuneration for Executive Directors and senior management staff. The remuneration of the Executive Directors and senior management are structured so as to link rewards to corporate and individual performance. The remuneration package consists of basic salary, annual bonus, contribution to EPF based on statutory rate and other customary benefits-in-kind. The director's fees attributable to the Executive Directors for their directorship in other companies within the Group are paid to the Company.

The remuneration for Non-Executive Directors is by way of fixed annual fees, based on recommendations by the Board and approved by shareholders at the annual general meeting. The level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director concerned. The Non-Executive Directors are also paid a meeting allowance for each Board, Board Committee or general meeting they attend. They are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. The Directors concerned do not participate in the deliberation and decision in respect of his individual remuneration.

Corporate Governance Statement

The aggregate remuneration of the Directors paid by the Company and its subsidiary companies during the year under review and categorized into appropriate components are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salary, bonus and other emoluments	793	–
Benefits-in-kind	13	–
Directors' fees	–	213
Attendance fees	–	30

The number of Directors whose total remuneration for the year falls into the following bands are as follows:-

Range of Remuneration bands	Executive Directors	Non-Executive Directors
Below RM50,000	–	9
RM350,001 - RM400,000	1	–
RM400,001 - RM450,000	1	–

The Code recommends detailed disclosure to be made for each director's remuneration. However, the Board is of the view that the transparency and accountability is not compromised by the band disclosure as permitted by the MMLR.

Board Committees

The Board delegates specific responsibilities to five (5) committees namely Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Employees' Share Option Committee. All the committees have written terms of reference and, where applicable, comply with the recommendations of the Code. The Board receives reports of the committee's proceedings and deliberations.

1) Executive Committee ("EXCO")

The EXCO was delegated with powers to ensure the smooth and effective running of the Group. The composition of the EXCO is set out in the Corporate Information section of this Annual Report.

2) Audit Committee ("AC")

The AC plays an active role in helping the Board discharge its governance responsibilities and the Committee comprises wholly of Independent and Non-Executive Directors. The AC works within the purview of the terms of reference, which have been drafted in accordance with the MMLR. The role of the AC in relation to the external auditors is also embodied under its terms of reference.

The AC reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. Its principal function is to assist the Board in maintaining a sound system of internal control.

The AC has full access to the auditors, both internal and external, who in turn have access at all times to the Chairman of the AC. During the year, the AC met twice with the external auditors, including a meeting without any executive or employee present.

The Report of the AC, including its composition, duties and activities, is presented in the Audit Committee Report section of this Annual Report.

Corporate Governance Statement

3) Remuneration Committee ("RC")

The RC is primarily responsible for recommending to the Board the remuneration packages of the Executive Directors of the Company. It is also responsible for reviewing and recommending to the Board the annual salary and bonus for the Executive Directors and senior management staff.

The RC consists of three (3) Directors, all of whom are Non-Executive Directors. The composition of the RC is set out in the Corporate Information section of this Annual Report.

4) Nomination Committee ("NC")

The NC is primarily responsible for recommending to the Board candidates for directorship and to review annually the required mix of skills and experience, including the effectiveness of the Board as a whole and the contribution of each individual director.

The NC consists of three (3) Directors, all of whom are Independent Directors. The composition of the NC is set out in the Corporate Information section of this Annual Report.

5) Employees Share Option ("ESOS") Committee

The ESOS Committee is primarily responsible for administering the employee share option scheme of the Company in accordance with the By-Laws approved by the shareholders of the Company at a general meeting.

The ESOS Committee which is appointed by the Board of Directors consists of three (3) members, the majority of whom, including the Chairman, are non-Executive Directors. The composition of the ESOS Committee is set out in the Corporate Information section of this Annual Report.

The ESOS Scheme implemented on 1 October 2001 was due to expire on 30 September 2011. This scheme was terminated on 20 May 2010 and replaced by a new scheme approved by the shareholders of the Company at a general meeting on 20 May 2010. The new scheme became effective on 1 August 2010 and has a tenure of 10 years.

Directors' Training

As of end January 2011, all Directors have successfully completed the mandatory accreditation programme prescribed by Bursa Malaysia.

The Directors are mindful that they should receive appropriate continuous training in order to broaden their perspectives and to keep abreast with new developments for the furtherance of their duties. The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

During the year, the Directors have evaluated their own training needs on a continuous basis. Some directors have attending training programmes as follows:-

- MIA-Bursa Malaysia Evening Talk on Corporate Governance (CG)
- Bursa Malaysia Evening Talk on CG : Corporate Responsibility Practices in the Context of the Market Place
- Bursa Malaysia Evening Talk on CG : Is Your Long-Term Incentive Plan Driving Sustainable Long-Term Results
- Directors' Briefing on FRS 139 and FRS 7
- Financial Institutions Directors' Education (FIDE) Programme
- Financial Industry Conference 2010
- SC-Bursa Malaysia CG Week : Views from the Boardroom – Challenges Directors Face

Corporate Governance Statement

Conflict of Interest

The Board is alert to the possibility of potential conflicts of interest involving the Directors and the Company and affirms its commitment to ensuring that such situations of conflict are avoided.

Related Party Transactions

The Group has in place a procedure to ensure that the Company meets its obligations under the MMLR relating to related party transactions. The list of related parties is disseminated to the business units for the purposes of better managing the Group's compliance with requirements pursuant to the MMLR. All related party transactions are reviewed by the Internal Auditors and reported to the Audit Committee every quarter.

A list of significant related party transactions for the year under review is set out in Note 42 to the Financial Statements section of this Annual Report.

SHAREHOLDERS

The Board acknowledges the need for shareholders and stakeholders to be informed of all material business matters affecting the Company. They are kept well informed of developments and performances of the Company through timely announcements and disclosures made to the Bursa Malaysia, including the release of financial results on a quarterly basis. The Company's annual report which contains all the necessary disclosures in addition to facts and figures about the Group and the Company is released within four (4) months after the financial year end. In addition, efforts have been made to ensure that the report is user friendly so that shareholders have a good understanding about the Company and its operations.

The Company has been using the Annual General Meeting each year as a means of communicating with shareholders. Members of the Board as well as the external auditors are present to answer questions raised at the general meetings of shareholders. Adequate time is given during Annual and Extraordinary General Meetings to allow the shareholders to seek clarifications or ask questions on pertinent and relevant matters.

In addition to the above, the Company is always willing to meet up with institutional investors when the need arises, to elaborate or further clarify information already disclosed to the shareholders. Shareholders also can obtain up-to-date information on the Group's latest quarterly financial report and announcements by accessing its website at www.mega-first.com.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible for the preparation of the annual audited financial statements, and the Board ensures that the financial statements and the other financial reports of the Company and of the Group are prepared in accordance with applicable approved accounting standards and the provisions of the Companies Act, 1965.

On a quarterly basis, the Company releases to the Bursa Malaysia details of the Group's performance as well as information on current issues and concerns. These announcements are only released after scrutiny by the Audit Committee and approved by the Board of Directors. At the end of each financial year, a comprehensive annual report is published and sent to all the shareholders. This report is prepared in accordance with the latest Bursa Malaysia guidelines, and is available to the public.

Corporate Governance Statement

Internal Control

The Board acknowledges its overall responsibility for maintaining the system of internal controls to safeguard shareholders' investment and the Company's assets. The Statement on Internal Control made in pursuance of paragraph 15.26(b) of the MMLR is separately set out in this Annual Report.

Internal Audit

The Internal Audit Department reports directly to the Audit Committee. Their role is to carry out regular visits to the operating units to ensure compliance with the Group's policies, procedures and internal control systems. They have adopted a risk based approach when carrying out their audits. The findings are all properly documented and presented to the Audit Committee, with copies to the parties concerned, so that timely corrective measures can be taken.

A summary of the activities of the Audit Committee during the year as well as the role of the Audit Committee in relation to the external and internal auditors, and the Committee's terms of reference are set out in the Audit Committee Report section of this Annual Report.

Non-audit fees for external auditors

The non-audit fee incurred for services by the external auditors and their affiliated companies to the Company and its subsidiaries for the financial year amounted to RM16,000.

This statement is made in accordance with a resolution of the Board of Directors passed on 24 February 2011.

Other Disclosures

1) Utilisation of proceeds raised from corporate proposals

There were no proceeds raised from corporate proposals during the financial year.

2) Share buy-backs

The details on the share buy-back by the Company during the financial year are reflected under Note 25 of the Financial Statements.

3) Options, warrants or convertible securities

During the financial year –

a) the Company issued 2,922,000 new ordinary shares of RM1.00 each arising from the exercise of options granted in previous years pursuant to the old Employee Share Option Scheme that was subsequently terminated on 20 May 2010.

b) 3,300,000 share options were issued pursuant to the new Employees Share Option Scheme implemented on 1 August 2010.

Save as disclosed above, the Company did not issue any options, warrants or convertible securities during the financial year.

4) American Depository Receipt (ADR) or Global Depository Receipt (GDR) programme

The Company did not sponsor any ADR or GDR programme during the financial year.

5) Sanctions imposed

On 13 October 2010, Bursa Malaysia Berhad publicly reprimanded the Company for the breaches of:-

a) paragraphs 9.21 of the Listing Requirements ("LR") and 9.20 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad for failing to make an immediate announcement when the aggregated purchases of quoted securities by the Company from 13 April 2009 to 23 December 2009 and aggregated sales of quoted securities by the Company from 8 May 2009 to 23 December 2009 was equal to or exceeded 5% of the Group's net assets at any material time; and

b) paragraphs 10.04(1) of the LR and 10.06(1) of the MMLR for failing to make an immediate announcement of the purchases and sales of certain quoted securities when the aggregated purchases and sales of the quoted securities triggered the percentage ratio of 5%.

Save for the above, there was no material sanction or penalty imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

Other Disclosures

6) Variation in results

There was no material variation between the audited results for the financial year and the unaudited results previously announced by the Company on 24 February 2011.

7) Profit guarantee

There was no profit guarantee for the financial year.

8) Material Contracts with Related Parties

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

9) Revaluation policy on landed properties

The Group's policy is to conduct a review of the value of its landed properties on a regular basis. As the Group does not have any revalued properties as at the financial year end, any impairment to the carrying amounts of the landed properties will be recognised as profit or loss. Thus, the value of the landed properties is stated at cost less accumulated depreciation and impairment losses.

Chairman's Statement

for the financial year ended 31 December 2010

On behalf of the Board of Directors of MFCB, it gives me great pleasure to present the 45th Annual Report incorporating the financial statements of the Group and of the Company for the financial year ended 31 December 2010.

All four of our core divisions continued to be profitable. The Group recorded a revenue of RM523.3 million with a pre-tax profit of RM121.1 million. Our balance sheet continues to strengthen and the Group's net assets rose to RM513.4 million. Earnings per share and net asset value per share are 28.4 sen (2009 : 28.2 sen) and 225 sen (2009 : 191 sen), respectively.

REVIEW OF OPERATIONS

Our Power Division continues to be the Group's biggest profit contributor.

Our Shaoxing plant has successfully completed its plant modification exercise. The new high pressure system has better efficiency giving additional energy generation with the same steam input. Despite a higher revenue, the Shaoxing plant recorded lower pre-tax profit as compared to 2009 primarily due to an increase in coal prices and higher depreciation charges. The results of the second half of 2010 were impacted by the Chinese government's commitment to reduce carbon dioxide (CO_2) emissions.

In Sabah, our Tawau plant posted better results in 2010. Energy sales increased 12.5% in kWh terms. The plant, however, faces the challenge of maintaining a stable profit margin as pursuant to the Power Purchase Agreement, it has significantly lower capacity payments since the end of 2008.

We have completed the technical and environmental studies on the Don Sahong hydroelectric power project in the Lao People's Democratic Republic (Laos). We are currently at the stage of tariff negotiations and the preparation of the EPC (Engineering, Procurement and Construction) tender documents.

Our Property Division continues to be prudent in its launch of new projects. We made the decision to hold back major launches last year and instead focused our efforts on clearing our on-going projects and unsold stocks. We continue to look for feasible joint ventures and good locations to replenish our existing land bank.

As part of the Group's business strategy, the Property Division has also looked into the potential return from investment properties. The PJ8 office suites continue to deliver good rental returns. Our new car park operations in the intermediate vicinity surrounding the Greentown project will generate maintainable income to the Division.

Malaysian property market is poised for some uptrend this year. Growth is expected following new policies including opportunity to purchase a house of higher value under the Flexible Housing Withdrawal scheme, 100% loan financing and 50% stamp duty exemption on instruments of transfer and loan agreement for first-time house buyers (conditional) and the deferral of the implementation of the goods and services tax.

At the Limestone Division, our manufacturing capabilities enable us to provide high quality products at the most competitive prices.

Phase 1 of the plant relocation exercise has been successfully completed while Phase 2 which involves the relocation of 3 kilns is currently on-going and is targeted to be fully commissioned by the first half of 2011. With the completion of this exercise, our Gopeng plant is expected to increase its production capacity and reduce production costs so as to achieve greater profitability and the agility to meet future market demands.

The Limestone Division has achieved growth in sales volume and reported a 9.2% year-on-year increase in lime sales. The Division is continuously embarking on programs to expand its network both locally and overseas to diversify its customer base and at the same time develop new applications for its existing products as well as produce better margin products in order to stay ahead in a competitive market.

Chairman's Statement

for the financial year ended 31 December 2010

DIVIDEND

With a view to rewarding our shareholders for their continued support of the Company and the strength of the Group's ongoing financial position, the Board is proposing a final dividend of 5.5 sen, less income tax of 25%, for the financial year ended 31 December 2010 for approval of the shareholders at the forthcoming Annual General Meeting. In addition to the interim dividend of 2.0 sen less income tax, this brings the total dividend payout for the financial year to 7.5 sen per ordinary share of RM1.00 each.

CORPORATE SOCIAL RESPONSIBILITY

The Group has rendered support in monetary aid to young school-going children, poverty-stricken villagers as well as contributing to community welfare, building green awareness and delivering the highest quality products to all our customers.

PROSPECT

Looking ahead, market environment and operating conditions remain challenging and competitive. We will continue our efforts to broaden both our customers and products base and also continue our cost management efforts by continuously improving production efficiency and eliminating waste. At the same time, we will further enhance our staff training and our level of knowledge so that we remain technologically relevant and competitive.

We will strive to maintain a strong balance sheet so that we are well-positioned to capitalise on good business opportunities and investments that may arise.

Barring any unforeseen circumstances, we are confident that the results for 2011 will continue to be satisfactory.

ACKNOWLEDGEMENT AND APPRECIATION

The Group continues to support good corporate governance to enable it to be accountable to its investors, customers, suppliers, business associates, employees and the community.

I would like to take this opportunity to welcome our new board members, Dato' Tan Ang Meng and Dato' Koh Hong Sun. With their experience and qualifications, Dato' Tan and Dato' Koh are eminently qualified to contribute to the Board and the Company's growth.

Last but not least, on behalf of the Board of Directors, I would like to extend my sincere gratitude to our shareholders, bankers, customers, suppliers and business associates for their continuing support throughout these years. I would also like to thank our dedicated management team and committed staff for their hard work and continuous efforts over the years. Their excellent work has contributed significantly to our remarkable results and further cemented the Group's foundation for extending our presence in other potential markets.

Goh Nan Kioh
Chairman

27 April 2011

Group Managing Director's Operation Review

for the financial year ended 31 December 2010

OVERVIEW

For the financial year under review, the Group reported the revenue of RM523.3 million (2009 : RM463.1 million) and pre-tax profit of RM121.1 million (2009 : RM117.5 million).

The Power Division remained the main contributor accounting for 61.1% (2009 : 65.4%) of the total pre-tax profit, Property Division contributed 20.3% (2009 : 10.7%) and Limestone Division contributed 12.9% (2009 : 14.3%).

POWER DIVISION

The Power Division recorded a revenue of RM395.0 million (2009 : RM333.6 million) and pre-tax profit of RM74.0 million (2009 : RM76.9 million).

The power plant in Shaoxing, China continues its outstanding performance, ending the year at a pre-tax profit of Rmb121.5 million (2009 : Rmb128.9 million) on the back of Rmb597.5 million (2009 : Rmb479.9 million) in revenue. Demand for steam and energy increased 4.2% and 40.3% to 2.97 million tonnes and 342,759 MWh respectively.

The plant's profit was dampened by a significant increase in coal prices from an average of Rmb695 per tonne to Rmb846 per tonne, disproportionate increase in steam price and higher costs and charges with regard to its plant modification exercise. This includes higher depreciation charges after the capitalisation of new plant equipment, increase in consumables and upkeep of the plant as a result of the commissioning of the new system. The decrease in profit was however mitigated by a successful recovery of a long overdue debt.

The results of the second half of 2010 were also affected by the local government's commitment to reduce CO_2 emissions. According to the National Bureau of Statistics, China would need to see a reduction of more than 5% in 2010, a rate which has never been achieved in the past 5 years. For this reason, the government had to accelerate its pace to meet its goal of 20% reduction. At Shaoxing county level, the local authority enforced CO_2 emissions reduction in stages by instructing factories to either stop or wind down their production from July 2010 onwards.

The plant modification exercise has been successfully completed. The total installed capacity of the plant has now increased from 63 MW to 83 MW.

The Shaoxing plant continues to be a stable source of revenue and profit for the Group.

The power plant in Tawau, Malaysia posted better results in 2010 as compared to 2009. Its revenue increased 28.8% to RM110.8 million (2009 : RM86.0 million), mainly attributable to higher energy sales. The pre-tax profit of RM14.6 million (2009 : RM9.1 million) includes the payment of several insurance claims for machinery breakdown in past years. Excluding insurance claims in both years, pre-tax profit decreased by 29.2% or RM2.1 million to RM5.0 million, mainly due to the decrease in capacity charges following an engine breakdown in 2009.

PROPERTY DIVISION

The Property Division recorded a lower revenue and profit from property development activities. Its pre-tax profit (excluding a fair value gain on investment properties of RM10.9 million) decreased by 21.5% to RM9.3 million (2009 : RM11.8 million) while revenue decreased by 48.4% to RM25.0 million (2009 : RM48.5 million).

The lower results were mainly attributable to lower property unit sales as the Division launched only 2 new projects during 2010. In addition, most of the projects launched in past years were substantially completed and sold before 2010.

For our investment properties, we conducted a fair value review which takes into consideration the current market conditions and the estimated cash flows that is expected to be received from renting out the properties; and a fair value gain was adjusted this year.

