

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

**Interim Financial Report
30 June 2010**

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

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 2nd quarter and 6-month period ended 30 June 2010

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2nd Quarter 30.6.2010 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2009 RM'000 (Restated)	Current Year To date 30.6.2010 RM'000	Preceding Year Corresponding Period 30.6.2009 RM'000 (Restated)
Revenue	A8	139,401	116,065	259,554	210,451
Cost of sales		(106,952)	(87,358)	(207,652)	(159,429)
Gross profit		32,449	28,707	51,902	51,022
Other income, net		12,098	11,865	17,297	15,784
Operating expenses		(7,591)	(10,695)	(14,363)	(18,441)
Profit from operations		36,956	29,877	54,836	48,365
Finance costs		(1,358)	(1,239)	(2,781)	(2,455)
Share of profit in an associate		30	182	123	284
Profit before taxation	A8	35,628	28,820	52,178	46,194
Tax expense		(4,047)	(3,988)	(6,942)	(8,080)
Net profit for the period		31,581	24,832	45,236	38,114
Other comprehensive income		(8,467)	(4,718)	(13,112)	(1,233)
Total comprehensive income		23,114	20,114	32,124	36,881
Profit attributable to:					
Equity holders of the Company		22,356	18,818	31,823	26,534
Minority interests		9,225	6,014	13,413	11,580
		31,581	24,832	45,236	38,114
Total comprehensive income attributable to:					
Equity holders of the Company		15,376	16,296	21,072	25,638
Minority interests		7,738	3,818	11,052	11,243
		23,114	20,114	32,124	36,881
EPS - Basic (sen)	B15	9.74	8.05	13.87	11.35
EPS - Diluted (sen)	B15	9.74	7.96	13.87	11.24

The notes set out on pages 5 to 15 form an integral part and should be read in conjunction with this interim report.

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

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 June 2010

	Unaudited As At 30.6.2010 RM'000	Audited As At 31.12.2009 RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	234,184	212,380
Associate	-	4,836
Investment in quoted shares	86,904	129,961
Investment in unquoted shares	335	335
Prepaid lease payments	1,249	1,403
Investment properties	73,470	73,442
Land held for property development	61,534	61,367
Goodwill on consolidation	10,499	7,635
	468,175	491,359
Current Assets		
Inventories	48,079	39,065
Property development	22,946	25,245
Trade and other receivables	109,959	127,006
Bank balances and deposits	211,786	115,178
	392,770	306,494
TOTAL ASSETS	860,945	797,853
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	242,205	239,283
Treasury shares	(16,568)	(10,585)
Reserves	248,228	211,706
	473,865	440,404
Minority Interests	148,166	154,930
Total Equity	622,031	595,334
Non-Current Liabilities		
Long-term borrowings	10,021	8,019
Retirement benefit obligations	679	692
Deferred taxation	22,269	23,126
	32,969	31,837
Current Liabilities		
Trade and other payables	87,271	57,685
Short-term borrowings	112,972	106,618
Taxation	5,702	6,379
	205,945	170,682
Total Liabilities	238,914	202,519
TOTAL EQUITY AND LIABILITIES	860,945	797,853
Net Assets Per Ordinary Share (RM)	2.06	1.91

The notes set out on pages 5 to 15 form an integral part and should be read in conjunction with this interim report.

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

Unaudited Condensed Consolidated Statement of Changes In Equity
For the 6-month period ended 30 June 2010

