

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

**Interim Financial Report
31 March 2011**

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

Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 1st quarter and 3-month period ended 31 March 2011

| | Note | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|------|--|---|--|--|
| | | Current Year 1st Quarter 31.3.2011 RM'000 | Preceding Year Corresponding 1st Quarter 31.3.2010 RM'000 | Current Year To date 31.3.2011 RM'000 | Preceding Year Corresponding Period 31.3.2010 RM'000 |
| Revenue | A8 | 130,793 | 120,153 | 130,793 | 120,153 |
| Cost of sales | | (102,117) | (100,700) | (102,117) | (100,700) |
| Gross profit | | 28,676 | 19,453 | 28,676 | 19,453 |
| Other income, net | | 14,375 | 5,199 | 14,375 | 5,199 |
| Operating expenses | | (6,913) | (6,772) | (6,913) | (6,772) |
| Profit from operations | | 36,138 | 17,880 | 36,138 | 17,880 |
| Finance costs | | (1,600) | (1,423) | (1,600) | (1,423) |
| Share of profit in an associate | | 502 | 93 | 502 | 93 |
| Profit before taxation | A8 | 35,040 | 16,550 | 35,040 | 16,550 |
| Tax expense | | (6,450) | (2,895) | (6,450) | (2,895) |
| Net profit for the period | | 28,590 | 13,655 | 28,590 | 13,655 |
| Other comprehensive income | | (11,227) | (4,645) | (11,227) | (4,645) |
| Total comprehensive income | | 17,363 | 9,010 | 17,363 | 9,010 |
| Profit attributable to: | | | | | |
| Equity holders of the Company | | 21,802 | 9,467 | 21,802 | 9,467 |
| Non-controlling interests | | 6,788 | 4,188 | 6,788 | 4,188 |
| | | 28,590 | 13,655 | 28,590 | 13,655 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the Company | | 11,818 | 5,696 | 11,818 | 5,696 |
| Non-controlling interests | | 5,545 | 3,314 | 5,545 | 3,314 |
| | | 17,363 | 9,010 | 17,363 | 9,010 |
| EPS - Basic (sen) | B16 | 9.56 | 4.12 | 9.56 | 4.12 |
| EPS - Diluted (sen) | B16 | 9.54 | 4.11 | 9.54 | 4.11 |

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 31 March 2011

| | Unaudited | Audited |
|---|------------------|-------------------|
| | As At | As At |
| | 31.3.2011 | 31.12.2010 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 233,942 | 231,318 |
| Associate | 43,983 | 43,221 |
| Investment in quoted shares | 104,444 | 145,460 |
| Investment in unquoted shares | 335 | 335 |
| Land use rights | 1,085 | 1,139 |
| Investment properties | 84,413 | 84,408 |
| Land held for property development | 57,018 | 57,346 |
| Goodwill on consolidation | 10,812 | 10,812 |
| | 536,032 | 574,039 |
| Current Assets | | |
| Inventories | 57,900 | 62,826 |
| Property development | 32,231 | 31,210 |
| Trade and other receivables | 125,422 | 109,099 |
| Bank balances and deposits | 144,144 | 118,365 |
| | 359,697 | 321,500 |
| TOTAL ASSETS | 895,729 | 895,539 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Equity Holders Of The Company | | |
| Share capital | 242,205 | 242,205 |
| Treasury shares | (19,788) | (18,527) |
| Reserves | 301,538 | 289,725 |
| | 523,955 | 513,403 |
| Non-Controlling Interests | 150,097 | 162,254 |
| Total Equity | 674,052 | 675,657 |
| Non-Current Liabilities | | |
| Other payables | 661 | 669 |
| Long-term borrowings | 9,848 | 9,251 |
| Hire purchase payables | - | 79 |
| Deferred taxation | 22,035 | 22,493 |
| | 32,544 | 32,492 |
| Current Liabilities | | |
| Trade and other payables | 72,979 | 59,351 |
| Short-term borrowings | 110,664 | 122,701 |
| Taxation | 5,490 | 5,338 |
| | 189,133 | 187,390 |
| Total Liabilities | 221,677 | 219,882 |
| TOTAL EQUITY AND LIABILITIES | 895,729 | 895,539 |
| Net Assets Per Ordinary Share (RM) | 2.30 | 2.25 |