Included in the 2009 results was an impairment loss of RM2.5 million for the cost overrun on the land held for our Taman Mawar projects.

Group Managing Director's Operation Review

for the financial year ended 31 December 2010

LIMESTONE DIVISION

Our Limestone Division has grown to become a significant contributor to the Group's revenue and pre-tax profit. It recorded a higher revenue of RM74.5 million (2009 : RM68.9 million), but a lower pre-tax profit of RM15.7 million (2009 : RM16.8 million).

The volume of its lime and brick sales increased by 9.2% and 24.8% respectively as compared to 2009. Export sales of lime products accounted for more than half of the total sales of these products.

The lime segment remains the key contributor to the Division with pre-tax profit of RM12.3 million from continued demand especially from overseas market despite thin margin from softening export prices. The acceleration in the implementation of public sector projects under the economic stimulus packages has helped to increase demand for our Kalsa bricks. In 2010, the brick segment posted higher revenue of RM10.7 million and contributed RM0.6 million to the Division's pre-tax profit.

Pre-tax profit was, however, eroded by the weakening export prices and higher petroleum coke prices which resulted in lower profit margins for lime products. The 2009 pre-tax profit also included a currency exchange gain of RM2.7 million.

Audit Committee Report

for the financial year ended 31 December 2010

1. Composition

Chairman : Mr. Yeow See Yuen (Independent Director)

Members : Dato' Haji Abu Hanifah bin Noordin (Independent Director)
Dato' Jorgen Bornhoft (Independent Director)

2. Terms of Reference

2.1. Membership

2.1.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.

2.1.2 All members of the Audit Committee must be non-executive directors, with a majority of them, including the Chairman of the Committee, being independent directors as defined by Chapter 1 of the Listing requirement of Bursa Malaysia Securities Berhad ('the Exchange").

2.1.3 The Committee shall include at least one person:-

(a) Who is a member of the Malaysian Institute of Accountants; or
(b) Who must have at least 3 years' working experience and:
  (i) have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
  (ii) Is a member of one of the Associations specified in Part II of the First Schedule of the Accountants Act 1967, or
(c) Who fulfils such other requirements as prescribed or approved by the Exchange.

2.1.4 No alternate Directors shall be appointed as a member of the Committee.

2.1.5 The members of the Committee may elect a Chairman from amongst their number.

2.1.6 If a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three months appoint such number of new members as may be required to make up the minimum of three (3) members.

2.1.7 The term of office and performance of the Committee and of each of its members shall be reviewed by the Board no less than once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

2.2 Meetings

2.2.1 The quorum for a Committee meeting shall be at least two (2) members, the majority present must be Independent Directors.

2.2.2 The Committee shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide.

2.2.3 Notwithstanding paragraph 2.2.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.

2.2.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.

Audit Committee Report

for the financial year ended 31 December 2010

2.2.5 The Committee may invite any non-member Director or employee of the Company and of the Group who the Committee thinks fit and proper to attend its meeting to assist in its deliberations and resolutions of matters raised.

2.2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on all relevant decisions made.

2.2.7 The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

2.2.8 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.

2.2.9 In addition to the availability of detailed minutes of the meetings to all Board members, the Committee at each Board meeting shall report a summary of significant matters and resolutions.

2.3 Rights and Authority

The Committee is authorised to:-

2.3.1 Investigate any matter within its terms of reference.

2.3.2 Have adequate resources required to perform its duties.

2.3.3 Have full and unrestricted access to information, records and documents relevant to its activities.

2.3.4 Have direct communication channels with the External and Internal Auditors. In this regard, the Chairman of the Committee shall engage on a continuous basis with senior management such as the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Internal Auditor and the External Auditors in order to be kept informed of matters affecting the Company or the Group.

2.3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

2.3.6 Convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company or of the Group, whenever deemed necessary. In this regard, the Committee shall meet with the External Auditors at least twice a year.

2.4 Functions and duties

2.4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independence, purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.

2.4.2 To review the following and report to the Board:-

(a) With the External Auditors:

(i) The audit plans and audit report and the extent of assistance rendered by employees of the Auditee,

(ii) Their evaluation of the system of internal controls,

(iii) The audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors,

(iv) The management letter and management's response, and

(v) Issues and reservations arising from audits.

Audit Committee Report

for the financial year ended 31 December 2010

(b) With the Internal Audit Department:-
   (i) The adequacy and relevance of the scope, functions, competency and resources of internal audit and the necessary authority to carry out its work,

   (ii) The audit plan of work programme and results of internal audit processes including actions taken or recommendations,

   (iii) The extent of co-operation and assistance rendered by employees of Auditee, and

   (iv) The appraisal or assessment of the performance of the internal audit function including that of the senior staff and any matter concerning their appointment, resignation and termination.

(c) The quarterly results and year end financial statement of accounts prior to the approval by the Board, focusing particularly on:-
   (i) Changes and implementation of major accounting policies and practices,

   (ii) Significant and unusual issues,

   (iii) Going concern assumption, and

   (iv) Compliance with Accounting Standards, regulatory and other legal requirements.

(d) The major findings of investigations and management response.

(e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise questions of management integrity.

2.4.3 To report any breaches of the Listing Requirements which have not been satisfactorily resolved, to the Exchange.

2.4.4 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:-
(a) The composition of the Committee including the name, designation and directorship of the members,
(b) The terms of reference of the Committee,
(c) The number of meetings held and details of attendance of each member,
(d) A summary of the activities of the Committee in the discharge of its functions and duties,
(e) A summary of the activities of the Internal Audit function, and
(f) Such other matters as may be required by the relevant regulatory authorities from time to time.

2.4.5 To review the following for publication in the Company's Annual Report:-
(a) The disclosure statement of the Board on:-
   (i) The Company's applications of the principles set out in Part I of the Malaysian Code on Corporate Governance, and
   (ii) The extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas,

(b) The statement on the Board's responsibility for the preparation of the annual audited financial statement of accounts,

(c) The disclosure statement on the state of the system of internal controls of the Company and of the Group, and

(d) Other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of the Listing Requirements of the Bursa Malaysia.

Audit Committee Report

for the financial year ended 31 December 2010

2.4.6 To verify the allocation of options pursuant to the share scheme for employees.

The above function and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

2.5 Internal Audit Department

2.5.1 The Head of the Internal Audit Department shall have unrestricted access to the Committee members and report directly to the Committee whose scope of responsibility includes overseeing the development, establishment and competency of the Internal Audit function.

2.5.2 In respect of the routine administrative matters, the Head of Internal Audit Department shall report to the Group Chief Executive.

2.5.3 The Internal Audit Department shall be independent of the activities it audits.

3. Meetings and Minutes

During the year ended 31 December 2010, four (4) meetings of the Committee were held. The attendance record of the Committee members was as follows:-

Name of Committee member	Attendance record
Mr. Yeow See Yuen	4/4
Dato' Haji Abu Hanifah bin Noordin	4/4
Dato' Jorgen Bornhoft	4/4

Minutes of Audit Committee ("AC") meetings were tabled for confirmation at the next AC meeting. The AC Chairman presented the AC's recommendation, together with rationale, to the Board for approval of the annual and quarterly financial statements. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External and Internal Auditors.

4. Summary of Activities of the Committee

The Audit Committee has discharged its duties and responsibilities as set out in its terms of reference. The main activities of the Committee for the year ended 31 December 2010 were as follows:-

a) Reviewed the adequacy and relevance of the scope, functions, resources, internal audit plan and results of the internal audit processes, with the internal audit department,

b) Reviewed the quarterly financial reports for announcement to the Bursa Malaysia and annual financial statements with management and the internal audit department,

c) Reviewed with management on their preparation for the annual financial statements prior to commencement of the annual audit,

d) Reviewed with external auditors on their audit plan (including system evaluation, issues raised and management's response) prior to the commencement of audit,

e) Reviewed the annual financial statements, the audit report, issues and reservations arising from audits and the management letter, with the external auditors,

f) Reviewed the disclosure of related party transactions and, any conflict of interest situation and transactions which may have an impact on management integrity,

g) Reviewed the latest changes of pronouncements issued by the accountancy, statutory and regulatory bodies,

h) Reported to and updated the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee's meetings were made available to all Board members,

i) Prepared the Audit Committee Report for inclusion in the Company's Annual Report, and

j) Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance, Board's responsibility on the annual audited accounts and the state of internal control and other relevant documents, for publication in the Company's Annual Report.

5. Internal Audit Functions

The Committee is assisted by the Internal Audit Department (IAD) in the discharge of its duties and responsibilities. IAD reports directly to the Committee and is independent of the activities they audit.

The main activities of the Internal Audit Department for the year ended 31 December 2010 were as follows:

a) Prepared the annual audit plan for the Audit Committee's approval.

b) Carried out risk-based audits of strategic business units of the Group, which cover reviews of the internal control system, accounting and management information systems, and risk management.

c) Co-created management corrective actions on audit issues raised, and issued audit reports to the Audit Committee and Management.

d) Follow up with management of auditee to ensure that management corrective action was implemented accordingly and provided an update on the status of such action in Audit reports. In this respect, the Internal Audit Department has added value by improving the control process in the organisation.

e) Reviewed the quarterly financial reports and annual financial statements with management.

f) Reviewed the disclosure statements on compliance of the Malaysian Code on Corporate Governance, Board's responsibility on the annual financial statements and the state of internal control and other relevant documents, for publication in the Company's Annual Report.

g) Reviewed the disclosure of related party transactions and, any conflict of interest situation and questionable transactions, and report thereon in the audit report.

h) Followed up on management corrective actions on audit issues raised by the external auditors.

i) Attended the Audit Committee meetings to table and discuss the audit reports and follow up on matters raised.

All Internal Audit activities for FY2010 were conducted by the in-house audit team. There were no areas of the Internal Audit function which were outsourced.

The total cost incurred for the Internal Audit function in FY2010 was about RM378,000.

Statement On Internal Control

for the financial year ended 31 December 2010

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Listing Requirements of Bursa Malaysia ("BM") require Directors of listed companies to include in their annual report a statement about the state of their internal controls as a group. The Statement on Internal Control – Guidance for Directors of Public Listed Companies ("the Guidance") issued by the BM's Taskforce on Internal Control provides guidance for compliance with the aforesaid requirements. Set out below is the Board's Statement on Internal Control for the financial year ended 31 December 2010 which has been prepared in accordance with the Guidance.

The Board acknowledges that it is responsible for the overall internal control systems for the Group, and for reviewing its adequacy and integrity. However, the Board recognises that such systems are designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group for the financial year under review. This process is an integral part of the Group's system of internal control. Other key elements of this internal control system are:

(a) Operating Procedures Manuals that set out the policies, procedures and practices to be adopted by all companies in the Group, to ensure clear accountabilities and control procedures are in place for all business units.

(b) Comprehensive annual budgets that include business plans, strategies and risk profiles are presented to, and approved by the Board. Monthly results are then monitored against budgets and key performance indicators by management, focusing on variances and important operational issues, and the findings discussed with the business units.

(c) On a quarterly basis, the Board reviews and discusses a comprehensive Group Managing Director's report, covering the Group's up to date performance. In addition, the Board also deliberates on the appropriateness of key business strategies adopted by the operating units in the light of any significant shifts in risks profiles. In this manner, the Board is not only kept well informed on current issues facing the Group but also participate in risk management.

(d) Risk-based approach adopted by the internal audit department whose yearly audit plan is based on the key risk profiles of the business and functional units of the Group. This plan, which is approved by the Audit Committee prior to the commencement of the yearly period, is also regularly reviewed for further enhancement.

(e) Regular internal audits are carried out to review the adequacy and integrity of the internal control systems of the business units based upon the audit plan. The reports are submitted to the Audit Committee, which reviews the findings with management at its quarterly meetings. These, together with the External Auditors' reports, provide additional assurance that control procedures are in place, and being followed.

Financial Statements

Directors' Report

The Directors of **MEGA FIRST CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries and associates are set out in Notes 38 and 13 to the financial statements respectively.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

SIGNIFICANT CORPORATE EVENTS

(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-up ordinary shares of RM0.10 each representing 20.59% equity interest in Jadi Imaging Holdings Berhad ("JADI"), a public company listed on the Main Market of Bursa Malaysia Securities Berhad, for a total purchase consideration of approximately 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 fourth quarter ended 31 December 2010.

Directors' Report

RESULTS OF OPERATIONS

The results of the operations of the Group and of the Company for the financial year are as follows:-

	GROUP RM'000	COMPANY RM'000
Profit before tax	121,126	10,758
Income tax expense	(21,905)	(569)
Profit for the financial year	99,221	10,189
Attributable to:-		
Equity holders of the Company	65,197	10,189
Non-controlling interests	34,024	–
	99,221	10,189

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company paid:-

(a) a final dividend of 5.0 sen less income tax of 25% per ordinary share totalling RM8,610,473 in respect of the financial year ended 31 December 2009 on 15 July 2010; and

(b) an interim dividend of 2.0 sen less income tax of 25% per ordinary share totalling RM3,438,414 in respect of the financial year ended 31 December 2010 on 7 October 2010.

The Directors have proposed a final dividend of 5.5 sen less income tax of 25% per ordinary share in respect of the financial year ended 31 December 2010. 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.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

SHARE OPTIONS

On 20 May 2010, the shareholders of the Company at an Extraordinary General Meeting approved the following:-

(a) the termination of the then existing Employee Share Option Scheme that was due to expire on 30 September 2011 ("Old ESOS");

(b) the establishment of a new Employee Share Option Scheme ("New ESOS"); and

(c) the granting of employee share options to eligible Directors of the Company.

SHARE OPTIONS (CONT'D)

The terms of the New ESOS include provision for the participation of non-executive directors. The maximum number of ordinary shares of RM1 each in the Company available under the New ESOS cannot exceed 15% of the total number of issued and paid-up share capital of the Company at any point of time during the duration of the scheme. Other pricipal features of the New ESOS are as follows:-

(a) The employees eligible to participate in the New ESOS must be employed for a continuous period of at least one (1) year by the Company and/or a subsidiary within the Group;

(b) The non-executive directors eligible to participate in the New ESOS must have been a member of the Board or its subsidiaries for at least one (1) year. Each director can only be granted up to a maximum of 500,000 options irrespective of the number of boards he sits in within the Group;

(c) No eligible employee or director shall participate at any time in more than one (1) employee share option scheme implemented by any company within the Group;

(d) The entitlement under the New ESOS for the Directors of the Company and persons connected to them is subject to the approval of the shareholders of the Company in a general meeting;

(e) The New ESOS shall be in force for a period of ten (10) years from its commencement on 1 August 2010 unless otherwise terminated in accordance with its By-Laws;

(f) No employee or director shall be granted options for less than 100 ordinary shares or more than 500,000 ordinary shares;

(g) The new ordinary shares in the Company allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all aspects with the then existing ordinary shares in the Company, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Company; and

(h) The subscription price shall be at a discount of not more than 10% on the weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares.

The movement in the number of options granted, exercised and lapsed during the financial year is as follows:-

	Exercise price RM	Outstanding as at 1.1.2010 '000	←Movements during the financial year→ Granted '000	Exercised '000	Lapsed '000	Outstanding as at 31.12.2010 '000
Old ESOS	1.00	2,922	–	2,922	–	–
New ESOS	1.50	–	3,300	–	–	3,300

During the financial year, options in respect of the New ESOS were granted to the Directors whose names and number of options granted are disclosed in the section on Directors' Interests in this report.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there was no change in the authorised share capital of the Company;

(b) 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 Old ESOS at an exercise price of RM1.00 per ordinary share; and

(c) there was no debenture issued by the Company.

TREASURY SHARES

During the financial year, the Company purchased 4,877,000 of its own issued ordinary shares from the open market under the Company's share buy-back scheme for a total consideration (including transaction costs) of RM7,942,247. These shares are held as treasury shares.

As at 31 December 2010, the Company held as treasury shares a total of 13,727,600 of its 242,205,000 issued and fully paid-up ordinary shares, at a carrying amount of RM18,526,700. None of the treasury shares held were sold or cancelled during the financial year.

The detailed movements of the treasury shares during the financial year are disclosed in Note 25 to the financial statements.