	← Attributable to equity holders of the company →										
	← Non-distributable →					Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1.1.2010											
- as previously stated	239,283	(10,585)	33,380	28	11,112	-	2,213	164,973	440,404	154,930	595,334
- effect 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 period	-	-	-	-	(5,344)	(5,407)	-	31,823	21,072	11,052	32,124
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	3,029	3,029
Capital reserves	-	-	-	-	-	-	466	(120)	346	(52)	294
Dividends	-	-	-	-	-	-	-	-	-	(22,118)	(22,118)
Issuance of ordinary shares pursuant to ESOS	2,922	-	-	-	-	-	-	-	2,922	-	2,922
Purchase of treasury shares	-	(5,983)	-	-	-	-	-	-	(5,983)	-	(5,983)
Balance at 30.6.2010	242,205	(16,568)	33,380	28	5,768	9,697	2,679	196,676	473,865	148,166	622,031
Balance at 1.1.2009	239,283	(6,412)	33,380	28	14,306	-	2,213	108,949	391,747	138,618	530,365
Total comprehensive income for the period	-	-	-	-	(896)	-	-	26,534	25,638	11,243	36,881
Dividends	-	-	-	-	-	-	-	-	-	(11,021)	(11,021)
Purchase of treasury shares	-	(992)	-	-	-	-	-	-	(992)	-	(992)
Balance at 30.6.2009	239,283	(7,404)	33,380	28	13,410	-	2,213	135,483	416,393	138,840	555,233

The notes set out on pages 5 to 15 form an integral part and should be read in conjunction with this interim report.

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

Unaudited Condensed Consolidated Cash Flow Statements
For the 6-month period ended 30 June 2010

	Current Year	Preceding Year
	2nd Quarter	Corresponding
	30.6.2010	2nd Quarter
	RM'000	30.6.2009
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	52,178	46,194
Adjustments for non-cash flow - Non-cash items	12,247	14,319
- Non-operating items	(11,720)	(4,846)
Operating profit before changes in working capital	52,705	55,667
Changes in working capital - Net change in current assets	10,339	14,737
- Net change in current liabilities	8,760	4,223
Cash generated from operations	71,804	74,627
Income tax paid	(4,644)	(8,489)
Net cash from operating activities	67,160	66,138
Cash flows from/(for) investing activities		
Interest received	703	1,051
Dividend received	3,002	-
Increase in:		
Land held for property development	(167)	(157)
Investment properties	(28)	(29)
Proceeds from disposal of property, plant and equipment	914	1,320
Purchase of property, plant and equipment	(33,884)	(14,166)
Proceeds from disposal of quoted shares	110,276	55,902
Purchase of quoted shares	(47,790)	(127,616)
Net cash inflow from acquisition of a subsidiary	1,019	-
Net cash from/(for) investing activities	34,045	(83,695)
Cash flows from/(for) financing activities		
Finance costs paid	(2,781)	(2,455)
Dividends paid to minority interests	(2,877)	(11,021)
Increase/(Decrease) in:		
Short term borrowings, excluding bank overdrafts	10,096	12,369
Hire purchase payables	(9)	(31)
Net repayment of term loans	(838)	(770)
Proceeds from issue of shares pursuant to ESOS	2,922	-
Purchase of treasury shares	(5,983)	(992)
Net cash from/(for) financing activities	530	(2,900)
Effect of foreign exchange translation	(2,266)	(239)
Net increase/(decrease) in cash and cash equivalents	99,469	(20,696)
Cash and cash equivalents at beginning of the period	108,500	141,503
Cash and cash equivalents at end of the period	207,969	120,807

The notes set out on pages 5 to 15 form an integral part and should be read in conjunction with this interim report.

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

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

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

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

During the 6-month period ended 30 June 2010, the Group has adopted the following:-

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

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

A1. Basis of preparation (Cont'd)

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2009.

A2. Qualification of financial statement

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

A3. Seasonal or cyclical factors

The Group's principal business operations are not significantly affected by seasonal or cyclical factors.

A4. Unusual item

There was no item affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence in these financial statements.

A5. Nature and amount of changes in estimates

There was no change in estimates of amounts reported in prior financial years/periods that have a material effect in the current quarter and 6-month period ended 30 June 2010.