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 3-month period ended 31 March 2011

| | ← Attributable to equity holders of the company → | | | | | | | | | | |
|---|---|------------------------------|----------------------------|--------------------------------------|----------------------------------|------------------------------------|------------------------------|-------------------------------|-----------------|--|---------------------------|
| | ← Non-distributable → | | | | | | Distributable | | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Share Premium RM'000 | Share Option Reserve RM'000 | Translation Reserve RM'000 | Fair Value Reserve RM'000 | Capital Reserve RM'000 | Retained Profits RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| Balance at 1.1.2010 | | | | | | | | | | | |
| - as previously stated | 239,283 | (10,585) | 33,380 | 28 | 11,112 | - | 2,213 | 164,973 | 440,404 | 154,930 | 595,334 |
| - effects of adopting FRS 139 | - | - | - | - | - | 15,104 | - | - | 15,104 | 1,325 | 16,429 |
| - as restated | 239,283 | (10,585) | 33,380 | 28 | 11,112 | 15,104 | 2,213 | 164,973 | 455,508 | 156,255 | 611,763 |
| Total comprehensive income for the period | - | - | - | - | (4,707) | 936 | - | 9,467 | 5,696 | 3,314 | 9,010 |
| Capital reserves | - | - | - | - | - | - | 467 | (120) | 347 | 26 | 373 |
| Dividends | - | - | - | - | - | - | - | - | - | (20,159) | (20,159) |
| Issuance of ordinary shares pursuant to ESOS | 1,222 | - | - | - | - | - | - | - | 1,222 | - | 1,222 |
| Purchase of treasury shares | - | (3,797) | - | - | - | - | - | - | (3,797) | - | (3,797) |
| Balance at 31.3.2010 | 240,505 | (14,382) | 33,380 | 28 | 6,405 | 16,040 | 2,680 | 174,320 | 458,976 | 139,436 | 598,412 |
| Balance at 1.1.2011 | 242,205 | (18,527) | 33,380 | 491 | 8,534 | 26,701 | 2,616 | 218,003 | 513,403 | 162,254 | 675,657 |
| Total comprehensive income for the period | - | - | - | - | (173) | (9,811) | - | 21,802 | 11,818 | 5,545 | 17,363 |
| Capital reserves | - | - | - | - | - | - | 101 | (106) | (5) | (4) | (9) |
| Dividends | - | - | - | - | - | - | - | - | - | (17,698) | (17,698) |
| Purchase of treasury shares | - | (1,261) | - | - | - | - | - | - | (1,261) | - | (1,261) |
| Balance at 31.3.2011 | 242,205 | (19,788) | 33,380 | 491 | 8,361 | 16,890 | 2,717 | 239,699 | 523,955 | 150,097 | 674,052 |

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 3-month period ended 31 March 2011

| | 2011 RM'000 | 2010 RM'000 |
|---|----------------|-----------------|
| Cash flows from operating activities | | |
| Profit before tax | 35,040 | 16,550 |
| Adjustments for non-cash flow | | |
| - Non-cash items | (1,365) | 5,428 |
| - Non-operating items | (1,566) | (2,592) |
| Operating profit before changes in working capital | 32,109 | 19,386 |
| Changes in working capital | | |
| - Net change in current assets | (17,090) | 10,327 |
| - Net change in current liabilities | (3,770) | 2,961 |
| Cash generated from operations | 11,249 | 32,674 |
| Income tax paid | (2,084) | (3,516) |
| Net cash from operating activities | 9,165 | 29,158 |
| Cash flows for investing activities | | |
| Interest received | 2,964 | 305 |
| Dividend received | 202 | 337 |
| Decrease/(Increase) in: | | |
| Land held for property development | 328 | - |
| Investment properties | (5) | (5) |
| Proceeds from disposal of property, plant and equipment | - | 40 |
| Purchase of property, plant and equipment | (10,032) | (22,943) |
| Proceeds from disposal of quoted shares | 70,716 | 40,783 |
| Purchase of quoted shares | (32,952) | (44,880) |
| Acquisition of associate | (500) | - |
| Net cash for investing activities | 30,721 | (26,363) |
| Cash flows for financing activities | | |
| Finance costs paid | (1,600) | (1,423) |
| Decrease in: | | |
| Short term borrowings, excluding bank overdrafts | (3,312) | (830) |
| Hire purchase payables | (261) | (5) |
| Net drawdown/(repayment) of term loans | 1,548 | (389) |
| Proceeds from issue of shares pursuant to ESOS | - | 1,222 |
| Purchase of treasury shares | (1,261) | (3,797) |
| Net cash for financing activities | (4,886) | (5,222) |
| Effect of foreign exchange translation | (95) | (1,301) |
| Net increase/(decrease) in cash and cash equivalents | 34,905 | (3,728) |
| Cash and cash equivalents at beginning of the period | 106,322 | 108,500 |
| Cash and cash equivalents at end of the period | 141,227 | 104,772 |

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

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Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2010.