OTHER FINANCIAL INFORMATION

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made, the Directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would require the writing off of bad debts or the amount of allowance for impairment losses in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Other than as disclosed in Note 34 to the financial statements, at the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

(a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(b) no item, transaction or event of a material and unusual nature has arisen during the financial year or in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report

DIRECTORS

The following Directors who served on the Board of the Company since the date of the last report:-

- Goh Nan Kioh
- Dato' Haji Abu Hanifah Bin Noordin
- Dr. Lim Thian Soo
- Goh Nan Yang (also alternate to Goh Nan Kioh)
- Yong Fook Shin
- Maisuri Bin Besri
- Yeow See Yuen
- Dato' Jorgen Bornhoft
- Tay Kheng Chiong
- Dato' Koh Hong Sun (appointed on 1 December 2010)
- Dato' Tan Ang Meng (appointed on 1 December 2010)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company are as follows:-

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2010/ Date of appointment	**Addition**	**Disposal**	**Balance as at 31.12.2010**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	–	–	713,600
- Deemed	68,342,100	50,000	–	68,392,100
Dr. Lim Thian Soo				
- Direct	90,000	500,000	–	590,000
- Deemed	49,832,200	–	–	49,832,200
Yong Fook Shin				
- Direct	470,200	–	–	470,200
Goh Nan Yang				
- Direct	10,000	500,000	–	510,000
Yeow See Yuen				
- Direct	436,500	–	–	436,500
- Deemed	26,000	–	–	26,000
Dato' Jorgen Bornhoft				
- Direct	175,000	25,000	–	200,000
Dato' Tan Ang Meng				
- Direct	229,000	–	–	229,000

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2010/ Date of appointment	Addition	Disposal	Balance as at 31.12.2010
SHARES IN A SUBSIDIARY, ROCK CHEMICAL INDUSTRIES (MALAYSIA) BERHAD				
Goh Nan Kioh - Deemed	25,598,300	–	–	25,598,300
Dr. Lim Thian Soo - Deemed	25,598,300	–	–	25,598,300
Goh Nan Yang - Direct	100	–	–	100
Yeow See Yuen - Direct	40,600	–	–	40,600

In addition to the above, the following Directors are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the New ESOS of the Company:-

		Options over ordinary shares of RM1 each			
	Exercise price	Balance as at 1.1.2010	Granted	Exercised	Balance as at 31.12.2010
Goh Nan Kioh	RM1.50	–	500,000	–	500,000
Dato' Haji Abu Hanifah Bin Noordin	RM1.50	–	300,000	–	300,000
Dr. Lim Thian Soo	RM1.50	–	500,000	–	500,000
Goh Nan Yang	RM1.50	–	500,000	–	500,000
Yong Fook Shin	RM1.50	–	300,000	–	300,000
Maisuri Bin Besri	RM1.50	–	300,000	–	300,000
Yeow See Yuen	RM1.50	–	300,000	–	300,000
Dato' Jorgen Bornhoft	RM1.50	–	300,000	–	300,000
Tay Kheng Chiong	RM1.50	–	300,000	–	300,000

Goh Nan Kioh and Dr. Lim Thian Soo, by virtue of their interests in 30.25% (2009 : 29.97%) and 22.07% (2009 : 21.66%) of the Company respectively, are deemed to have interests in shares of its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965. Other than as disclosed above, the Directors of the Company do not have any other interests in the shares of the Company or of its related corporations.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 42 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to the Directors pursuant to the Company's New ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Crowe Horwath, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DR. LIM THIAN SOO

GOH NAN YANG

Petaling Jaya
22 March 2011

Independent Auditors' Report

to the members of MEGA FIRST CORPORATION BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Mega First Corporation Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 108.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

to the members of MEGA FIRST CORPORATION BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 26 (f) is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Poon Yew Hoe
Approval No: 956/04/12 (J)
Chartered Accountant

Kuala Lumpur
22 March 2011

Statements Of Comprehensive Income

for the financial year ended 31 December 2010

	Note	GROUP 2010 RM'000	GROUP 2009 RM'000 (Restated)	COMPANY 2010 RM'000	COMPANY 2009 RM'000
CONTINUING OPERATIONS					
Revenue	5	**523,323**	463,103	**64,018**	16,102
Cost Of Sales		**(404,389)**	(327,151)	–	–
Gross Profit		**118,934**	135,952	**64,018**	16,102
Distribution Costs		**(3,138)**	(1,472)	–	–
Administrative Expenses		**(28,126)**	(22,917)	**(4,521)**	(3,615)
Other Expenses		**(13,905)**	(18,171)	**(46,308)**	(53)
Other Income		**53,140**	28,865	**933**	88
Profit From Operations	6	**126,905**	122,257	**14,122**	12,522
Finance Costs	7	**(6,084)**	(5,310)	**(3,364)**	(1,660)
Share Of Profit In Associates	13	**305**	573	–	–
Profit Before Tax		**121,126**	117,520	**10,758**	10,862
Income Tax Expense	8	**(21,905)**	(21,332)	**(569)**	(744)
Profit For The Financial Year		**99,221**	96,188	**10,189**	10,118
Other Comprehensive Income		**4,254**	(4,321)	**6,761**	–
Total Comprehensive Income		**103,475**	91,867	**16,950**	10,118
Profit Attributable To:-					
- Equity Holders Of The Company		**65,197**	65,626	**10,189**	10,118
- Minority Interests		**34,024**	30,562	–	–
		99,221	96,188	**10,189**	10,118
Total Comprehensive Income Attributable To:-					
- Equity Holders Of The Company		**74,216**	62,432	**16,950**	10,118
- Minority Interests		**29,259**	29,435	–	–
		103,475	91,867	**16,950**	10,118
Earnings Per Share (sen)	10				
- Basic		**28.43**	28.18		
- Diluted		**28.37**	28.09		

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Statements Of Financial Position

as at 31 December 2010

	Note	GROUP 2010 RM'000	GROUP 2009 RM'000 (Restated)	COMPANY 2010 RM'000	COMPANY 2009 RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	11	**231,318**	212,380	**1,411**	1,254
Subsidiaries	12	–	–	**111,864**	134,339
Associates	13	**43,221**	4,836	**19,055**	3,500
Investment In Quoted Shares	14	**145,460**	129,961	**–**	–
Investment In Unquoted Shares	15	**335**	335	**–**	–
Land Use Rights	16	**1,139**	1,403	**–**	–
Investment Properties	17	**84,408**	73,442	**–**	–
Land Held For Property Development	18	**57,346**	61,367	**–**	–
Goodwill On Consolidation	19	**10,812**	7,635	**–**	–
		574,039	491,359	**132,330**	139,093
Current Assets					
Inventories	20	**62,826**	39,065	**–**	–
Property Development	21	**31,210**	25,245	**–**	–
Receivables	22	**109,099**	127,006	**218,416**	255,240
Bank Balances And Deposits	23	**118,365**	115,178	**484**	344
		321,500	306,494	**218,900**	255,584
TOTAL ASSETS		**895,539**	797,853	**351,230**	394,677

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Statements Of Financial Position

as at 31 December 2010

	Note	GROUP 2010 RM'000	GROUP 2009 RM'000 (Restated)	COMPANY 2010 RM'000	COMPANY 2009 RM'000
EQUITY AND LIABILITIES					
Share Capital	24	**242,205**	239,283	**242,205**	239,283
Treasury Shares	25	**(18,527)**	(10,585)	**(18,527)**	(10,585)
Reserves	26	**289,725**	211,706	**52,601**	47,237
Equity Attributable To Equity Holders Of The Company		**513,403**	440,404	**276,279**	275,935
Minority Interests		**162,254**	154,930	–	–
Total Equity		**675,657**	595,334	**276,279**	275,935
Non-Current Liabilities					
Other Payables		**669**	692	–	–
Long-Term Borrowings	27	**9,251**	8,019	–	–
Hire Purchase Payables	28	**79**	–	–	–
Deferred Taxation	29	**22,493**	23,126	–	–
		32,492	31,837	–	–
Current Liabilities					
Payables	30	**59,351**	57,685	**54,405**	102,738
Short-Term Borrowings	31	**122,701**	106,618	**20,546**	16,004
Taxation		**5,338**	6,379	–	–
		187,390	170,682	**74,951**	118,742
Total Liabilities		**219,882**	202,519	**74,951**	118,742
TOTAL EQUITY AND LIABILITIES		**895,539**	797,853	**351,230**	394,677
Net Assets Per Ordinary Share (sen)	32	**225**	191		

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Statements Of Changes In Equity

for the financial year ended 31 December 2010

GROUP	Share Capital RM'000	Treasure Shares RM'000	Share Premium RM'000	Employee 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
	← Attributable to Equity Holders of the Parent →										
			← Non-Distributable Reserves →					Distributable			
Balance at 1 January 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 financial year	–	–	–	–	(3,194)	–	–	65,626	62,432	29,435	91,867
Dividends (Note 9)	–	–	–	–	–	–	–	(9,602)	(9,602)	(13,123)	(22,725)
Purchase of treasury shares	–	(4,173)	–	–	–	–	–	–	(4,173)	–	(4,173)
Balance at 31 December 2009/1 January 2010	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 (Note 9)	–	–	–	–	–	–	–	(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 December 2010	242,205	(18,527)	33,380	491	8,534	26,701	2,616	218,003	513,403	162,254	675,657

COMPANY	Share Capital RM'000	Treasure Shares RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000
Balance at 1 January 2009	239,283	(6,412)	33,380	28	–	13,313	279,592
Total comprehensive income for the financial year	–	–	–	–	–	10,118	10,118
Dividends (Note 9)	–	–	–	–	–	(9,602)	(9,602)
Purchase of treasury shares	–	(4,173)	–	–	–	–	(4,173)
Balance at 31 December 2009/ 1 January 2010	239,283	(10,585)	33,380	28	-	13,829	275,935
Total comprehensive income for the financial year	–	–	–	–	6,761	10,189	16,950
Dividends (Note 9)	–	–	–	–	–	(12,049)	(12,049)
Issuance of ordinary shares pursuant to ESOS	2,922	–	–	–	–	–	2,922
Share option to employees	–	–	–	463	–	–	463
Purchase of treasury shares	–	(7,942)	–	–	–	–	(7,942)
Balance at 31 December 2010	242,205	(18,527)	33,380	491	6,761	11,969	276,279

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Statements Of Cash Flows

for the financial year ended 31 December 2010

GROUP	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**121,126**	117,520
Adjustments for:-		
Allowance for foreseeable loss on land held for property development	–	2,500
Allowance for impairment losses on receivables	**24**	3,442
Allowance for inventory write-down	**–**	718
Allowance for slow-moving inventories	**–**	1,127
Amortisation of land use rights	**170**	227
Depreciation of property, plant and equipment	**25,195**	22,713
Finance costs	**6,084**	5,310
Impairment loss on:-		
- Goodwill on consolidation	**598**	2,392
- Investment in quoted shares	**–**	4,480
- Investment in unquoted shares	**–**	141
- Short leasehold quarry land	**–**	224
Loss on disposal of property, plant and equipment	**2,350**	1,065
Loss on foreign exchange – Unrealised	**267**	1,790
Provision of retirement benefits	**23**	169
Staff costs - Share option to employees	**463**	–
Write-off of:-		
- Inventories	**50**	–
- Property, plant and equipment	**15**	1,962
Fair value adjustment on investment properties	**(10,933)**	–
Gain on deconsolidation of subsidiaries	–	(56)
Gain on disposal of:-		
- Property, plant and equipment	**(151)**	–
- Quoted investments	**(10,815)**	(21,299)
Gain on foreign exchange – Unrealised	**(460)**	(731)
Interest income	**(1,594)**	(1,774)
Other dividend income	**(4,270)**	(1,870)
Reversal of foreseeable loss on property development no longer required	**–**	(7)
Reversal of provisions no longer required	**(620)**	(306)
Reversal of impairment losses on quoted shares	**(5,419)**	–
Share of profit in associates	**(305)**	(573)
Write-back of:-		
- Allowance for impairment losses on receivables	**(5,861)**	(229)
- Allowance for slow-moving inventories	**(193)**	–
- Allowance for inventory write-down	**(1,102)**	–
Operating Profit Before Working Capital Changes	**114,642**	138,935
(Increase)/Decrease in:-		
Inventories	**(20,735)**	39
Property development	**(5,965)**	631
Receivables	**27,449**	(12,635)
Increase in payables	**7,139**	516
Cash From Operations	**122,530**	127,486
Income tax paid	**(25,110)**	(18,561)
Net Cash From Operating Activities	**97,420**	108,925

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Statements Of Cash Flows

for the financial year ended 31 December 2010

GROUP	Note	2010 RM'000	2009 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		**1,594**	1,774
Dividend received		**4,270**	1,870
(Increase)/Decrease in:-			
Investment properties		**(33)**	(34)
Land held for property development		**4,021**	(1,488)
Net cash inflow from deconsolidation of subsidiaries		**–**	56
Net cash inflow from acquisition of subsidiary	39	**1,018**	–
Acquisition of additional equity interest in a subsidiary from minority interests		**(1,000)**	–
Acquisition of associate		**(34,602)**	–
Proceeds from disposal of:-			
Property, plant and equipment		**1,977**	1,653
Quoted investments		**135,000**	162,658
Purchase of:-			
Property, plant and equipment		**(49,267)**	(33,467)
Quoted investments		**(115,386)**	(272,274)
Net Cash For Investing Activities		**(52,408)**	(139,252)
CASH FLOWS FOR FINANCING ACTIVITIES			
Finance costs paid		**(6,084)**	(5,310)
Dividends paid		**(12,049)**	(9,602)
Dividends paid to minority shareholders		**(26,184)**	(12,941)
Increase/(Decrease) in:-			
Short-term borrowings, excluding bank overdrafts and long-term borrowings due within 12 months		**15,297**	37,969
Hire purchase payables		**(88)**	(39)
Net repayment of term loans		**(1,162)**	(1,534)
Proceeds from issue of shares pursuant to ESOS		**2,922**	–
Purchase of treasury shares		**(7,942)**	(4,173)
Repayment to minority shareholders		**(6,650)**	–
Repayment of fixed rate serial bonds		**(3,000)**	(7,000)
Net Cash For Financing Activities		**(44,940)**	(2,630)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**(2,250)**	(46)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,178)**	(33,003)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**108,500**	141,503
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	35	**106,322**	108,500

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Statements Of Cash Flows

for the financial year ended 31 December 2010

COMPANY	Note	2010 RM'000	2009 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before tax		**10,758**	10,862
Adjustments for:-			
Allowance for impairment losses on amount owing by subsidiaries		**46,258**	–
Write-off of:-			
- Amount owing by subsidiaries		**–**	50
- Investment in subsidiaries		**–**	2
- Property, plant and equipment		**–**	2
Depreciation of property, plant and equipment		**303**	204
Finance costs		**3,364**	1,660
Dividend income		**(62,522)**	(14,813)
Loss/(Gain) on foreign exchange – Unrealised		**51**	(16)
Staff costs - Share option to employees		**463**	–
Interest income		**(14)**	(124)
Operating Loss Before Working Capital Changes		**(1,339)**	(2,173)
Increase in receivables		**(4,662)**	(4,427)
(Decrease)/Increase in payables		**(1,736)**	58,115
Cash (For)/From Operations		**(7,737)**	51,515
Income tax paid		**(584)**	(45)
Net Cash (For)/From Operating Activities		**(8,321)**	51,470
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Interest received		**14**	124
Dividend received		**62,522**	13,610
Acquisition of additional interest in a subsidiary from minority interests		**(1,000)**	–
Acquisition of a subsidiary		**(500)**	–
Acquisition of an associate		**(12,294)**	–
Repayment from/(Advances to) subsidiaries		**22,718**	(96,928)
Purchase of property, plant and equipment		**(460)**	(1,368)
Net Cash From/(For) Investing Activities		**71,000**	(84,562)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Finance costs paid		**(3,364)**	(1,660)
Dividends paid		**(12,049)**	(9,602)
Increase in short-term borrowings, excluding bank overdrafts and long-term borrowings due within 12 months		**–**	6,000
(Repayment to)/Advances from subsidiaries		**(46,648)**	29,656
Proceeds from issue of shares pursuant to ESOS		**2,922**	–
Purchase of treasury shares		**(7,942)**	(4,173)
Net Cash (For)/From Financing Activities		**(67,081)**	20,221
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,402)**	(12,871)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**(5,660)**	7,211
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	35	**(10,062)**	(5,660)

The accompanying Notes on pages 43 to 108 form an integral part of the financial statements.

Notes To The Financial Statements

1. CORPORATE INFORMATION

The Company is a public company limited by shares, incorporated under the Malaysian Companies Act 1965 and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at A-12-01 Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 February 2011.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries and associates are set out in Notes 38 and 13 to the financial statements respectively.

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts
FRS 7 Financial Instruments: Disclosures
FRS 8 Operating Segments
FRS 101 (Revised) Presentation of Financial Statements
FRS 123 (Revised) Borrowing Costs
FRS 139 Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Vesting Conditions and Cancellations
Amendments to FRS 7, FRS 139 and IC Interpretation 9
Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments
IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10 Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Annual Improvements to FRSs (2009)

3. BASIS OF PREPARATION (CONT'D)

(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:-

(i) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 January 2010, information about financial statements was disclosed in accordance with the requirements of FRS 132-Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 36(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	Note	Group At 1.1.2010 RM'000
Fair value reserve		
Fair value of non-current quoted shares	(aa)	15,104

3. BASIS OF PREPARATION (CONT'D)

(aa) Prior to 1 January 2010, investments in non-current quoted shares were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, these quoted investments are designated as available-for-sale financial assets and are measured at their fair values at the end of each reporting period. The adjustment to the previous carrying amounts is recognised to the fair value reserve.

This financial impacts is recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted or represented by virtue of the exemption given in this standard.

(iv) The Group has adopted the amendments made to FRS 117 - Leases pursuant to the Annual Improvements to FRSs (2009). The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

(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 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

3. BASIS OF PREPARATION (CONT'D)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(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 not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting of future transactions or arrangements.

(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 losses 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 not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting of future transactions or arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The Group's financial statements include the financial statements of the Company and of all its subsidiaries made up to the end of the financial year. Subsidiaries are consolidated using the purchase method of accounting. Subsidiaries previously consolidated using the acquisition method have not been retrospectively restated in accordance with FRS 1. The results of the subsidiaries acquired or disposed of during the year are included in the Group's financial statements from the effective date of acquisition or to the effective date of disposal.

Significant intra-group transactions, balances and unrealised gains or losses are eliminated in full on consolidation; unless cost cannot be recovered.

The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated statement of comprehensive income.

Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- ***Financial Assets at Fair Value Through Profit or Loss***

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

- ***Held-to-maturity Investments***

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- ***Loans and Receivables Financial Assets***

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- ***Available-for-sale Financial Assets***

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(b) Financial Liabilities

All financial liabilities are initially stated at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(d) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(e) Net Asset Value Attributable To Unitholders

Net asset value attributable to unitholders represents equity in the statement of financial position, which is carried at the redemption amount that would be payable at the end of the reporting period, if the unitholders exercised the right to redeem units of the Fund.

Functional and Foreign Currencies

(a) Functional and Presentation Currency

The functional currency of the Company and each of the Group's entity is the currency of the primary economic environment in which the Company or that entity operates.

The Group's financial statements are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for statements of comprehensive income are translated at the average exchange rates for the year;
- all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated statements of comprehensive income as part of the gain or loss on sale; and
- goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

The principal closing rates used in the translation of foreign currencies are as follows:-

	2010 RM	2009 RM
1 Chinese Renminbi	**0.467**	0.502
1 United States Dollar	**3.086**	3.427
1 Singapore Dollar	**2.384**	2.445
1 Hong Kong Dollar	**0.396**	0.442

Impairment

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment (Cont'd)

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value in use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, as applicable. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Gain or loss on the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

(a) Freehold Land and Leasehold Quarry Land

Freehold land is not amortised.

Leasehold quarry land is in respect of land rights held to extract limestone for the Group's quarry operations and is outside the scope of FRS 117. Leasehold quarry land is amortised on a straight-line basis over the period of the leases ranging from 27 to 30 years.

(b) Other Property, Plant and Equipment

Other property, plant and equipment, with the exception of power plants and construction-in-progress, are depreciated on the straight-line basis to write off the cost of each asset over its estimated useful life. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual depreciation rates are:-

Buildings	1.5% to 6.5%
Machinery and equipment	7.5% to 50%
Vehicles	10% to 25%

Power plants are depreciated on the straight-line basis to write off the cost less estimated residual value over the concession periods of 21 to 22 years.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment and Depreciation (Cont'd)

(b) Other Property, Plant and Equipment (Cont'd)

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Construction-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Construction-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of construction-in-progress includes preliminary expenses, direct costs, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss in the year the asset is derecognised.