A6. Debt and equity securities

	Number of Ordinary Shares ← of RM1 Each →		← Amount →	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
At 1.1.2010	239,283	(8,851)	239,283	(10,585)
Issue of ordinary shares pursuant to ESOS	2,922	-	2,922	-
Purchase of treasury shares	-	(3,770)	-	(5,983)
At 30.6.2010	<u>242,205</u>	<u>(12,621)</u>	<u>242,205</u>	<u>(16,568)</u>

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

A6. Debt and equity securities (Cont'd)

a) Share options exercised

During the 6-month period, 2,922,000 ordinary shares were issued at par pursuant to the exercise of options under the Company's Employee Share Option Scheme. As at 30 June 2010, there was no unissued ordinary shares remained outstanding (31.12.2009 : 2,922,000).

b) Treasury Shares

During the 6-month period, the Company purchased 3,770,800 of its issued ordinary shares from the open market at an average cost of RM1.59 per share for a total consideration of RM5,983,343 comprising purchase price of RM5,951,873 and the total transaction cost of RM31,470. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 242,205,000 (31.12.2009 : 239,283,000) issued and fully paid-up ordinary shares as at 30 June 2010, 12,621,400 ordinary shares (31.12.2009 : 8,850,600) were held as treasury shares by the Company. As at 30 June 2010, the number of outstanding ordinary shares in issue and fully paid-up amounted to 229,583,600 (31.12.2009 : 230,432,400).

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

A7. Dividend paid

A final dividend of 5.0 sen, less income tax of 25%, for the financial year ended 31 December 2009 was approved by the shareholders at the Annual General Meeting held on 20 May 2010. This dividend was paid on 15 July 2010 to entitled shareholders as at 30 June 2010.

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

A8. Segment information for the 6-month period ended 30 June 2010

	Revenue RM'000	Profit Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	200,177	33,874
Property development and investment	8,978	2,083
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	34,866	9,362
Engineering, designing and manufacturing of automotive and transportation components	8,616	2,000
Investment holding and others	6,917	4,859
	<u>259,554</u>	<u>52,178</u>

A9. Valuation of property, plant and equipment

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

A10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported up to 17 August 2010, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A11. Changes in composition of the Group

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 the total cash consideration of RM500,000. Hexachase therefore became a subsidiary of MFCB with effect from 6 April 2010.

Other than as disclosed above, there was no material change in the composition of the Group for the 6-month period ended 30 June 2010 including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

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

A12. Changes in contingent liabilities and assets

a) Contingent liabilities

There was no change in contingent liabilities of the Group from 1 January 2010 to 17 August 2010, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

b) Contingent assets

The Group has no contingent asset as at 17 August 2010, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A13. Effects of adopting new and revised accounting standards

a) FRS 117 . Leases

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

	← At 31.12.2009 →		
	As Previously Reported RM000	Effects of FRS 117 RM000	As Restated RM000
Statement of Financial Position (extract)			
Property, plant and equipment	210,373	2,007	212,380
Prepaid lease payments	3,410	(2,007)	1,403

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

A13. Effects of adopting new and revised accounting standards (Cont'd)

b) FRS 139 . Financial Instruments: Recognition and Measurement

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

	← At 1.1.2010 →		
	As Previously Reported RM000	Effects of FRS 139 RM000	As Restated RM000
Statement of Changes In Equity (extract)			
Reserves	211,706	15,104	226,810
Minority interests	154,930	1,325	156,255

c) FRS 101- Presentation of Financial Statements

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

	← 6-month period from 1.1.2009 to 30.6.2009 →		
	As Previously Reported RM000	Effects of FRS 101 RM000	As Restated RM000
Statement of Comprehensive Income (extract)			
Other comprehensive income	-	1,233	1,233

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

B1. Review of performance

a) Current quarter

The Group's revenue and pre-tax profit for the current quarter increased by 20.1% and 23.6%, respectively, as compared to the corresponding period last year.

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

b) For the 6-month period ended 30 June 2010

The Group's revenue and pre-tax profit for the 6-month period ended 30 June 2010 increased by 23.3% and 13.0%, respectively, as compared to the corresponding period last year.

The higher pre-tax profit was largely attributable to higher contribution from the Limestone and Engineering Divisions.

B2. Variation of results against preceding quarter

The Group's revenue and pre-tax profit for the current quarter increased by 16.0% and 115.3%, respectively, as compared to preceding quarter.