During the 3-month period ended 31 March 2011, the Group has adopted the following:-

| 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 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 2010 |

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A1. Basis of preparation (Cont'd)

| FRSs and IC Interpretations (including the Consequential Amendments) | Effective date |
|---|-----------------------|
| 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 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 |
| Annual Improvements to FRSs (2010) | 1 January 2011 |

Other than as disclosed above, the accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2010.

A2. Qualification of financial statement

The auditors report of the Group's annual financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

A3. Seasonal or cyclical factors

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

A4. Unusual item

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

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A5. Nature and amount of changes in estimates

There was no change in estimates of amounts reported in prior financial years/periods that have a material effect in the current quarter and 3-month period ended 31 March 2011.

A6. Debt and equity securities

| | Number of Ordinary Shares ← of RM1 Each → | | ← Amount → | |
|---|--|----------------------------|--|------------------------------|
| | Share Capital (Issued and Fully Paid) '000 | Treasury Shares '000 | Share Capital (Issued and Fully Paid) RM'000 | Treasury Shares RM'000 |
| At 1.1.2011 | 242,205 | (13,728) | 242,205 | (18,527) |
| Issue of ordinary shares pursuant to ESOS | - | - | - | - |
| Purchase of treasury shares | - | (745) | - | (1,261) |
| At 31.3.2011 | <u>242,205</u> | <u>(14,473)</u> | <u>242,205</u> | <u>(19,788)</u> |

- a) During the 3-month period ended 31 March 2011, the Company has purchased 745,000 of its issued ordinary shares of RM1.00 each from the open market at an average price of RM1.69 per share for a total consideration of RM1,261,526. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.
- b) Of the total 242,205,000 (31.12.2010 : 242,205,000) issued and paid-up ordinary shares of RM1.00 each as at 31 March 2011, 14,472,600 shares (31.12.2010 : 13,727,600 shares) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue and paid-up is therefore 227,732,400 (31.12.2010 : 228,477,400).

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.

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A7. Dividend paid

No dividend was paid in the current quarter ended 31 March 2011.

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

| By Activity | Revenue RM'000 | Profit Before Taxation RM'000 |
|--|---------------------------|--|
| <u>Continuing operations:</u> | | |
| Build, own and operate power plants | 94,903 | 17,788 |
| Property development and investment | 9,201 | 8,873 |
| Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks | 20,775 | 3,446 |
| Engineering, designing and manufacturing of automotive and transportation components | 2,776 | 92 |
| Investment holding and others | 3,138 | 4,841 |
| | <hr/> | <hr/> |
| | 130,793 | 35,040 |
| | <hr/> | <hr/> |

A9. Valuation of property, plant and equipment

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

A10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported up to 13 May 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements

A11. Changes in composition of the Group

There was no material change in the composition of the Group for the 3-month period ended 31 March 2011 including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations.

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A12. Changes in contingent liabilities and assets

a) Contingent liabilities

The Group's contingent liability as at 31 March 2011:

| | <u>RM'000</u> |
|--|----------------------|
| Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the State of Sabah | 9,067 |
| Disputed income tax payable by a subsidiary | <u>603</u> |

There was no change in contingent liabilities of the Group from 1 January 2011 to 13 May 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

b) Contingent assets

The Group has no contingent asset as at 13 May 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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

B1. Review of performance

The Group's revenue and pre-tax profit for the current quarter increased by 8.9% to RM130.8 million and 111.7% to RM35.0 million, respectively, compared to the corresponding quarter last year.

The higher pre-tax profit was largely attributable to higher contribution from the Power and Property Divisions and higher gain from disposal of quoted shares, partially offset by lower 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 decreased by 4.3% to RM130.8 million and 9.8% to RM35.0 million, respectively, compared to the preceding quarter.

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

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.

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B5. Tax expense

| | Current Quarter And Period Ended 31.3.2011 RM'000 |
|---------------------|--|
| Current tax expense | |
| Malaysia | 2,901 |
| Overseas | 3,549 |
| | <hr/> |
| | 6,450 |
| | <hr/> <hr/> |

The effective tax rate of the Group for the current quarter and 3-month period ended 31 March 2011 was lower than the Malaysian statutory tax rate of 25% due mainly to gain on disposal of quoted shares, which is non-taxable, and the income earned in China which is taxed at a lower rate of 24%.