During the financial year, the Group adopted the amendments made to FRS 117 - Leases in relation to the classification of lease of land. The Group's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

Capitalisation of Borrowing Costs

Borrowing costs incurred on the construction of property, plant and equipment which require a period of time to get them ready for their intended use are capitalised and included as part of the cost of the related assets.

Borrowing costs incurred on property development projects are capitalised and included as part of development expenditure. However, capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

Assets Acquired Under Hire Purchase Arrangements

Assets acquired under hire purchase arrangements are capitalised as property, plant and equipment and recognised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the statements of comprehensive income to give a constant periodic rate of interest on the remaining hire purchase liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries

Subsidiaries are entities in which the Group has a long-term equity interest and power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investments in subsidiaries are stated at cost less impairment losses, as applicable. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

Investments in associates are accounted for in the Group's financial statements using the equity method and are stated at cost less impairment losses, as applicable. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

The Group's share of results and reserves of associates acquired or disposed of is included in the Group's financial statements from the effective date of acquisition or to the effective date of disposal.

Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with the Group.

On the disposal of the investments in associates, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

Land Use Rights

Land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the term of the leases.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss; any amount in the revaluation reserve relating to that investment property is transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Land Held for Property Development and Property Development

(a) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less impairment losses, as applicable. The policy for the recognition and measurement of impairment losses is in accordance with the policy on impairment of assets.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property Development

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Inventories

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method.

Other inventories are valued at the lower of cost (determined on a weighted average or first-in first-out basis, as applicable) and net realisable value after making due allowance for any obsolete or slow-moving items. The cost of raw materials includes the original purchase price and the incidental expenses incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate proportion of overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow-moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of one year or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

Provisions

(a) General Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(b) Provision for Project Costs to Completion

Project costs to completion are unavoidable costs of meeting or completing the obligations under a substantially completed contract. Provisions for project costs to completion are recognised in the period in which the Group becomes legally or constructively committed to perform the contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Dividends from subsidiaries and associates and other investments are recognised when the shareholders' right to receive is established.

Interest income on short-term deposits and advances are recognised on an accrual basis based on prevailing rates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Revenue from the provision of management services is recognised based on services rendered.

Revenue from the sale of electricity and steam is recognised based on capacity charges, electricity billings and steam supplied.

Revenue from property development projects is accounted for based on the stage of completion method as determined by the proportion of the units sold attributable to the percentage of development work where the outcome of the projects can be reliably estimated.

Revenue from the sale of goods is recognised upon delivery of products and when risks and rewards of ownership have passed.

Rental income is recognised on an accrual basis.

Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the end of the reporting period.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying values in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to same taxation authority.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised in other comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

Employee Benefits

(a) Short-Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-Based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(d) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

Significant Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are as follows:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant Accounting Estimates and Judgements (Cont'd)

(c) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Classification between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(e) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(g) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant Accounting Estimates and Judgements (Cont'd)

(h) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(j) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(k) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue and expenses are those directly attributable to the segments and include any joint venture and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment. Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities.

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Related Parties

A party is related to an entity if:-

(a) directly, or indirectly through one or more intermediaries, the party:-

   (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);

   (ii) has an interest in the entity that gives it significant influence over the entity; or

   (iii) has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venturer;

(d) the party is a member of the key management personnel of the entity or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5. REVENUE

Revenue of the Group represents the gross invoiced value of the sale of electricity and steam, rental income, dividend income, interest income, goods and properties sold outside of the Group, net of returns and discounts.

Revenue from the sale of properties is accounted for using the stage of completion method. Sale of completed property units is recognised when the risks and rewards associated with ownership are transferred to the property purchasers.

Revenue of the Company represents mainly dividends and management fees received and receivable from subsidiaries, and interest income.

6. PROFIT FROM OPERATIONS

This is arrived at:-

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
After crediting:				
Dividends from subsidiaries (gross)	**–**	–	**62,338**	14,813
Fair value adjustment on investment properties	**10,933**	–	**–**	–
Gain on deconsolidation of subsidiaries	**–**	56	**–**	–
Gain on disposal of:-				–
- Property, plant and equipment	**151**	–	**–**	–
- Quoted investments	**10,815**	21,299	**–**	–
Gain on foreign exchange:-				
- Realised	**82**	4,700	**–**	–
- Unrealised	**460**	731	**–**	16
Interest income	**1,594**	1,774	**14**	124
Other dividend income	**4,270**	1,870	**184**	–
Rental income	**1,364**	793	**–**	–
Reversal of foreseeable loss on property development no longer required	**–**	7	**–**	–
Reversal of impairment losses on quoted shares	**5,419**	–	**–**	–
Reversal of provisions no longer required	**620**	306	**–**	–
Write-back of:-				
- Allowance for impairment losses on receivables	**5,861**	229	**–**	–
- Allowance for inventory write-down	**1,102**	–	**–**	–
- Allowance for slow-moving inventories	**193**	–	**–**	–

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
After charging:				
Allowance for foreseeable loss on land held for property development	**–**	2,500	**–**	–
Allowance for impairment losses:-				
- Amount owing by subsidiaries	**–**	–	**46,258**	–
- Receivables	**24**	3,442	**–**	–
Allowance for inventory write-down	**–**	718	**–**	–
Allowance for slow-moving inventories	**–**	1,127	**–**	–
Amortisation of land use rights	**170**	227	**–**	–
Auditors' remuneration:-				
- For the financial year	**268**	239	**24**	24
- Underprovision in the previous financial year	**–**	12	**–**	–
- Others	**16**	16	**16**	16
Depreciation of property, plant and equipment	**25,195**	22,713	**303**	204
Directors' remuneration:-				
- Fees	**213**	208	**213**	208
- Other emoluments	**836**	745	**836**	745
Impairment loss on:-				
- Goodwill on consolidation	**598**	2,392	**–**	–
- Investment in quoted shares	**–**	4,480	**–**	–
- Investment in unquoted shares	**–**	141	**–**	–
- Short leasehold quarry land	**–**	224	**–**	–
Loss on disposal of property plant and equipment	**2,350**	1,065	**–**	–
Loss on foreign exchange:-				
- Realised	**5,598**	181	**–**	–
- Unrealised	**267**	1,790	**51**	–
Provision of retirement benefits	**23**	169	**–**	–
Rental of:-				
- Access road	**–**	25	**–**	–
- Land and buildings	**413**	623	**146**	193
- Motor vehicle	**–**	122	**–**	–
- Plant and machinery	**44**	27	**–**	–
Staff costs:-				
- Defined contribution plan	**1,999**	2,050	**119**	134
- Salaries, wages, bonuses and allowances	**18,457**	17,167	**1,057**	1,073
- Other benefits	**2,299**	1,163	**551**	69
Write-off of:-				
- Amount owing by subsidiaries	**–**	–	**–**	50
- Inventories	**50**	–	**–**	–
- Investment in subsidiaries	**–**	–	**–**	2
- Property, plant and equipment	**15**	1,962	**–**	2

The estimated monetary value of benefits-in-kind received by certain Directors amounted to RM12,720 (2009 : RM11,440) for the Group and RM12,720 (2009 : RM11,440) for the Company.

Notes To The Financial Statements

7. FINANCE COSTS

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Interest on:-				
- Bank overdrafts	**597**	456	**515**	415
- Bond	**153**	756	**–**	–
- Revolving credits	**1,000**	752	**436**	752
- Term loans	**2,748**	3,179	**–**	–
- Others	**1,586**	167	**2,413**	493
	6,084	5,310	**3,364**	1,660

8. INCOME TAX EXPENSE

	GROUP 2010 RM'000	GROUP 2009 RM'000	COMPANY 2010 RM'000	COMPANY 2009 RM'000
Current tax:-				
- Based on results for the financial year:-				
- Malaysia taxation	**7,711**	8,759	**569**	446
- Foreign taxation	**15,364**	14,293	**–**	–
- (Over)/Underprovision in previous financial years	**(327)**	(344)	**–**	298
	22,748	22,708	**569**	744
Deferred tax (Note 29):-				
- For the financial year	**(646)**	(1,475)	**–**	–
- (Over)/Underprovision in previous financial years	**(197)**	233	**–**	–
- Change in statutory tax rates	**–**	(134)	**–**	–
	21,905	21,332	**569**	744

8. INCOME TAX EXPENSE (CONT'D)

The income tax expense for the financial year can be reconciled to the profit before tax of the Group and of the Company as per the statements of comprehensive income as follows:-

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Profit before tax	**121,126**	117,520	**10,758**	10,862
Tax at Malaysian statutory rate of 25% (2009 : 25%)	**30,228**	29,380	**2,690**	2,715
Tax effects of:-				
- Different tax rates in other countries	**–**	(848)	**–**	–
- Effect of change in tax rates on deferred tax	**–**	(134)	**–**	–
- Income not subject to tax	**(14,555)**	(7,052)	**(15,046)**	(2,505)
- Expenses not deductible	**10,159**	4,594	**12,925**	286
- Deferred tax assets not recognised during the financial year	**52**	933	**–**	–
- Utilisation of previously unrecognised:-				
- deferred tax assets	**(680)**	(1,726)	**–**	–
- reinvestment allowance	**(2,745)**	(3,400)	**–**	–
- (Over)/Underprovision in previous financial years:-				
- current tax	**(217)**	(344)	**–**	298
- deferred tax	**(197)**	233	**–**	–
- Others	**(140)**	(304)	**–**	(50)
Income tax expense	**21,905**	21,332	**569**	744

9. DIVIDENDS

A final dividend of 5.0 sen less income tax of 25% amounting to RM8,610,473 for the financial year ended 31 December 2009 was approved by the shareholders at the Annual General Meeting held on 20 May 2010 and paid on 15 July 2010.

An interim dividend of 2.0 sen less income tax of 25% amounting to RM3,438,414 for the financial year ended 31 December 2010 (2009 : interim dividend of 2.0 sen less income tax of 25%) was paid on 7 October 2010.

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.

10. EARNINGS PER SHARE

	GROUP	
	2010	2009
	RM'000	RM'000
Basic earnings per share		
Profit for the financial year attributable to ordinary equity holders of the Company	**65,197**	65,626
Weighted average number of ordinary shares in issue ('000)	**229,310**	232,843
Basic earnings per share (sen)	**28.43**	28.18
Diluted earnings per share		
Profit for the financial year attributable to ordinary equity holders of the Company #	**65,197**	65,626
Weighted average number of ordinary shares in issue ('000)	**229,310**	232,843
Weighted average number of shares under option ('000)	**3,300**	2,922
Weighted average number of shares that would have been issued at average market price #	**(2,797)**	(2,102)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**229,813**	233,663
Diluted earnings per share (sen)	**28.37**	28.09

\# *Earnings have not increased because the total number of shares has increased only by the number of shares of 503,000 (2009: 820,000) deemed to have been issued for no consideration.*

(a) The basic earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

(b) The diluted earnings per share is calculated by dividing the Group's profit attributable to shareholders of the Company by the assumed weighted average number of ordinary shares in issue, adjusted on the assumption that all outstanding options granted pursuant to the ESOS are exercised.

11. PROPERTY, PLANT AND EQUIPMENT

Group 2010	AT COST: Beginning of year as previously reported RM'000	Effects of FRS 117 RM'000	Beginning of year as restated RM'000	Addition through business combination RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exhange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	60,149	-	60,149	2,875	1,619	-	2,431	(3,018)	64,056
Long leasehold land	-	2,881	2,881	-	-	-	-	-	2,881
Short leasehold quarry land	9,470	-	9,470	855	898	-	-	-	11,223
Plant and machinery, equipment, vehicles and construction-in-progress	349,807	-	349,807	6,904	46,750	(15,228)	(2,431)	(10,807)	374,995
Total	419,426	2,881	422,307	10,634	49,267	(15,228)	-	(13,825)	453,155

Group 2010	ACCUMULATED DEPRECIATION: Beginning of year as previously reported RM'000	Effects of FRS 117 RM'000	Beginning of year as restated RM'000	Addition through business combination RM'000	Charge for the year RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Exhange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	22,867	-	22,867	205	2,495	-	2,431	(1,249)	26,749
Long leasehold land	-	874	874	-	43	-	-	-	917
Short leasehold quarry land	6,016	-	6,016	48	238	-	-	-	6,302
Plant and machinery, equipment, vehicles and construction-in-progress	179,946	-	179,946	3,585	22,419	(11,037)	(2,431)	(4,837)	187,645
Total	208,829	874	209,703	3,838	25,195	(11,037)	-	(6,086)	221,613

Group 2010	ACCUMULATED IMPAIRMENT LOSSES: Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	NET BOOK VALUE: End of year RM'000	Beginning of year as previously reported RM'000	Beginning of year as restated RM'000
Freehold land and buildings	-	-	-	37,307	37,282	37,282
Long leasehold land	-	-	-	1,964	-	2,007
Short leasehold quarry land	224	-	224	4,697	3,230	3,230
Plant and machinery, equipment, vehicles and construction-in-progress	-	-	-	187,350	169,861	169,861
Total	224	-	224	231,318	210,373	212,380

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2009	AT COST								
	Beginning of year as previously reported RM'000	Effects of FRS 117 RM'000	Beginning of year as restated RM'000	Additions RM'000	Disposals/ Write-offs RM'000	Transfers RM'000	Reclassifications RM'000	Exhange rate fluctuation adjustments RM'000	End of year as restated RM'000
Freehold land and buildings	59,722	–	59,722	1,171	(216)	1,034	(5)	(1,557)	60,149
Long leasehold land	–	2,881	2,881	–	–	–	–	–	2,881
Short leasehold quarry land	9,470	–	9,470	–	–	–	–	–	9,470
Plant and machinery, equipment, vehicles and construction-in-progress	347,165	–	347,165	32,296	(23,158)	(1,034)	5	(5,467)	349,807
Total	416,357	2,881	419,238	33,467	(23,374)	–	–	(7,024)	422,307

Group 2009	ACCUMULATED DEPRECIATION							
	Beginning of year as previously reported RM'000	Effects of FRS 117 RM'000	Beginning of year as restated RM'000	Charge for the year as restated RM'000	Disposals/ Write-offs RM'000	Reclassifications RM'000	Exchange rate fluctuation adjustments RM'000	End of year as restated RM'000
Freehold land and buildings	21,204	–	21,204	2,500	(215)	(2)	(620)	22,867
Long leasehold land	–	830	830	44	–	–	–	874
Short leasehold quarry land	5,663	–	5,663	353	–	–	–	6,016
Plant and machinery, equipment, vehicles and construction-in-progress	181,119	–	181,119	19,860	(18,479)	2	(2,556)	179,946
Total	207,986	830	208,816	22,757	(18,694)	–	(3,176)	209,703

Group 2009	ACCUMULATED IMPAIRMENT LOSSES			NET BOOK VALUE		
	Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	End of year as restated RM'000	Beginning of year as previously reported RM'000	Beginning of year as restated RM'000
Freehold land and buildings	–	–	–	37,282	38,518	38,518
Long leasehold land	–	–	–	2,007	–	2,051
Short leasehold quarry land	–	224	224	3,230	3,807	3,807
Plant and machinery, equipment, vehicles and construction-in-progress	–	–	–	169,861	166,046	166,046
Total	–	224	224	212,380	208,371	210,422

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117 - Leases, where leasehold land, in substance a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company 2010	AT COST Beginning of year RM'000	Additions RM'000	Disposal/ Write-off RM'000	End of year RM'000	ACCUMULATED DEPRECIATION Beginning of year RM'000	Charge for the year RM'000	Disposal /Write-off RM'000	End of year RM'000	NET BOOK VALUE End of year RM'000	Beginning of year RM'000
Plant and machinery, equipment, vehicles and construction-in-progress	**2,505**	**460**	**-**	**2,965**	**1,251**	**303**	**-**	**1,554**	**1,411**	**1,254**
2009										
Plant and machinery, equipment, vehicles and construction-in-progress	1,366	1,368	(229)	2,505	1,274	204	(227)	1,251	1,254	92

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plant with a carrying value of RM114,916,000 (2009 : RM103,452,000) and power plant construction-in-progress with a carrying value of RM22,435,000 (2009 : RM25,407,000).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM43,944,000 (2009: RM87,256,000) have been charged as security for banking facilities granted to those subsidiaries.

Property, plant and equipment of the Group with a total carrying value of RM428,000 (2009 : RM55,000) were acquired under hire purchase arrangements.

12. SUBSIDIARIES

	COMPANY 2010 RM'000	2009 RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	**361,809**	361,811
- Addition	**1,000**	–
- Disposal	**–**	(2) *
- Transferred from associates (Note 13)	**4,000**	–
- At end of financial year	**366,809**	361,809
Less : Accumulated impairment losses	**(280,126)**	(280,126)
	86,683	81,683
Quoted shares in Malaysia, at cost	**25,181**	25,181
Loan to a subsidiary	**27,475**	27,475
Less: Allowance for impairment losses	**(27,475)**	–
	111,864	134,339
Market value of quoted shares in Malaysia	**29,597**	22,442

12. SUBSIDIARIES (CONT'D)

* *During the financial year ended 31 December 2009, the Companies Commission of Malaysia approved the application made under Section 308 of the Companies Act 1965 for the striking-off of Mega First Property Management Sdn. Bhd. ("MFPM") and Jitu Optima Sdn. Bhd. ("JOSB"). MFPM and JOSB were wholly-owned subsidiaries of the Company and were dormant at the time of application.*

The subsidiaries are listed in Note 38 to the financial statements.

The loan to a subsidiary is unsecured and interest-free. The amount owing is to be settled in cash.

The investments in quoted shares of a subsidiary of the Group and of the Company with carrying values of RM43,498,000 (2009 : RM43,498,000) and RM24,597,000 (2009 : RM24,597,000) respectively are pledged to a licensed bank as security for a revolving credit facility granted to a subsidiary.