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

B3. Prospects

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

B4. Profit forecast

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

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

B5. Tax expense

	Current Quarter ended 30.6.2010 RM'000	Period ended 30.6.2010 RM'000
Current tax expense		
Malaysian	303	1,225
Overseas	3,744	5,717
	<u>4,047</u>	<u>6,942</u>

The effective tax rate of the Group for the current quarter and 6-month period ended 30 June 2010 was lower than the Malaysian statutory tax rate of 25% due mainly to reversal of doubtful debt allowance and gain on disposal of quoted investments, which are non-taxable, and the income earned in China which is taxed at a lower rate of 22%.

B6. Unquoted investments and properties

Other than as disclosed in Note A11, there was no sale or purchase of unquoted investment or property during the current quarter and 6-month period ended 30 June 2010.

B7. Quoted investments

a) Purchase and sale of quoted investments during the current quarter and 6-month period ended 30 June 2010.

i) Acquisition of quoted investments

	Current Quarter ended 30.6.2010 RM'000	Period ended 30.6.2010 RM'000
Purchase consideration	<u>2,910</u>	<u>47,790</u>

ii) Disposal of quoted investments

	Current Quarter ended 30.6.2010 RM'000	Period ended 30.6.2010 RM'000
Sale proceeds	69,493	110,276
Cost of quoted shares disposed	(64,321)	(102,216)
Gain on disposal	<u>5,172</u>	<u>8,060</u>

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

B7. Quoted investments (Cont'd)

b) Investment in quoted shares as at 30 June 2010

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	65,312	74,906	74,906
Quoted outside Malaysia	13,171	11,998	11,998
	78,483	86,904	86,904

B8. Status of corporate proposal

- a) On 20 May 2010, shareholders of the Company approved at the extraordinary general meeting the termination of the Company's existing Employees Share Option Scheme (ESOS) and establishment of a new ESOS, which will have tenure of 10 years. The new ESOS became effective on 1 August 2010.
- b) On 6 March 2007, Rock Chemical Industries (Malaysia) Berhad (RCI) announced that the company was proposing to establish an ESOS for the benefit of the eligible Executive Directors and employees of RCI and its subsidiaries. The ESOS was approved by the shareholders of RCI on 25 April 2007 and has yet to become effective.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 17 August 2010, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Borrowing and debt securities

Group borrowings as at 30 June 2010:

	<u>RM'000</u>
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	55,252
Chinese Renminbi (RMB40,000,000)	19,088
	74,340
<i>Unsecured Denominated in:</i>	
Ringgit Malaysia	10,000
Chinese Renminbi (RMB60,000,000)	28,632
	112,972
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	10,021
	122,993

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

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 17 August 2010, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B11. Changes in material litigation

There was no pending material litigation as at 17 August 2010, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B12. Capital commitments

As at 30 June 2010, the Group has the following commitments:

	<u>RM'000</u>
Property, plant and equipment and investment	
Authorised but not provided for:	
Contracted	18,499
Not contracted	<u>10,620</u>
	<u>29,119</u>

B13. Dividend

The Board has declared an interim dividend of 2.0% less income tax of 25% (financial year ended 31.12.09 : interim dividend of 2.0% less income tax of 25% and final dividend of 5.0% less income tax of 25%) for the financial year ending 31 December 2010. The interim dividend will be paid on 7 October 2010 to the Depositors registered in the Record of Depositors at the close of business on 24 September 2010.

This dividend has not been included as a liability in these financial statements.

B14. Significant related party transaction

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2010.

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

B15. Earnings per share

	Quarter ended		Period ended	
	30 June		30 June	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	22,356	18,818	31,823	26,534
Weighted average number of ordinary shares in issue ('000)	229,485	233,857	229,485	233,857
Basic earnings per share (sen)	9.74	8.05	13.87	11.35
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	22,356	18,818	31,823	26,534
Dilutive effects of outstanding employees' share options	-	41	-	82
Diluted earnings	22,356	18,859	31,823	26,616
Weighted average number of ordinary shares in issue (€000)	229,485	233,857	229,485	233,857
Adjustment for share options (€000)	-	2,922	-	2,922
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€000)	229,485	236,779	229,485	236,779
Diluted earnings per share (sen)	9.74	7.96	13.87	11.24

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
24 August 2010