B6. Unquoted investments and properties

There was no material sale or purchase of unquoted investment or property during the current quarter and 3-month period ended 31 March 2011.

B7. Quoted investments

- a) Purchase and sale of quoted shares during the current quarter and 3-month period ended 31 March 2011.
 - (i) Acquisition of quoted shares

| | Current Quarter And Period Ended 31.3.2011 RM'000 |
|------------------------|--|
| Purchase consideration | 32,952 |
| | <hr/> |

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B7. Quoted investments (Cont'd)

(ii) Disposal of quoted shares

| | Current Quarter And Period Ended 31.3.2011 RM'000 |
|--------------------------------|--|
| Sale proceeds | 70,716 |
| Cost of quoted shares disposed | (63,738) |
| Gain on disposal | <u>6,978</u> |

b) Investment in quoted shares as at 31 March 2011

| | Cost RM'000 | Book Value RM'000 | Market Value RM'000 |
|-------------------------|------------------------|----------------------------------|------------------------------------|
| Quoted in Malaysia | 72,565 | 81,228 | 81,228 |
| Quoted outside Malaysia | 23,687 | 23,216 | 23,216 |
| | <u>96,252</u> | <u>104,444</u> | <u>104,444</u> |

B8. Status of corporate proposal

The Employee Share Option of Rock Chemical Industries (Malaysia) Berhad (RCI), a 60.4% owned subsidiary of the Company, that was approved by shareholders of RCI on 25 May 2007, has yet to become effective.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 13 May 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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B9. Borrowing and debt securities

Group borrowings as at 31 March 2011:

RM'000

Short-term borrowings

Secured denominated in:

Ringgit Malaysia

53,441

Chinese Renminbi (RMB40,000,000)

18,476

71,917

Unsecured denominated in:

Ringgit Malaysia

11,033

Chinese Renminbi (RMB60,000,000)

27,714

110,664

Long-term borrowings

Secured denominated in:

Ringgit Malaysia

9,848

120,512

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 13 May 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B11. Changes in material litigation

There was no pending material litigation as at 13 May 2011, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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B12. Capital commitments

As at 31 March 2011, the Group has the following commitments:

| | RM'000 |
|---|---------------|
| Property, plant and equipment and investment | |
| Authorised but not provided for: | |
| Contracted | 2,548 |
| Not contracted | 3,380 |
| | <hr/> |
| | 5,928 |
| | <hr/> |

B13. Dividend proposed or declared

- (a) A final dividend of 5.5 sen, less income tax of 25%, for the financial year ended 31 December 2010 was approved by the shareholders at the Annual General Meeting held on 20 May 2011. This dividend is payable on 15 July 2011 to entitled shareholders as at 30 June 2011 and has not been included as a liability in these financial statements.
- (b) No dividend has been proposed or declared for the current quarter ended 31 March 2011.

B14. Significant related party transaction

There was no significant related party transaction during the current quarter and 3-month period ended 31 March 2011.

B15. Retained Profits

| | At 31.3.2011 RM'000 | At 31.12.2010 RM'000 |
|---------------------------------------|------------------------------------|-------------------------------------|
| Total retained profits of the Group:- | | |
| - Realised | 231,918 | 219,549 |
| - Unrealised | 7,781 | (1,546) |
| | <hr/> | <hr/> |
| | 239,699 | 218,003 |
| | <hr/> | <hr/> |

**Mega First Corporation Berhad
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B16. Earnings per share

| | Quarter ended 31 March | | Period ended 31 March | |
|---|---------------------------|----------------|--------------------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Basic earnings per share | | | | |
| Profit for the period attributable to ordinary equity holders of the Company | 21,802 | 9,467 | 21,802 | 9,467 |
| Weighted average number of ordinary shares in issue ('000) | 228,127 | 229,585 | 228,127 | 229,585 |
| Basic earnings per share (sen) | 9.56 | 4.12 | 9.56 | 4.12 |
| Diluted earnings per share | | | | |
| Profit for the period attributable to ordinary equity holders of the Company | 21,802 | 9,467 | 21,802 | 9,467 |
| Weighted average number of ordinary shares in issue ('000) | 228,127 | 229,585 | 228,127 | 229,585 |
| Weighted average number of shares under option ('000) | 3,300 | 2,922 | 3,300 | 2,922 |
| Weighted average number of shares that would have been issued at average market price ('000) | (2,912) | (1,922) | (2,912) | (1,922) |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share (€000) | 228,515 | 230,585 | 228,515 | 230,585 |
| Diluted earnings per share (sen) | 9.54 | 4.11 | 9.54 | 4.11 |

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
20 May 2011