13. ASSOCIATES

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost				
- At beginning of financial year	**4,836**	4,263	**3,500**	3,500
- Addition	**500**	–	**500**	–
- Share of post-acquisition profits	**123**	573	**–**	–
	5,459	4,836	**4,000**	3,500
- Transferred to subsidiaries (Note 12)	**(5,459)**	–	**(4,000)**	–
- At end of financial year	**–**	4,836	**–**	3,500
Quoted securities, at fair value				
- At beginning of financial year	**–**	–	**–**	–
- Transferred from investment in quoted shares (Note 14)	**43,039**	–	**19,055**	–
- Share of post-acquisition profits	**182**	–	**–**	–
- At end of financial year	**43,221**	–	**19,055**	–
Total associates	**43,221**	4,836	**19,055**	3,500
Market value of quoted securities	**39,574**	–	**17,517**	–

13. ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
Jadi Imaging Holdings Berhad	Manufacturing and sale of toner	Malaysia	**20.59** *	–
Hexachase Corporation Sdn. Bhd.	Desktop publishing and manufacturing of labels and packaging materials	Malaysia	**–** **	50.0

* *During the period from 16 July 2010 to 31 December 2010, the Group has acquired a total of 143,411,000 fully paid-up ordinary shares of RM0.10 each representing 20.59% equity interest in Jadi Imaging Holdings Berhad ("JADI"), a public company listed on the Main Market of Bursa Malaysia Securities Berhad, for a total purchase consideration of approximately RM34.6 million.*

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.

** *On 6 April 2010, the Company increased its shareholding in Hexachase Corporation Sdn. Bhd. ("HCSB") from 50% to 52.38% through the subscription of an additional 6,250 new ordinary shares of RM1.00 each for the total cash consideration of RM500,000. HCSB therefore became a subsidiary of the Company on the same date and the investment was transferred to investment in subsidiaries.*

JADI's financial year end is 31 December.

The summarised financial information of the associate is as follows:-

	GROUP 2010 RM'000	GROUP 2009 RM'000
Assets and liabilities		
Non-current assets	**95,353**	6,114
Current assets	**59,139**	5,204
Total assets	**154,492**	11,318
Non-current liabilities	**9,736**	2,503
Current liabilities	**29,830**	3,556
Total liabilities	**39,566**	6,059
Results		
Revenue	**94,741**	12,854
Profit for the financial year	**13,246**	1,146

14. INVESTMENT IN QUOTED SHARES

	GROUP	
	2010	2009
	RM'000	RM'000
At fair value/At cost		
- At beginning of financial year	**136,607**	10,564
- Effects of FRS 139	**9,783**	–
	146,390	10,564
- Addition during the financial year	**149,988**	272,274
- Disposal during the financial year	**(124,185)**	(141,359)
- Exchange fluctuation adjustment	**–**	(1,811)
- Transferred to associates (Note 13)	**(43,039)**	–
- Reclassified as unquoted investments (Note 15)	**–**	(3,061)
- Fair value adjustment	**16,306**	–
- At end of financial year	**145,460**	136,607
Less: Accumulated impairment losses		
- At beginning of financial year	**(6,646)**	(5,086)
- Effects of FRS 139	**6,646**	–
	–	(5,086)
- Addition during the financial year	**–**	(4,480)
- Reclassified as unquoted investments (Note 15)	**–**	2,920
- At end of financial year	**–**	(6,646)
	145,460	129,961
Carrying value		
- Quoted in Malaysia	**91,259**	61,839
- Quoted outside Malaysia	**54,201**	68,122
	145,460	129,961
Market value		
- Quoted in Malaysia	**91,259**	70,199
- Quoted outside Malaysia	**54,201**	76,191
	145,460	146,390

Upon adoption of FRS 139 during the financial year, the Group designated its investments in quoted shares as available-for-sale financial assets, measured at fair value. Previously, these investments were measured using the cost model.

Notes To The Financial Statements

15. INVESTMENT IN UNQUOTED SHARES

	GROUP 2010 RM'000	GROUP 2009 RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	**3,396**	335
- Reclassified from quoted investments (Note 14)	**–**	3,061
- At end of financial year	**3,396**	3,396
Less : Accumulated impairment losses		
- At beginning of financial year	**(3,061)**	–
- Reclassified from quoted investments (Note 14)	**–**	(2,920)
- Addition during the financial year	**–**	(141)
- At end of financial year	**(3,061)**	(3,061)
	335	335

Investments in unquoted shares of the Group, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

16. LAND USE RIGHTS

	GROUP 2010 RM'000	GROUP 2009 RM'000
At cost	**4,131**	4,131
Less: Accumulated amortisation	**(2,992)**	(2,728)
At end of financial year	**1,139**	1,403

The Group has adopted the amendments made to FRS 117 Leases during the financial year. The Group has reassessed and determined that the leasehold land of the Group is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments. The comparative figures have been restated according to the amendments.

Land use rights with an aggregate carrying value of RM1,139,000 (2009 : RM1,403,000) are pledged as security for banking facilities granted to certain subsidiaries.

Notes To The Financial Statements

17. INVESTMENT PROPERTIES

	GROUP 2010 RM'000	2009 RM'000
Leasehold property, at fair value		
- At beginning of financial year	**73,442**	73,408
- Addition during the financial year	**33**	34
- Fair value adjustment	**10,933**	–
- At end of financial year	**84,408**	73,442

The carrying amounts of the above investment properties are marked to their respective market values adjusted for prevailing market conditions at the end of the reporting date.

18. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP 2010 RM'000	2009 RM'000
At beginning of financial year:-		
- Freehold land	**4,106**	4,106
- Leasehold land	**291**	783
- Development expenditure	**59,470**	60,678
- Allowance for foreseeable losses	**(2,500)**	–
	61,367	65,567
Addition during the financial year:-		
- Development expenditure	**891**	1,488
Transfer to property development costs:-		
- Leasehold land	**–**	(492)
- Development expenditure	**(4,912)**	(2,696)
	(4,912)	(3,188)
Allowance for foreseeable losses	**–**	(2,500)
At end of financial year:-		
- Freehold land	**4,106**	4,106
- Leasehold land	**291**	291
- Development expenditure	**55,449**	59,470
- Allowance for foreseeable losses	**(2,500)**	(2,500)
	57,346	61,367

Certain parcels of property of a subsidiary with a total cost of approximately RM1,487,000 (2009 : RM1,483,000) have been pledged as security for its bank overdraft and bank guarantee facilities. The bank overdraft bears interest at 1.5% per annum above the banker's base lending rate.

19. GOODWILL ON CONSOLIDATION

	GROUP	
	2010	2009
	RM'000	RM'000
At beginning of financial year	**10,027**	10,027
Addition through business combination	**3,775**	–
At end of financial year	**13,802**	10,027
Less: Accumulated impairment losses		
- At beginning of financial year	**(2,392)**	–
- Addition during the financial year	**(598)**	(2,392)
- At end of financial year	**(2,990)**	(2,392)
At end of financial year	**10,812**	7,635

The carrying amounts of goodwill allocated to the Group's cash-generating units ("CGU") are as follows:-

	GROUP	
	2010	2009
	RM'000	RM'000
Property	**2,455**	2,455
Limestone	**4,582**	5,180
Printing	**2,785**	–
Others	**990**	–
	10,812	7,635

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a period of less than five years using estimated growth rates which are based on past performances and their expectations of market developments and are discounted using weighted average cost of capital of the Company at 10.28% per annum.

In assessing the value-in-use, the management is of the view that no foreseeable changes to their assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

20. INVENTORIES

	GROUP 2010 RM'000	GROUP 2009 RM'000
At cost:-		
- Finished goods and work-in-progress	**3,198**	2,332
- Raw materials and consumables	**38,355**	20,567
- Completed properties for sale	**17,676**	12,342
	59,229	35,241
At net realisable value:-		
- Finished goods and work-in-progress	**–**	111
- Raw materials and consumables	**1,835**	3,246
- Completed properties for sale	**3,460**	3,460
- Less: Allowance for slow-moving inventories	**(1,003)**	(1,196)
: Allowance for write-down	**(695)**	(1,797)
	3,597	3,824
	62,826	39,065

A third party first legal charge is applied to a landed property of a subsidiary with a carrying value of approximately RM475,000 (2009 : RM475,000) for a bank guarantee facility granted by a local bank to another subsidiary of the Company.

21. PROPERTY DEVELOPMENT

	GROUP 2010 RM'000	GROUP 2009 RM'000
Property development costs		
Cumulative costs at beginning of financial year:-		
- Freehold land	**318**	1,294
- Leasehold land	**6,258**	7,621
- Development costs	**73,875**	90,474
	80,451	99,389
Additional costs incurred during the financial year:-		
- Leasehold land	**–**	678
- Development costs	**21,771**	30,056
	21,771	30,734
Less: Costs for completed projects:-		
- Freehold land	**(318)**	(976)
- Leasehold land	**–**	(2,041)
- Development costs	**(21,111)**	(46,655)
	(21,429)	(49,672)

21. PROPERTY DEVELOPMENT (CONT'D)

	GROUP	
	2010	2009
	RM'000	RM'000
Cumulative costs at end of financial year:-		
- Freehold land	**–**	318
- Leasehold land	**6,258**	6,258
- Development costs	**74,535**	73,875
	80,793	80,451
Costs recognised in income statement:-		
Cumulative costs recognised at beginning of financial year	**(58,152)**	(76,407)
Costs recognised during the financial year	**(11,349)**	(30,478)
Costs recognised for completed projects	**18,847**	48,733
Cumulative costs recognised at end of financial year	**(50,654)**	(58,152)
Property development costs at end of financial year	**30,139**	22,299
Cumulative revenue recognised in income statements	**72,970**	76,874
Less: Cumulative billings to purchasers	**(71,899)**	(73,928)
Progress billings recognised as revenue but not yet raised	**1,071**	2,946
Net balance at end of financial year	**31,210**	25,245

The Group considers that portion of property development projects on which development work has commenced and is expected to be completed within the normal operating cycle of two to three years as current assets.

Pursuant to a joint-venture agreement, a subsidiary was assigned the right to undertake the entire development of a piece of leasehold land belonging to the joint-venture partner and the proceeds arising therefrom are shared between the said joint-venture partner and the subsidiary in the agreed proportions.

Current year charges to the property development expenditure include revolving credit interest of RM33,000 (2009 : RM127,000).

Notes To The Financial Statements

22. RECEIVABLES

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**87,902**	103,115	**–**	–
Less: Allowance for impairment losses				
- At beginning of financial year	**(22,715)**	(19,502)	**–**	–
- Addition through business combination	**(115)**	–	**–**	–
- Addition	**(24)**	(3,442)	**–**	–
- Write-back	**5,861**	229	**–**	–
- Write-off	**790**	–	**–**	–
- At end of financial year	**(16,203)**	(22,715)	**–**	–
	71,699	80,400	**–**	–
Other receivables				
Sundry receivables	**13,539**	17,481	**2,213**	3,272
Less: Allowance for impairment losses	**(4,355)**	(4,355)	**(100)**	(100)
	9,184	13,126	**2,113**	3,172
Advances for Don Sahong project	**18,041**	12,329	**18,041**	12,329
Refundable deposits	**1,662**	1,307	**172**	174
Prepaid expenses	**1,001**	7,462	**47**	36
Tax recoverable	**4,672**	3,447	**2,783**	2,768
Progress payments to contractors	**2,840**	8,935	**–**	–
	28,216	33,480	**21,043**	15,307
Amount owing by subsidiaries	**–**	–	**214,043**	236,761
Less: Allowance for impairment losses	**–**	–	**(18,783)**	–
	–	–	**195,260**	236,761
	109,099	127,006	**218,416**	255,240

Trade receivables of the Group represent amounts receivable for the sale of goods and services rendered less discounts and returns, sale of electricity and steam, and progress billings for property development. The credit periods granted for trade receivables range from 21 to 120 days (2009 : 21 to 150 days).

The amounts owing by subsidiaries are unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

Notes To The Financial Statements

23. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Deposits with licensed financial institutions	**81,711**	77,863	**–**	–
Cash and bank balances	**31,074**	26,542	**484**	344
Housing Development Accounts	**5,580**	10,773	**–**	–
	118,365	115,178	**484**	344

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 0.20% to 3.00% (2009 : 0.28% to 3.00%) per annum. The fixed deposits have maturity periods of 1 to 365 days (2009 : 1 to 365 days).

The Housing Development Accounts are maintained by certain subsidiaries in accordance with Section 7(A) of the Housing Developers (Control and Licensing) Act 1966. These accounts consist of monies received from house purchasers to be utilised for property development expenditure after which, the surplus monies, if any, will accrue to the said subsidiaries upon the completion of the property development projects.

24. SHARE CAPITAL

	GROUP/COMPANY			
	Number of Shares		Amount	
	2010 '000	2009 '000	**2010 RM'000**	2009 RM'000
Authorised shares of RM1.00 each	**500,000**	500,000	**500,000**	500,000
Issued and fully paid-up ordinary shares of RM1.00 each				
At beginning of financial year	**239,283**	239,283	**239,283**	239,283
Issuance of shares pursuant to ESOS	**2,922**	–	**2,922**	–
At end of financial year	**242,205**	239,283	**242,205**	239,283

(a) During the financial year, 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 Employee Share Option Scheme ("ESOS") 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 ESOS that was due to expire on 30 September 2011 ("Old 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) As at 31 December 2010, options over 3,300,000 (2009 : 2,922,000) unissued ordinary shares remained outstanding.

(d) Of the total 242,205,000 (2009 : 239,283,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2010, 13,727,600 (2009 : 8,850,600) ordinary shares were held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue and fully paid-up amounted to 228,477,400 (2009 : 230,432,400).

25. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2010	2009	**2010**	2009
	'000	'000	**RM'000**	RM'000
At beginning of financial year	**8,851**	4,910	**10,585**	6,412
Purchase of shares	**4,877**	3,941	**7,942**	4,173
At end of financial year	**13,728**	8,851	**18,527**	10,585

(a) 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.

(b) The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the share buy-back plan can be applied in the best interests of the Company and its shareholders.

During the financial year, 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.

(c) None of the treasury shares were resold or cancelled during the financial year.

The details of the shares purchased during the financial year are as follows:-

Month	**No. of shares purchased**	**Lowest price paid per share RM**	**Highest price paid per share RM**	**Average cost per ahare RM**	**Total consideration RM**
January	686,000	1.42	1.57	1.53	1,046,226
February	234,900	1.44	1.54	1.51	353,677
March	1,533,500	1.54	1.61	1.56	2,397,670
April	582,600	1.59	1.68	1.63	949,395
May	553,800	1.54	1.76	1.70	938,854
June	180,000	1.60	1.69	1.65	297,521
July	252,000	1.62	1.68	1.66	419,624
August	52,000	1.65	1.69	1.69	87,862
September	92,000	1.68	1.76	1.74	160,052
October	90,000	1.76	1.83	1.80	162,057
November	252,200	1.79	1.97	1.90	480,251
December	368,000	1.68	1.86	1.76	649,058
Total	**4,877,000**				**7,942,247**

26. RESERVES

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable reserves				
Share premium	**33,380**	33,380	**33,380**	33,380
Employee share option reserve	**491**	28	**491**	28
Translation reserve	**8,534**	11,112	**–**	–
Fair value reserve	**26,701**	–	**6,761**	–
Capital reserve	**2,616**	2,213	**–**	–
	71,722	46,733	**40,632**	33,408
Distributable reserves				
Retained profits	**218,003**	164,973	**11,969**	13,829
	289,725	211,706	**52,601**	47,237

(a) Share premium

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

(b) Capital reserve

The capital reserve represents amounts transferred from profit after taxation of the subsidiaries incorporated in The People's Republic of China ("PRC") under the PRC laws and regulations.

(c) Employee share option reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees, calculated using the Black-Scholes model, recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 20 May 2010. The ESOS is to be in force for a period of 10 years effective from 1 August 2010.

26. RESERVES (CONT'D)

(c) Employee share option reserve (cont'd)

The main features of the ESOS are as follows:-

(i) The employees eligible to participate in the New ESOS must be employed for a continuous period of at least one (1) year by the Company and/or a subsidiary within the Group;

(ii) The non-executive directors eligible to participate in the New ESOS must have been a member of the Board or its subsidiaries for at least one (1) year. Each director can only be granted up to a maximum of 500,000 options irrespective of the number of boards he sits in within the Group;

(iii) No eligible employee or director shall participate at any time in more than one (1) employee share option scheme implemented by any company within the Group;

(iv) The entitlement under the New ESOS for the Directors of the Company and persons connected to them is subject to the approval of the shareholders of the Company in a general meeting;

(v) The New ESOS shall be in force for a period of ten (10) years from its commencement on 1 August 2010 unless otherwise terminated in accordance with its By-Laws;

(vi) No employee or director shall be granted options for less than 100 ordinary shares or more than 500,000 ordinary shares;

(vii) The new ordinary shares in the Company allotted upon any exercise of options under the scheme will upon allotment, rank pari passu in all aspects with the then existing ordinary shares in the Company, except that the new ordinary shares so issued will not rank for any dividends or other distribution declared or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Article of Association of the Company; and

(viii) The subscription price shall be at a discount of not more than 10% on the weighted average market price of the Company's shares for the five (5) market days immediately preceding the date of offer, but shall in no event be less than the par value of the shares.

The movement in the number of options granted, exercised and lapsed during the financial year is as follows:-

	Exercised price RM	Outstanding as at 1.1.2010 '000	←Movements during the financial year→ Granted '000	Exercised '000	Lapsed '000	Outstanding as at 31.12.2010 '000
Old ESOS	1.00	2,922	–	2,922	–	–
New ESOS	1.50	–	3,300	–	–	3,300

During the financial year, options in respect of the New ESOS were granted to the Directors whose names and number of options granted are disclosed in the section on Directors' Interests in this report.

26. RESERVES (CONT'D)

(d) Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of available-for-sale financial assets until they are disposed of or impaired.

(e) Translation reserve

The translation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

(f) Retained earnings

Subject to the agreement of the tax authorities, at the end of the reporting period, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire retained profits without incurring any additional tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

The breakdown of the retained profits of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	GROUP 2010 RM'000	COMPANY 2010 RM'000
Total retained profits:-		
- realised	8,889	12,070
- unrealised	4,387	(101)
	13,276	11,969
Total share of retained profits of associate:-		
- realised	182	–
- unrealised	–	–
	13,458	11,969
Less: Consolidation adjustments	204,545	–
At 31 December	218,003	11,969

27. LONG-TERM BORROWINGS

	GROUP 2010 RM'000	2009 RM'000
Term loans	**11,407**	9,569
Fixed rate serial bonds	**–**	3,000
	11,407	12,569
Less: Portion payable within 12 months (Note 31)	**(2,156)**	(4,550)
Non-current portion	**9,251**	8,019

The non-current portion is repayable as follows:-

	GROUP 2010 RM'000	2009 RM'000
Between 1 – 2 years	**2,920**	1,623
Between 2 – 5 years	**6,074**	5,353
After 5 years	**257**	1,043
	9,251	8,019

Term Loans

The term loans of the Group bear interest at rates ranging from 2.50% to 7.30% (2009 : 1.00% per annum above the banker's effective cost of fund) and are secured as follows:-

(a) First party legal charges over certain land and landed properties of certain subsidiaries;

(b) A debenture covering fixed and floating charges over the present and future assets of a subsidiary;

(c) A special debenture on the machinery financed by a subsidiary;

(d) Fixed charges over the subsidiaries' long term leasehold land and buildings as disclosed in Notes 11 and 16 to financial statements;

(e) A letter of comfort/letter of awareness from a subsidiary;

(f) Corporate guarantees given by a subsidiary and Credit Guarantee Corporation Malaysia Berhad; and

(g) Personal guarantee and joint and several guarantees given by certain directors of certain subsidiaries and Credit Guarantee Corporation Malaysia Berhad.

Fixed Rate Serial Bonds

These bonds comprised ten series and bore interest at rates ranging from 5.80% to 9.20% per annum with each series carrying varying fixed interest rates. The bonds have been fully redeemed in August 2010.

28. HIRE PURCHASE PAYABLES

	GROUP 2010 RM'000	2009 RM'000
Hire purchase payables	**261**	9
Less : Portion payable within 12 months (Note 30)	**(182)**	(9)
Non-current portion	**79**	–

28. HIRE PURCHASE PAYABLES (CONT'D)

The non-current portion is payable as follows:-

	GROUP	
	2010	2009
	RM'000	RM'000
Between 1 – 2 years	**79**	–
Between 2 – 5 years	**–**	–
	79	–

The hire purchase payables of the Group bear an effective interest of 3.82% (2009 : 5.11%) per annum.

29. DEFERRED TAXATION

	GROUP	
	2010	2009
	RM'000	RM'000
At beginning of financial year	**23,126**	24,502
Addition through business combination	**210**	–
Recognised in profit or loss (Note 8)	**(843)**	(1,376)
At end of financial year	**22,493**	23,126
The deferred taxation represents the tax effects of:-		
- Temporary differences of capital allowances and depreciation	**21,397**	22,528
- Revaluation surplus	**718**	804
- Others	**378**	(206)
	22,493	23,126

Deferred tax assets not recognised in the statement of financial position are as follows:-

	GROUP	
	2010	2009
	RM'000	RM'000
Differences of capital allowances and depreciation	**6**	(16)
Unabsorbed capital allowances	**766**	1,791
Unutilised tax losses	**103,877**	107,026
Provision	**193**	2,688
Others	**–**	537
Total deferred tax assets	**104,842**	112,026

Deferred tax assets have not been recognised in respect of the unabsorbed capital allowances and unutilised tax losses as they arose from the subsidiaries that have a history of losses and it is not probable that there will be future taxable profits available for offset in the foreseeable future. In addition, these brought forward losses may not be used to offset taxable profits of other subsidiaries in the Group.

As at 31 December 2010, subject to agreement with the Inland Revenue Board, apart from the unabsorbed capital allowances and unutilised tax losses, the Group has unutilised reinvestment allowances of RM10,383,000 (2009 : RM20,024,000) available to be carried forward to be offset against future taxable income.

Notes To The Financial Statements

30. PAYABLES

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**29,970**	22,095	**–**	–
Other payables				
Accrued expenses	**15,068**	9,087	**1,117**	865
Hire purchase payables due within 12 months (Note 28)	**182**	9	**–**	–
Sundry payables:-				
- Amount owing to minority shareholders of a subsidiary	**1,865**	8,515	**–**	–
- Others	**12,266**	17,979	**2,921**	4,858
Amount owing to subsidiaries	**–**	–	**50,367**	97,015
	29,381	35,590	**54,405**	102,738
	59,351	57,685	**54,405**	102,738

Trade payables consist of amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases range from 30 to 120 days (2009 : 30 to 120 days).

Included in the amount owing to subsidiaries is a total (principal) of RM42,600,000 (2009 : RM32,140,000) which is non-trade in nature, unsecured, bears interest at rates ranging from 2.75% to 3.50% (2009 : 2.75% to 4.00%) per annum and repayable on demand. The total amount owing is to be settled in cash.

31. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Bank overdrafts (Note 35)				
- secured	**1,497**	674	**–**	–
- unsecured	**10,546**	6,004	**10,546**	6,004
Trust receipts				
- secured	**1,262**	–	**–**	–
Revolving credits				
- secured	**50,500**	20,000	**–**	–
- unsecured	**10,000**	25,200	**10,000**	10,000
Term loans				
- secured	**18,696**	18,570	**–**	–
- unsecured	**28,044**	31,620	**–**	–
Long-term borrowings due within 12 months (Note 27)	**2,156**	4,550	**–**	–
	122,701	106,618	**20,546**	16,004

31. SHORT-TERM BORROWINGS (CONT'D)

The bank overdrafts of the Group and of the Company bear interest at rates ranging from 0.00% to 2.00% (2009 : 0.75% to 2.00%) per annum above the bankers' base lending rate whilst the revolving credits of the Group and of the Company bear interest at rates ranging from 1.00% to 1.50% (2009 : 1.00% to 1.50%) per annum above the bankers' cost of funds.

Other than as disclosed in Note 27 to the financial statements, the short-term loans of the Group bear interest at rates ranging from 2.50% to 7.30% (2009 : 4.86% to 6.90%) per annum.

In respect of secured borrowings, other than the long-term borrowings due within 12 months, the nature of the security is as follows:-

(a) First party legal charges over certain landed properties of certain subsidiaries;

(b) First party legal charges over an investment property of a subsidiary and a third party charge of the said investment property upon issuance of individual/stata titles;

(c) Specific debenture on a subsidiary's machinery;

(d) Letter of guarantee and indemnity by all the directors of certain subsidiaries;

(e) Debentures covering fixed and floating charges over the present and future assets of certain subsidiaries;

(f) A pledge of the investments in quoted shares of a subsidiary of the Group with 25,000,000 ordinary shares of RM1.00 each;

(g) Corporate guarantees from the Company, a subsidiary and Credit Guarantee Corporation Malaysia Berhad; and

(h) Joint and several guarantees from all directors of certain subsidiaries; and

(i) Charges on certain property, plant and equipment and the land use rights with a total carrying value of approximately RM25,681,000 (2009 : RM26,932,000) of a foreign subsidiary.

32. NET ASSETS PER ORDINARY SHARE

Net assets per ordinary share has been calculated based on the Group's shareholders' funds as of 31 December 2010 of RM513,403,000 (2009 : RM440,404,000) on 228,477,400 (2009 : 230,432,400) ordinary shares of RM1.00 each in issue (net of treasury shares).

33. CAPITAL COMMITMENTS

	GROUP	
	2010	2009
	RM'000	RM'000
Property, plant and equipment		
Authorised but not provided for:-		
- Contracted	**6,427**	28,028
- Not contracted	**8,075**	26,378
	14,502	54,406

34. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Unsecured				
Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the state of Sabah	**9,067**	7,871	**–**	–
Disputed additional in tax payable of a subsidiary levied by the local Inland Revenue Board	**603**	–	**–**	–
Corporate guarantees given to financial institutions for facilities extended to subsidiaries	**–**	–	**9,500**	35,200

A subsidiary entered into an agreement with a third party to develop certain pieces of freehold land. The third party claimed that the subsidiary breached certain terms of the agreement and the matter has not been fixed for trial. It is currently under case management.

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following statement of financial position amounts:

	GROUP		COMPANY	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Bank balances and deposits (Note 23)	**118,365**	115,178	**484**	344
Bank overdrafts (Note 31)	**(12,043)**	(6,678)	**(10,546)**	(6,004)
	106,322	108,500	**(10,062)**	(5,660)

Notes To The Financial Statements

36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) *Financial Risk Management Policies*

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) *Market Risk*

(i) *Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Chinese Renminbi, Hong Kong Dollar, Singapore Dollar and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:-

GROUP	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
2010							
Financial assets							
Investment in quoted shares	91,259	-	-	6,053	48,148	-	145,460
Investment in unquoted shares	335	-	-	-	-	-	335
Receivables	55,566	34,905	11,672	856	-	427	103,426
Bank balances and deposits	49,589	60,822	3,950	283	3,292	429	118,365
	196,749	95,727	15,622	7,192	51,440	856	367,586
Financial liabilities							
Other payables	669	-	-	-	-	-	669
Long-term borrowings	9,251	-	-	-	-	-	9,251
Hire purchase payables	79	-	-	-	-	-	79
Payables	43,160	16,028	163	-	-	-	59,351
Short-term borrowings	75,961	46,740	-	-	-	-	122,701
	129,120	62,768	163	-	-	-	192,051

Notes To The Financial Statements

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

GROUP	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
2010							
Net financial assets	**67,629**	**32,959**	**15,459**	**7,192**	**51,440**	**856**	**175,535**
Less: Net financial assets denominated in the respective entities' functional currencies	**(67,629)**	**(32,959)**	**–**	**–**	**–**	**–**	**(100,588)**
Currency exposure	**–**	**–**	**15,459**	**7,192**	**51,440**	**856**	**74,947**
2009							
Financial assets							
Investment in quoted shares	61,839	–	–	5,260	62,862	–	129,961
Investment in unquoted shares	335	–	–	–	–	–	335
Receivables	66,989	44,743	3,400	–	–	965	116,097
Bank balances and deposits	64,248	39,027	11,456	–	–	447	115,178
	193,411	83,770	14,856	5,260	62,862	1,412	361,571
Financial liabilities							
Other payables	692	–	–	–	–	–	692
Long-term borrowings	8,019	–	–	–	–	–	8,019
Payables	49,434	8,233	18	–	–	–	57,685
Short-term borrowings	56,428	50,190	–	–	–	–	106,618
	114,573	58,423	18	–	–	–	173,014
Net financial assets	78,838	25,347	14,838	5,260	62,862	1,412	188,557
Less: Net financial assets denominated in the respective entities' functional currencies	(78,838)	(25,347)	–	–	–	–	(104,185)
Currency exposure	–	–	14,838	5,260	62,862	1,412	84,372

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

COMPANY	RINGGIT MALAYSIA RM'000	UNITED STATES DOLLAR RM'000	TOTAL RM'000
2010			
Financial assets			
Receivables	**215,297**	**440**	**215,737**
Bank balances and deposits	**484**	**–**	**484**
	215,781	**440**	**216,221**
Financial liabilities			
Payables	**54,405**	**–**	**54,405**
Short-term borrowings	**20,546**	**–**	**20,546**
	74,951	**–**	**74,951**
Net financial assets	**140,830**	**440**	**141,270**
Less: Net financial assets denominated in the respective entities' functional currencies	**(140,830)**	**–**	**(140,830)**
Currency exposure	**–**	**440**	**440**
2009			
Financial assets			
Receivables	251,948	488	252,436
Bank balances and deposits	344	–	344
	252,292	488	252,780
Financial liabilities			
Payables	102,738	–	102,738
Short-term borrowings	16,004	–	16,004
	118,742	–	118,742
Net financial assets	133,550	488	134,038
Less: Net financial assets denominated in the respective entities' functional currencies	(133,550)	–	(133,550)
Currency exposure	–	488	488

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	GROUP		**COMPANY**	
	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000	**2010 Increase/ (Decrease) RM'000**	2009 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
United States Dollar:-				
- strengthened by 5%	**580**	556	**17**	18
- weakened by 5%	**(580)**	(556)	**(17)**	(18)
Singapore Dollar:-				
- strengthened by 5%	**270**	197	**–**	–
- weakened by 5%	**(270)**	(197)	**–**	–
Hong Kong Dollar:-				
- strengthened by 5%	**1,929**	2,357	**–**	–
- weakened by 5%	**(1,929)**	(2,357)	**–**	–

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	GROUP		**COMPANY**	
	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000	**2010 Increase/ (Decrease) RM'000**	2009 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	**(94)**	(69)	**(39)**	(30)
Decrease of 25 bp	**94**	69	**39**	30

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risks by maintaining a portfolio of equities with different risk profiles.

Equity price risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	GROUP		**COMPANY**	
	2010 Increase/ (Decrease) RM'000	2009 Increase/ (Decrease) RM'000	**2010 Increase/ (Decrease) RM'000**	2009 Increase/ (Decrease) RM'000
Effects on profit after taxation				
Increase of 5%	**–**	–	**–**	–
Decrease of 5%	**–**	–	**–**	–
Effects on equity				
Increase of 5%	**7,273**	6,498	**–**	–
Decrease of 5%	**(7,273)**	(6,498)	**–**	–

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables (including amount owing by subsidiaries) by geographical region is as follows:-

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Malaysia	**33,936**	43,873	**–**	–
China	**32,055**	36,489	**–**	–
Others	**5,708**	38	**–**	–
	71,699	80,400	**–**	–

Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by subsidiaries) as at 31 December 2010 is as follows:-

GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
Not past due	58,317	–	–	58,317
Past due:-				
- less than 3 months	5,089	–	–	5,089
- 3 to 6 months	1,565	–	–	1,565
- over 6 months	17,482	(10,754)	–	6,728
	82,453	(10,754)	–	71,699

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of electricity, steam, goods and properties, determined by reference to past default experience.

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

GROUP 2010	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
Trade payables	–	29,970	29,970	29,970	–	–
Other payables and accruals	–	29,868	29,868	29,199	–	669
Hire purchase payables	–	261	273	193	80	–
Term loans	4.00%-7.30%	58,147	59,824	49,797	8,684	1,343
Bank overdrafts	6.30%-8.05%	12,043	16,573	16,573	–	–
Trust receipts	4.00%-7.50%	1,262	1,262	1,262	–	–
Revolving credits	4.16%-4.70%	60,500	61,152	61,152	–	–
		192,051	198,922	188,146	8,764	2,012

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) *Financial Risk Management Policies (Cont'd)*

(iii) *Liquidity Risk (Cont'd)*

GROUP	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2009						
Trade payables	–	22,095	22,095	22,095	–	–
Other payables and accruals	–	36,273	36,273	35,581	–	692
Hire purchase payables	–	9	9	9	–	–
Term loans	4.86%-5.05%	59,759	61,832	52,824	7,856	1,152
Bonds	9.20%	3,000	3,153	3,153	–	–
Bank overdrafts	6.30%-7.55%	6,678	7,035	7,035	–	–
Revolving credits	3.52%-4.07%	45,200	45,810	45,810	–	–
		173,014	176,207	166,507	7,856	1,844

COMPANY	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2010						
Other payables and accruals	**–**	**4,038**	**4,038**	**4,038**	**–**	**–**
Amount owing to subsidiaries	**–**	**50,367**	**50,367**	**–**	**–**	**50,367**
Bank overdrafts	**7.05%-8.05%**	**10,546**	**11,367**	**11,367**	**–**	**–**
Revolving credits	**4.67%-4.70%**	**10,000**	**10,117**	**10,117**	**–**	**–**
		74,951	**75,889**	**25,522**	**–**	**50,367**

COMPANY	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2009						
Other payables and accruals	–	5,723	5,723	5,723	–	–
Amount owing to subsidiaries	–	97,015	97,015	–	–	97,015
Bank overdrafts	6.30%-7.30%	6,004	6,428	6,428	–	–
Revolving credits	4.93%-4.07%	10,000	10,199	10,199	–	–
		118,742	119,365	22,350	–	97,015

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	GROUP	
	2010	2009
	RM'000	RM'000
Trade payables	**29,970**	22,095
Other payables and accruals	**29,868**	36,273
Hire purchase payables	**261**	9
Term loans	**58,147**	59,759
Bank overdrafts	**12,043**	6,678
Trust receipts	**1,262**	–
Bonds	**–**	3,000
Revolving credits	**60,500**	45,200
	192,051	173,014
Less: Bank balances and deposits	**(118,365)**	(115,178)
Net debt	**73,686**	57,836
Equity attributable to equity holders of the Company	**513,403**	440,404
Debt-to-equity ratio	**0.14**	0.13

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement.

Notes To The Financial Statements

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) *Classification Of Financial Instruments*

	GROUP 2010 RM'000	COMPANY 2010 RM'000
Financial assets		
Available-for-sale financial assets		
Investment in quoted shares, at fair value	145,460	–
Investment in unquoted shares, at cost	335	–
	145,795	–
Loans and receivables financial assets		
Receivables	103,426	215,737
Bank balances and deposits	118,365	484
	221,791	216,221
Financial liabilities		
Other financial liabilities		
Other payables	669	–
Long term borrowings	9,251	–
Hire purchase payables	261	–
Payables	59,169	54,405
Short-term borrowings	122,701	20,546
	192,051	74,951

(d) *Fair Values Of Financial Instruments*

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

(iii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

(iv) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

37. SEGMENT INFORMATION

Business segments

For management purposes, the Group is organised into the following main divisions:-

Division	**Description**
Power	Build, own and operate power plants.
Property	Property development and investment.
Limestone	Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks.
Engineering	Engineering, designing and manufacturing of automotive and transportation components.
Investment holding	Investment holding.

	Continuing Operations						
Group 2010	**Power RM'000**	**Property RM'000**	**Limestone RM'000**	**Engineering RM'000**	**Investment Holdings & Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue							
External sales	395,038	25,043	74,540	15,104	13,598	-	523,323
Inter-segment revenue	-	-	-	-	64,473	(64,473)	-
Total revenue	395,038	25,043	74,540	15,104	78,071	(64,473)	523,323
Results							
Profit from operations	76,373	24,651	16,192	2,706	69,974	(62,991)	126,905
Finance costs	(2,372)	(641)	(525)	(16)	(2,530)	-	(6,084)
	74,001	24,010	15,667	2,690	67,444	(62,991)	120,821
Share of profit in an associate							305
Income tax expense							(21,905)
Profit for the financial year							99,221
Other information							
Capital expenditure	36,223	227	9,338	713	2,766	-	49,267
Depreciation and amortisation	19,683	295	3,858	741	788	-	25,365
Assets							
Segment assets	328,531	336,634	118,276	11,235	52,970	-	847,646
Unallocated corporate assets	-	2,481	359	-	1,832	-	4,672
Inter-segment assets	12,955	32,805	30,695	-	232,132	(308,587)	-
Investment in an associate	-	-	-	-	43,221	-	43,221
Consolidated total assets	341,486	371,920	149,330	11,235	330,155	(308,587)	895,539

Notes To The Financial Statements

37. SEGMENT INFORMATION (CONT'D)

Group 2010	Power RM'000	Property RM'000	Limestone RM'000	Engineering RM'000	Investment Holdings & Others RM'000	Eliminations RM'000	Consolidated RM'000
	← Continuing Operations →						
Liabilities							
Segment liabilities	**89,574**	**50,088**	**17,913**	**1,694**	**32,782**	**–**	**192,051**
Unallocated corporate liabilities	**14,655**	**4,156**	**7,192**	**1,390**	**438**	**–**	**27,831**
Inter-segment liabilities	**630**	**165,834**	**500**	**52,881**	**134,245**	**(354,090)**	**–**
Consolidated total liabilities	**104,859**	**220,078**	**25,605**	**55,965**	**167,465**	**(354,090)**	**219,882**
2009							
Revenue							
External sales	333,556	48,504	68,934	10,437	1,672	–	463,103
Inter-segment revenue	–	–	–	–	16,556	(16,556)	–
Total revenue	333,556	48,504	68,934	10,437	18,228	(16,556)	463,103
Results							
Profit from operations	80,323	12,614	17,434	572	26,594	(15,280)	122,257
Finance costs	(3,472)	(28)	(629)	(14)	(1,167)	–	(5,310)
	76,851	12,586	16,805	558	25,427	(15,280)	116,947
Share of profit in an associate							573
Income tax expense							(21,332)
Profit for the financial year							96,188
Other information							
Capital expenditure	27,898	547	3,116	538	1,368	–	33,467
Depreciation and amortisation	17,767	227	3,927	809	210	–	22,940
Assets							
Segment assets	310,596	226,313	104,521	9,964	138,176	–	789,570
Unallocated corporate assets	–	1,008	493	–	1,946	–	3,447
Inter-segment assets	57,338	34,650	32,287	–	301,086	(425,361)	–
Investment in an associate	–	–	–	–	4,836	–	4,836
Consolidated total assets	367,934	261,971	137,301	9,964	446,044	(425,361)	797,853
Liabilities							
Segment liabilities	92,090	42,180	18,389	3,178	17,177	–	173,014
Unallocated corporate liabilities	15,007	535	8,738	8	5,217	–	29,505
Inter-segment liabilities	775	121,726	500	54,078	248,667	(425,746)	–
Consolidated total liabilities	107,872	164,441	27,627	57,264	271,061	(425,746)	202,519

37. SEGMENT INFORMATION (CONT'D)

Geographical segments

Analysis by geographical segments:-

	Revenue		Non-current assets		Capital additions	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000	**2010 RM'000**	2009 RM'000
Malaysia	**190,321**	180,541	**458,692**	380,554	**18,321**	5,672
China	**283,253**	247,590	**115,347**	110,805	**30,946**	27,795
Other ASEAN countries	**30,736**	15,227	**–**	–	**–**	–
India	**17,483**	19,712	**–**	–	**–**	–
Other countries	**1,530**	33	**–**	–	**–**	–
	523,323	463,103	**574,039**	491,359	**49,267**	33,467

38. SUBSIDIARIES

The principal activities of the subsidiaries, their place of incorporation and the effective interest of the Company are shown below:-

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
Mega First Power Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Power (HK) Limited	Investment holding	Hong Kong	**100**	100
Mega First Power Services Sdn. Bhd.	Contractor for operation and maintenance of power plants	Malaysia	**100**	100
			100	100
Serudong Power Sdn. Bhd.	Build, own and operate a power plant	Malaysia	**51**	51
Shaoxing Mega Heat And Power Co. Limited *	Own and operate a power plant	The People's Republic of China	**60**	60
Mega First Housing Development Sdn. Bhd.	Property development	Malaysia	**100**	100
Gombak Land Sdn. Bhd.	Property development	Malaysia	**100**	100
Community Consortium Sdn. Bhd.	Property development	Malaysia	**100**	100

Notes To The Financial Statements

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
Empayar Permai Sdn. Bhd.	Property development	Malaysia	**100**	100
Highland Resources Sdn. Bhd.	Property development	Malaysia	**100**	100
Idaman Harmoni Sdn. Bhd.	Property investment	Malaysia	**65**	65
Kinta Ceria Sdn. Bhd.	Property investment	Malaysia	**100**	100
Paya Emas Sdn. Bhd. development	Property development	Malaysia	**60**	60
Public Ventures Management Sdn. Bhd.	Dormant	Malaysia	**100**	100
Megah Harmonik Property Management Sdn. Bhd.	Property management	Malaysia	**100**	100
Greentown Parking Sdn. Bhd. (formerly known as Consotech Sdn. Bhd.)	Car park operator	Malaysia	**100**	100
Rock Chemical Industries (Malaysia) Berhad	Investment holding and provision of management consultancy services	Malaysia	**60.4**	60.4
Batamas Sdn. Bhd.	Manufacture and sale of calcium silicate bricks	Malaysia	**60.4**	60.4
Mega First Ventures Limited *	Dormant	Hong Kong	**60.4**	60.4
Mesrasasi Sdn. Bhd.	Limestone quarry operator	Malaysia	**60.4**	60.4
RCI Lime Sdn. Bhd.	Manufacture and sale of lime products and limestone quarry operator	Malaysia	**60.4**	60.4

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2010 %	2009 %
RCI Marketing Sdn. Bhd.	Trading of building materials and chemical products	Malaysia	**60.4**	60.4
RCI Minerals Sdn. Bhd.	Investment holding	Malaysia	**60.4**	60.4
RCI Ventures Sdn. Bhd.	Investment holding	Malaysia	**60.4**	60.4
Cheng Sun Industries Sdn. Bhd.	Investment holding	Malaysia	**99.6**	99.6
Syarikat Cheng Sun Quarry Sdn. Bhd.	Quarrying of limestone and production of fine calcium carbonate powder	Malaysia	**99.6**	99.6
Bloxwich International Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Bloxwich (Malaysia) Sdn. Bhd.	Engineering, design and manufacture of automotive and transportation components	Malaysia	**95**	95
Bloxwich Lighting Sdn. Bhd.	Manufacturing of light emitting diode (LED) for lighting purposes	Malaysia	**100**	–
Bloxwich Industries (Pty) Limited **	In liquidation	South Africa	**100**	100
Hexachase Corporation Sdn. Bhd. ^	Desktop publishing	Malaysia	**52.4**	50
Hexachase Labels Sdn. Bhd. ^ #	Manufacturer of labels and printed products	Malaysia	**47.1**	45
Hexachase Marketing & Trading Sdn. Bhd. ^ #	Marketing and trading of labels and printed products	Malaysia	**47.1**	45
Hexachase Labels (Kuala Lumpur) Sdn. Bhd. ^ #	Dormant	Malaysia	**37.7**	36

Notes To The Financial Statements

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2010 %	Effective Group Interest 2009 %
Hexachase Packaging Sdn. Bhd. ^ #	Manufacturer of packaging materials	Malaysia	**41.9**	40
Hexachase Paper Products Sdn. Bhd. ^ #	Marketing and trading of paper and associated products	Malaysia	**41.9**	40
Authentic Excellence Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Bayangan Sutera Sdn. Bhd.	Investment holding	Malaysia	**100**	100
MFFB International Limited	Dormant	British Virgin Islands	**100**	100
Don Sahong Power Company Limited @	Investment holding	British Virgin Islands	**100**	70
Geo-Mobile Asia Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mamut Copper Mining Sdn. Bhd.	Dormant	Malaysia	**100**	100
Geo-Mobile Asia (HK) Limited *	Dormant	Hong Kong	**100**	100
Mega First Corporate Services Sdn. Bhd.	Provision of secretarial services	Malaysia	**100**	100
Mega First Development Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100
MFCB Marketing Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Properties Sdn. Bhd.	Dormant	Malaysia	**100**	100

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2010 %	2009 %
Mega First Resources Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Ventures Sdn. Bhd.	Dormant	Malaysia	**100**	100
Propera Sdn. Bhd.	Dormant	Malaysia	**100**	100

* *The financial statements of these companies are examined by auditors other than the auditors of the Company.*

** *On 19 January 2009, Bloxwich Industries (Pty) Limited ("BIPL") was placed under liquidation pursuant to a winding-up Order granted by the High Court of South Africa in Durban, Republic of South Africa upon the voluntary petition of BIPL.*

^ *On 6 April 2010, the Company increased its shareholding in Hexachase Corporation Sdn. Bhd. ("HCSB"), an existing associate company, from 50% to 52.38% through the subscription of an additional 6,250 new ordinary shares of RM1.00 each for the total cash consideration of RM500,000. HCSB therefore became a subsidiary of the Company with effect from 6 April 2010.*

\# *These companies are subsidiaries of HCSB.*

@ *On 20 September 2010, the Company acquired from IJM Corporation Berhad its 30% interest in the Don Sahong Hydropower Project which includes 3,000 shares of USD1.00 each, representing 30% equity interest in Don Sahong Power Company Limited ("DSPC") for the total purchase consideration of RM4,155,000. DSPC therefore became a 100% owned subsidiary of the Company with effect from 20 September 2010.*

39. ACQUISITION OF A SUBSIDIARY

On 6 April 2010, the Company increased its shareholdings in Hexachase Corporation Sdn. Bhd. ("HCSB"), an existing associate company, from 50% to 52.38% through the subscription of an additional 6,250 new ordinary shares of RM1.00 each for the total cash consideration of RM500,000. HCSB therefore became a subsidiary of the Company with effect from 6 April 2010.

The fair values of the identifiable assets and liabilities as at the date of acquisition were:-

	AT DATE OF ACQUISITION	
	CARRYING AMOUNT RM'000	FAIR VALUE RECOGNISED RM'000
Property, plant and equipment	6,796	6,796
Inventories	1,781	1,781
Receivables	2,480	2,480
Bank balances and deposits	1,518	1,518
Goodwill on consolidation	80	80
Terms loans	(3,001)	(3,001)
Hire purchase payables	(340)	(340)
Deffered tax lialibilities	(210)	(210)
Payables	(2,136)	(2,136)
Revolving credits/Trust receipts	(1,265)	(1,265)
Minority interests	(600)	(600)
Net identifiable assets	5,103	5,103
Less: Minority interests		(2,430)
Add: Goodwill on acquisition		1,327
Total purchase consideration		4,000
Less: Transferred from investment in associate		(3,500)
		500
Less: Cash and cash equivalents of the subsidiaries acquired		(1,518)
Net cash inflow from acquisition of the subsidiary		(1,018)

The acquired subsidiary has contributed the following results to the Group:-

	2010 RM'000
Revenue	**9,972**
Profit after taxation	**406**

If the acquisition had taken place at the beginning of the financial year, the Group's revenue and profit after taxation from continuing operations would have been approximately RM526,424,000 and RM99,548,000 respectively.

40. DECONSOLIDATION OF SUBSIDIARIES

2009

MFPM and JOSB were struck off the company register as described in Note 12 to the financial statements.

41. DIRECTORS' REMUNERATION

The aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year are as follows:-

	GROUP/COMPANY	
	2010	2009
	RM'000	RM'000
Executive Directors		
- Salary, bonus and other remuneration, including benefits-in-kind (gross)	**806**	726
Non-Executive Directors		
- Fees	**213**	208
- Other emoluments	**30**	19
	1,049	953

The details of directors' remuneration received and receivable for the financial year in bands of RM50,000 are as follows:-

	GROUP/COMPANY	
	2010	2009
	RM'000	RM'000
Executive Directors		
RM300,001 – RM350,000	**–**	1
RM350,001 – RM400,000	**1**	–
RM400,001 – RM450,000	**1**	1
Non-Executive Directors		
- Below RM50,000	**9**	7

Notes To The Financial Statements

42. RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationships with:-

(a) its subsidiaries as disclosed in Note 38 to the financial statements; and

(b) key management personnel. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company consist of Executive Directors and members of senior management and heads of major subsidiaries of the Group.

In addition to the information disclosed elsewhere in the financial statements, the Group and the Company carried out the following transactions with its related parties during the financial year:-

(a) The details of the transactions with subsidiaries are as follows:-

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Dividend income received and receivable	**–**	–	**62,338**	14,813
Management fee received and receivable	**–**	–	**1,482**	1,165

(b) The remuneration of key management personnel is as follows:-

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Directors' fees	**213**	208	**213**	208
Salary, bonus and other remuneration, including benefits-in-kind (gross)	**3,484**	2,813	**1,271**	1,037

(c) The movement in share options of key management personnel is as follows:-

	GROUP		COMPANY	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
At 1 January	**2,370**	2,370	**1,100**	1,100
Granted	**3,300**	–	**3,300**	–
Exercised	**(2,370)**	–	**(1,100)**	–
At 31 December	**3,300**	2,370	**3,300**	1,100

43. SIGNIFICANT CORPORATE EVENTS

(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-up ordinary shares of RM0.10 each representing 20.59% equity interest in Jadi Imaging Holdings Berhad ("JADI"), a public company listed on the Main Market of Bursa Malaysia Securities Berhad, for a total purchase consideration of approximately 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.

Statement By Directors

The Directors of **MEGA FIRST CORPORATION BERHAD** state that, in their opinion, the accompanying statements of financial position and statements of comprehensive income, cash flows and changes in equity are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2010 and of the results of their businesses and the cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 26 (f), which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance
with a resolution of the Directors,

DR. LIM THIAN SOO

GOH NAN YANG

Petaling Jaya
22 March 2011

Statutory Declaration

I, DR. LIM THIAN SOO, the director primarily responsible for the financial management of **MEGA FIRST CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying statements of financial position and statements of comprehensive income, cash flows and changes in equity, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
DR. LIM THIAN SOO at **PETALING JAYA** this
22nd day of March 2011

Before me,

PN KOH TWEE YONG @ KOH TWEE SIEW
COMMISSIONER FOR OATHS

List Of Properties Held

as at 31 December 2010

No.	Description	Location	Approximate Age (years)	Total Area (sq.metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
1.	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	14	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,676
2.	Factory land and building	Qi Yang Gong Lu Qi Xian Town Shaoxing County Zhejiang Province People's Republic of China	13	61,960	Leasehold 22 years (Expire in 2019)	1997	n/a	24,540
3.	Vacant land held for development	PT 2388, 2397, 2401 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	n/a	2,298	Leasehold 99 years (Expire in 2086)	1987	n/a	202
4.	Vacant land held for development	PT 134908, 134914 Greentown, Ipoh Perak Darul Ridzuan	n/a	10,072	Leasehold 99 years (Expire in 2094)	1995	n/a	4,523
5.	Vacant land held for development	Lot 277 to 279 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	n/a	184,990	Freehold	1993	n/a	7,548
6.	Vacant land held for development	PT 134909 Greentown, Ipoh Perak Darul Ridzuan	n/a	8,094	Leasehold 99 years (Expire in 2094)	2005	n/a	5,681
7.	Vacant land held for development	Lot 2215-2261, 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	n/a	316,464	Leasehold 99 years (Expire in 2097)	1996	n/a	33,533
8.	Corporate office tower and office suite	PT 24605 Bandar Petaling Jaya Selangor Darul Ehsan	2	18,806	Leasehold 99 years (Expire in 2106)	2006	n/a	78,727
9.	Factory land and building	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	23	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	1,188
10.	Quarrying limestone hill	Lot PT 132 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	n/a	36,367	Leasehold 30 years (Expire in 2011)	1981	n/a	–

List Of Properties Held

as at 31 December 2010

No.	Description	Location	Approximate Age (years)	Total Area (sq.metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
11.	Vacant land	Lot PT 1109 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	n/a	8,099	Leasehold 30 years (Expire in 2022)	1992	n/a	3
12.	Quarry and limestone hill	HS(D) KA 46712 PT 3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	193,300	Leasehold 30 years (Expire in 2025)	1996	1996	2,959
13.	Building, office and guardhouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	8	22,600	Freehold	1997	1997	1,869
14.	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	18,700	Freehold	1996	1996	163
15.	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	10,600	Freehold	1996	1996	40
16.	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	16,415	Freehold	2006	2006	271
17.	Quarry, limestone hill and guardhouse	Lot 45152 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	4	16,010	Freehold	2007	n/a	494
18.	3 storey shophouse	Station 18 170, Jalan Pengkalan Barat 32 Stesyen 18 Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	8	185	Leasehold (Expire in 2096)	2002	n/a	301
19.	Double storey detached house	40, Jalan Mayang 2 Taman Mayang Fasa II 30300 Kuala Kangsar Perak Darul Ridzuan	4	130	Freehold	2006	n/a	121

List Of Properties Held

as at 31 December 2010

No.	Description	Location	Approximate Age (years)	Total Area (sq.metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
20.	Vacant land	PT 4728, Jalan Raja Musa Mukim Batang Berjuntai 45600 Batang Berjuntai Selangor Darul Ehsan	n/a	77,118	Freehold	1997	n/a	1,595
21.	Factory buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	28	42,576	Leasehold (Expire in 2045)	1982	1985	2,354
22.	Quarry and limestone hill	PT 1491, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	58,474	Leasehold (Expire in 2037)	2007	n/a	77
23.	Quarry and limestone hill	PT 3962, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	28,328	Leasehold (Expire in 2022)	2007	n/a	36
24.	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	11	892	Freehold	2000	2000	1,059
25.	Double storey terrace house	HS(D) 128830 PT 194343 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	2	121	Leasehold (Expire in 2103)	2009	n/a	129
26.	Vacant land	Geran 58731 Lot 45155 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	22,662	Freehold	2009	n/a	427
27.	Warehouse	Lot 45158, Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	864	Freehold	2009	n/a	549
28.	Double storey shop office	HS (D) 108533 PT 51378 Bandar Amanjaya, Sungai Petani Kedah Darul Aman	1	147	Freehold	2010	2010	136
29.	Factory	Lot 77, Jalan IKS MJ 6 Kawasan Perindustrian Malim Jaya 75250 Melaka	14	711	Leasehold 96 years (Expire in 2096)	2000	2005	577

List Of Properties Held

as at 31 December 2010

No.	Description	Location	Approximate Age (years))	Total Area (sq.metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
30.	Factory and office	6 & 8, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	6	301	Leasehold 99 years (Expire in 2077)	2004	2005	321
31.	Factory and office	Lot 4788-4789 Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75260 Melaka	1	2,005	Leasehold 99 years (Expire in 2096)	2010	2009	2,538
32.	Factory	Lot 2233-2234, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	1	270	Leasehold 99 years (Expire in 2077)	2009	n/a	1,077
33.	Factory	104 & 105, Jalan IKS MJ 6 Taman IKS Malim Jaya 75250 Melaka	14	1,465	Leasehold 99 years (Expire in 2096)	2006	2006	619

n/a Not applicable

Statistics Of Shareholdings

as at 25 March 2011

Authorised Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.
Issued and Paid-up Capital	:	RM242,205,000 divided into 242,205,000 ordinary shares of RM1.00 each fully paid-up.
Class of Shares	:	Ordinary shares of RM1.00 each.
Voting Rights	:	One vote per ordinary share on a poll. One vote per shareholder on a show of hands.

Size of Shareholdings	**No. of Shareholders**	**No. of Shares Held**	**% of Shareholdings**
1 to 99	726	39,942	0.02
100 to 1,000	4,807	4,515,035	1.98
1,001 to 10,000	6,645	24,628,989	10.81
10,001 to 100,000	773	20,997,180	9.22
100,001 to less than 5% of issued shares	113	92,256,274	40.50
5% and above of issued shares	3	85,354,480	37.47
Total	**13,067**	**227,791,900**	**100.00**

(*) - Excludes 14,413,100 treasury shares retained by the Company as reflected in the Record of Depositors.

Statistics Of Shareholdings

as at 25 March 2011

Top 30 Securities Accounts Holders as at 25 March 2011

No.	Name of Securities Account Holder	No. of shares held	% of Shareholdings #
1)	Amsec Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account - AmBank (M) Berhad for Rubber Thread Industries (M) Sdn Bhd*	47,905,000	21.03
2)	Cartaban Nominees (Asing) Sdn Bhd - *BBH And Co. Boston for Fidelity Low-Priced Stock Fund*	22,662,000	9.95
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.49
4)	HLB Nominees (Asing) Sdn Bhd - *Pledged Securities Account for Keen Capital Investments Limited*	7,643,000	3.36
5)	PRT Capital Pte Ltd	5,916,500	2.60
6)	Kah Hin Loong Sdn Bhd	5,894,320	2.59
7)	ECML Nominees (Asing) Sdn Bhd - *DMG & Partners Securities Pte Ltd for Keen Capital Investments Limited*	5,000,400	2.20
8)	AmanahRaya Trustees Berhad - *Skim Amanah Saham Bumiputera*	4,730,000	2.08
9)	Omega Semiconductor Sdn Bhd	4,413,300	1.94
10)	Shoptra Jaya (M) Sdn Bhd	3,413,300	1.50
11)	JF Apex Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah*	3,000,000	1.32
12)	Grand Terrace Sdn Bhd	2,950,600	1.30
13)	Lim Gaik Bway @ Lim Chiew Ah	2,790,500	1.23
14)	Apsara Vohrah	2,397,000	1.05
15)	Koay Keng Teik @ Koay Chia Wah	2,089,500	0.92
16)	Lanai Etika Sdn Bhd	1,927,200	0.85
17)	HSBC Nominees (Asing) Sdn Bhd - *Exempt AN for the Bank of New York Mellon (Mellon Acct)*	1,609,800	0.71
18)	Zulkifli bin Hussain	1,515,000	0.67
19)	Zulkifli bin Hussain	1,490,000	0.65
20)	HSBC Nominees (Asing) Sdn Bhd - *Exempt AN for BNP Paribas Wealth Management Singapore Branch (Foreign)*	1,393,700	0.61
21)	Espoir Investments Pte Ltd	1,360,000	0.60
22)	Koay Keng Ling	1,261,100	0.55
23)	Citigroup Nominees (Asing) Sdn Bhd - *CBNY for Dimensional Emerging Markets Value Fund*	1,101,700	0.48
24)	Koay Keng Huat	1,025,000	0.45
25)	CK Goh Holdings Sdn Bhd	1,020,000	0.45
26)	JF Apex Nominees (Tempatan) Sdn Bhd - *Pledged Securities Account for Koay Keng Ling*	1,000,000	0.44
27)	Koay Keng Teik @ Koay Chia Wah	1,000,000	0.44
28)	Malaysia Nominees (Tempatan) Sdn Bhd - *Great Eastern Life Assurance (Malaysia) Berhad (LGF)*	989,200	0.43
29)	Juwitawan Sdn Bhd	974,000	0.43
30)	Kumpulan Y R Sdn Bhd	858,500	0.38
	Total	154,118,100	67.66

Statistics Of Shareholdings

as at 25 March 2011

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 25 MARCH 2011

		Direct Interest		Deemed Interest	
No.	Name of Substantial Shareholder	Shares	% #	Shares	% #
1)	Goh Nan Kioh	713,600	0.31	68,392,100 (a)	30.02
2)	Rubber Thread Industries (M) Sdn Bhd	47,905,000	21.03	1,927,200 (b)	0.85
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.49	–	–
4)	Keen Capital Investments Limited	12,643,400	5.55	–	–
5)	Laju Riang Sdn Bhd	–	–	49,832,200 (c)	21.88
6)	Kema Development Sdn Bhd	–	–	49,832,200 (c)	21.88
7)	Cambrew (Malaysia) Sdn Bhd	–	–	49,832,200 (c)	21.88
8)	Dr. Lim Thian Soo	590,000	0.26	49,832,200 (c)	21.88
9)	Lim Thiam Cheok	10,000	**	49,832,200 (c)	21.88
10)	Lim Yam Poh	–	–	49,832,200 (c)	21.88
11)	FMR LLC and FIL Limited (^)	–	–	24,220,500 (d)	10.63

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND ITS RELATED CORPORATION AS AT 25 MARCH 2011

	Mega First Corporation Berhad						Rock Chemical Industries (Malaysia) Berhad			
	Direct Interest		Deemed Interest		Employees' Share Options		Direct Interest		Deemed Interest	
Director	Shares	% #	Shares	% #	Number	Exercise Price	Shares	% #	Shares	% #
1) Goh Nan Kioh	713,600	0.31	68,392,100 [a]	30.02	500,000	RM1.50	–	–	25,598,300 [e]	60.43
2) Dato' Abu Hanifah bin Noordin	–	–	–	–	300,000	RM1.50	–	–	–	–
3) Dr. Lim Thian Soo	590,000	0.26	49,832,200 [c]	21.88	500,000	RM1.50	–	–	25,598,300 [e]	60.43
4) Goh Nan Yang	510,000	0.22	–	–	500,000	RM1.50	100	**	–	-
5) Yong Fook Shin	470,200	0.21	–	–	300,000	RM1.50	–	–	–	-
6) Maisuri bin Besri	–	–	–	–	300,000	RM1.50	–	–	–	-
7) Yeow See Yuen	436,500	0.19	26,000	0.01	300,000	RM1.50	40,600	0.10	–	-
8) Dato' Jorgen Bornhoft	200,000	0.09	–	–	300,000	RM1.50	–	–	–	-
9) Tay Kheng Chiong	–	–	–	–	300,000	RM1.50	–	–	–	-
10) Dato' Tan Ang Meng	229,000	0.10	–	–	–	–	–	–	–	-
11) Dato' Koh Hong Sun	–	–	–	–	–	–	–	–	–	-

Notes:

*** - Less than 0.01%*

 # - Based on the issued and paid-up share capital of the Company of RM242,205,000 comprising 242,205,000 fully paid ordinary shares of RM1.00 each minus 14,413,100 treasury shares retained by the Company as per the Record of Depositors

(^) - and their direct and indirect subsidiaries

(a) Deemed interest by virtue of interest in Rubber Thread Industries (M) Sdn Bhd, PRT Capital Pte Ltd and Keen Capital Investments Limited

(b) Deemed interest by virtue of interest in Lanai Etika Sdn Bhd

(c) Deemed interest by virtue of interest in Rubber Thread Industries (M) Sdn Bhd

(d) In respect of Fidelity Northstar Fund Sub B and FID Low Priced Stock Fund

(e) Deemed interest by virtue of interest in Mega First Corporation Berhad, Authentic Excellence Sdn Bhd and Geo-Mobile Asia Sdn Bhd

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 45th Annual General Meeting of the Company will be held at the Berjaya Hall, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 20 May 2011 at 10:00 a.m. for the following purposes:-

AGENDA

1) To receive and consider the Directors' Report and Audited Financial Statements for the year ended 31 December 2010. *(Resolution 1)*

2) To declare a final dividend of 5.5% less 25% income tax in respect of the year ended 31 December 2010. *(Resolution 2)*

3) To approve the payment of Directors' fees of RM213,300 for the financial year ended 31 December 2010. *(Resolution 3)*

4) To re-elect the following Directors who are retiring by rotation pursuant to Article 99 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-

   4.1 Dr. Lim Thian Soo *(Resolution 4)*
   4.2 Mr Goh Nan Yang *(Resolution 5)*
   4.3 Encik Maisuri bin Besri *(Resolution 6)*

5) To re-elect the following Directors who are retiring pursuant to Article 104 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-

   5.1 Dato' Tan Ang Meng *(Resolution 7)*
   5.2 Dato' Koh Hong Sun *(Resolution 8)*

6) To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Resolution 9)*

7) By way of special business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-

   7.1 **Ordinary Resolution** *(Resolution 10)*
   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered and authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person/persons or party/parties whomsoever the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being in any one financial year, and that such authority shall continue in force until the conclusion of the next Annual General Meeting."

7.2 **Ordinary Resolution** *(Resolution 11)*
Renewal of Share Buy-Back Authority

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and any applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to:-

i) purchase shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, provided that the aggregate number of shares bought pursuant to this Resolution does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company as quoted on BMSB as at the point of purchase and the total funds allocated shall not exceed the total retained earnings and share premium of the Company which would otherwise be available for dividends AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting or upon the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever occurs first);

ii) retain the shares so purchased as treasury shares or cancel them or both, with an appropriate announcement to be made to BMSB in respect of the intention of the Directors whether to retain the shares so purchased as treasury shares or cancel them or both together with the rationale of the decision so made;

iii) deal with the shares purchased in the manner prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of BMSB and any other relevant authorities for the time being in force; and

iv) take all such steps as are necessary or expedient to implement or to effect the purchase of the shares."

Notice Of Annual General Meeting

8) By way of special business, to consider and if thought fit, to pass the following resolution as Special Resolution:-

Special Resolution:- *(Resolution 12)*
Proposed Amendment to the Articles of Association of the Company

"THAT the existing Article 138 of the Articles of Association of the Company be deleted in its entirety and substituted therefore with the following new Article 138:-

New Article 138

Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address or by direct electronic transfer to the bank account of the Member or person entitled thereto who is named in the Record of Depositors, or, if several persons are registered as joint holders of the share or are entitled thereto, to the registered address or via electronic transfer to the bank account provided by the joint holder first named on the Record of Depositors or to the extend permissible under the Central Depositories Act and the Rules of the Depository, in the Record of Depositors or to such person and to such address or the bank account as the holder or first named joint holder may in writing direct or if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to the registered address of any one of such or to such other person at such other address as such persons may direct in writing. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent and payment by the Company shall be a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon or the instruction for the electronic transfer or remittance has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money represented thereby.

9) To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board
Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
27 April 2011

Notice Of Annual General Meeting

NOTES:-

1) A member of the Company entitled to attend and on a poll, vote at the meeting, is entitled to appoint a proxy or proxies to attend and to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.

2) Subject to Paragraph (3) below, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

3) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.

4) In the case of a corporate member, the instrument appointing a proxy or proxies shall be under its Common Seal or under the hand of its attorney duly authorised in writing.

5) The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company situated at A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya ***not less than forty-eight (48) hours*** *before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy or proxies shall not be treated as valid. FAX COPY OF DULY EXECUTED FORM OF PROXY WILL NOT BE ACCEPTED.*

EXPLANATORY NOTES ON SPECIAL BUSINESS

a) Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the above Annual General Meeting ("AGM"), to issue and allot ordinary shares in the Company up to and not exceeding in total ten per cent (10%) of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The Company has not issued any new shares under the general authority which was approved at the 44th AGM held on 20 May 2010 and which will lapse at the conclusion of the 45th AGM. A renewal of this authority is being sought at the 45th AGM under the proposed Resolution 10.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisitions.

b) Resolution 11, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the issued and paid-up share capital of the Company for the time being ("Share Buy-Back"). This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

For further information, please refer to the Share Buy-back Statement dated 27 April 2011 which is circulated together with the Company's Annual Report for the financial year ended 31 December 2010.

c) Resolution 12, if passed, will update Article 138 of the Company's Articles of Association to facilitate the implementation of Electronic Dividend Payment ("eDividend") in line with the Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to eDividend.

Notice Of Dividend Entitlement

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 45th Annual General Meeting to be held on 20 May 2011, a final dividend of 5.5% less 25% income tax in respect of the financial year ended 31 December 2010 will be paid on 15 July 2011. The entitlement for the dividend shall be 30 June 2011.

A depositor shall qualify for entitlement to the dividend only in respect of:-

a) Shares deposited into the Depositor's securities account before 12:30 p.m. on 28 June 2011 in respect of shares exempted from mandatory deposit;

b) Shares transferred into the Depositor's securities account before 4:00 p.m. on 30 June 2011 in respect of ordinary transfer; and

c) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
27 April 2011

Directory

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
1.	Gombak Land Sdn. Bhd. *mfcb.property@mega-first.com*	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Tan Pee Giak
2.	Gombak Land Sdn. Bhd. *mfcb.property@mega-first.com*	No. 12-1, Persiaran Greentown 10, Pusat Perdagangan Greentown, 30450 Ipoh, Perak Darul Ridzuan.	05-2433093/92	05-2433094	Mr. Tan Pee Giak
3.	Gombak Land Sdn. Bhd. *mfcb.property@mega-first.com*	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Steven Chu
4.	Mega First Housing Development Sdn. Bhd. *mfcb.property@mega-first.com*	No. 34 & 36, Jalan Mawar 1B, Taman Mawar, Bandar Baru Salak Tinggi, 43900 Selangor Darul Ehsan.	03-87060088/8800	03-87060808	Mr. Tan Pee Giak
5.	Paya Emas Sdn. Bhd. *mfcb.property@mega-first.com*	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Tan Pee Giak
6.	Community Consortium Sdn. Bhd. *mfcb.property@mega-first.com*	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Tan Pee Giak
7.	Bloxwich (Malaysia) Sdn. Bhd. *admin@bloxwich.com.my*	Seri Iskandar Technology Park, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
8.	Mega First Power Services Sdn. Bhd. *s-powert@streamyx.com*	KM 6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Wong Seow Kwang
9.	Shaoxing Mega Heat And Power Co., Limited *smhp@mail.sxptt.zj.cn*	Qi Yang Gong Lu, Qi Xian Town, Shaoxing County, Zhejiang Province, 312065 China.	0086-575-85181025	0086-575-85182287	Mr. Liew Leong Ting
10.	Serudong Power Sdn. Bhd. *s-powert@streamyx.com*	KM 6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Wong Seow Kwang

Directory

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
11.	Mega First Power Industries Sdn. Bhd. *mfcb@mega-first.com*	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Dr. Lim Thian Soo
12.	Syarikat Cheng Sun Quarry Sdn. Bhd. *csquarry@tm.net.my*	Lot 67887, Mukim Sg. Raia, 31300 Keramat Pulai Ipoh, Perak Darul Ridzuan.	05-3571502/3	05-3571504	Mr. John Chu
13.	Rock Chemical Industries (Malaysia) Berhad *info@rci.com.my*	Lot 45157 & 45158, Gunung Panjang, 31600 Gopeng, Perak Darul Ridzuan.	05-3593188	05-3593228	Mr. Chris Chow
14.	Hexachase Labels Sdn. Bhd.	No. 6 & 8, Jalan Berkat 12, Taman Malim Jaya, 75250 Melaka.	06-3357461/72	06-3357429	Mr. Danny Yeo
15.	Hexachase Packaging Sdn. Bhd.	Lot 4788 & 4789 Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75260 Melaka.	06-3371201/02	06-3371200	Mr. Deric Sim

(This page has been intentionally left blank)

MFCB

MEGA FIRST CORPORATION BERHAD
(Company No. 6682-V)
(Incorporated in Malaysia)

FORM OF PROXY
(To be completed in capital letters)

No. of Shares	CDS Account No.

I/We, ______________________________ NRIC No. ______________

of ______________________________

being a member of Mega First Corporation Berhad, hereby appoint ______________________________

______________________________ NRIC No. ______________

of ______________________________

or failing whom, ______________________________ NRIC No. ______________

of ______________________________

as my/our proxy/proxies to attend and, on a poll, to vote for me/us on my/our behalf at the 45th Annual General Meeting of the Company, to be held at Berjaya Hall, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on 20 May 2011 at 10:00 a.m. and at any adjournment thereof.

Resolution		**For**	**Against**	**Abstain**
1)	Receipt of the Directors' Report and Audited Financial Statements for the year ended 31 December 2010.	☐	☐	☐
2)	Declaration of the final dividend.	☐	☐	☐
3)	Payment of Directors' fees.	☐	☐	☐
4)	Re-elect Dr. Lim Thian Soo as Director.	☐	☐	☐
5)	Re-elect Goh Nan Yang as Director.	☐	☐	☐
6)	Re-elect Maisuri bin Besri as Director.	☐	☐	☐
7)	Re-elect Dato' Tan Ang Meng as Director.	☐	☐	☐
8)	Re-elect Dato' Koh Hong Sun as Director.	☐	☐	☐
9)	Re-appoint Messrs Crowe Horwath as auditors and authorise the Board of Directors to fix their remuneration.	☐	☐	☐
10)	Special Business - Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	☐	☐	☐
11)	Special Business - Ordinary Resolution Renewal of Share Buy-Back Authority	☐	☐	☐
12)	Special Business - Special Resolution Proposed Amendment to the Articles of Association	☐	☐	☐

My/Our proxy is to vote on the resolutions as indicated by an (✓) in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
Proxy 1	%
Proxy 2	%
Total	100%

____
Signature/Common Seal of Member(s)

Date: ______________________________

Tel. No. ______________________________

NOTES:-

1) *A member of the Company entitled to attend and on a poll, vote at the meeting, is entitled to appoint a proxy or proxies to attend and to vote in his stead. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 are not applicable to the Company.*
2) *Subject to Paragraph (3) below, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.*
3) *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. In such instance, the member shall specify the securities account number for each appointment.*
4) *In the case of a corporate member, the instrument appointing a proxy or proxies shall be under its Common Seal or under the hand of its attorney duly authorised in writing.*
5) *The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company situated at A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya* ***not less than forty-eight (48) hours*** *before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy or proxies shall not be treated as valid. FAX COPY OF DULY EXECUTED FORM OF PROXY WILL NOT BE ACCEPTED*

Please fold here

Postage
Stamp

The Company Secretaries
MEGA FIRST CORPORATION BERHAD (6682-V)
A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya
Malaysia

Please fold here