



MFCB
MEGA FIRST CORPORATION BERHAD
Company No.: 6682-V

Annual Report
Laporan Tahunan

MEGA FIRST CORPORATION BERHAD | LAPORAN TAHUNAN 2009 ANNUAL REPORT

contents

2	CORPORATE INFORMATION
3	PROFILE OF DIRECTORS
6	FINANCIAL HIGHLIGHTS
7	CORPORATE GOVERNANCE STATEMENT
13	OTHER DISCLOSURES
14	CHAIRMAN'S STATEMENT / PENYATA PENERUSI
17	GROUP MANAGING DIRECTOR'S OPERATION REVIEW / ULASAN OPERASI PENGARAH URUSAN KUMPULAN
20	AUDIT COMMITTEE REPORT
26	STATEMENT ON INTERNAL CONTROL
27	FINANCIAL STATEMENTS
96	LIST OF PROPERTIES HELD
99	STATISTICS OF SHAREHOLDINGS
102	NOTICE OF ANNUAL GENERAL MEETING
105	NOTICE OF DIVIDEND ENTITLEMENT
106	DIRECTORY PROXY FORM

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, *MBCbB, 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)*

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

EMPLOYEE SHARE OPTION COMMITTEE

- * Dato' Haji Abu Hanifah bin Noordin
- * Yeow See Yuen
- Dr. Lim Thian Soo

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 : mfcbb@mega-first.com
 Website : <http://www.mega-first.com>

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

Crowe Horwath (formerly 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

Profile of Directors

GOH NAN KIOH

Chairman
 Non-Independent and Non-Executive Director
 Malaysian

Mr Goh Nan Kioh, age 56, 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 Cheek 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 58, 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) and Pacific & Orient Insurance Co. Berhad.

DR. LIM THIAN SOO

Group Managing Director
 Malaysian

Dr Lim Thian Soo, age 46, 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 a Bachelor of Medicine and Bachelor of Surgery 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 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 Cheek 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 (Cont'd)

GOH NAN YANG

Executive Director
 (Also Alternate Director to Goh Nan Kioh)
 Malaysian

Mr Goh Nan Yang, age 46, 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 67, 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 52, 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 (Cont'd)

YEOW SEE YUEN

Independent and Non-Executive Director
 Malaysian

Mr Yeow See Yuen, age 42, 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 68, 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 46, 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 Strathclyde, 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"), a company 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.

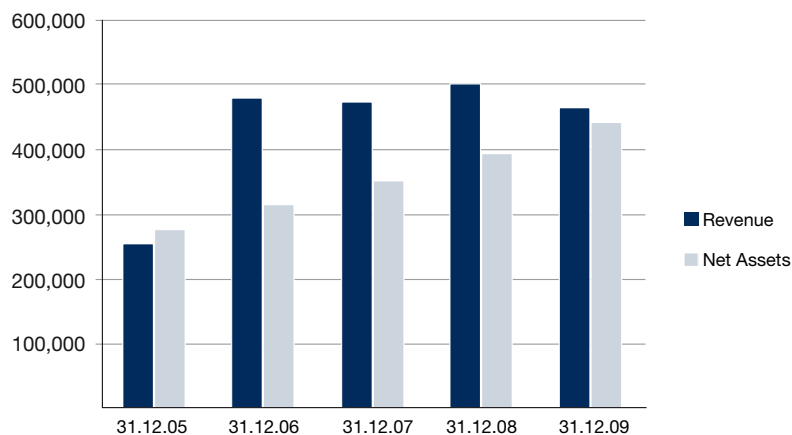
Note:

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.

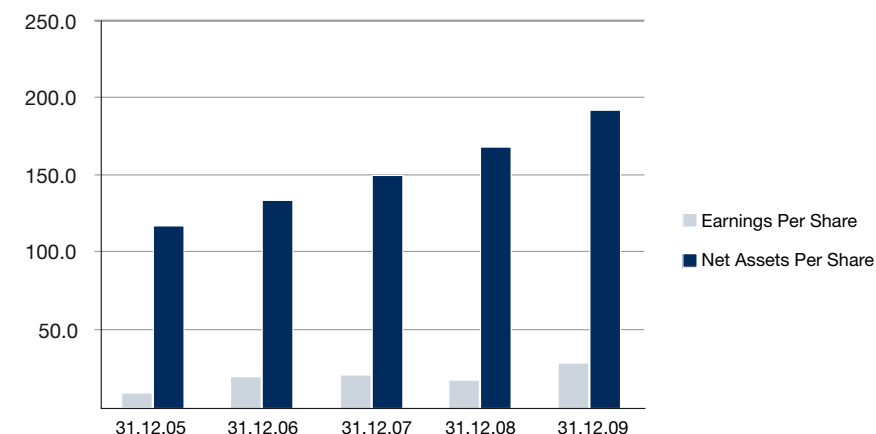
Financial Highlights

Financial Period / Year	6-Month Period Ended 31.12.05 RM'000	Year Ended			
	31.12.05 RM'000	31.12.06 RM'000	31.12.07 RM'000	31.12.08 RM'000	31.12.09 RM'000
Results					
Revenue	254,574	478,387	471,813	500,889	463,103
Profit Before Tax	46,289	94,676	95,739	75,139	117,520
As Of 31 December					
Net Assets/Shareholders' Equity	276,139	314,819	351,906	391,747	440,404
Per Ordinary Share					
Earnings (sen)	8.9	19.5	21.2	17.1	28.2
Gross Dividend (sen)	1.5	5.0	5.5	5.5	7.0
Net Assets (sen)	117.0	133.4	148.8	167.1	191.1

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 2009.

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 and engineering. 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 Directors' Profile section of this Annual Report.

The Board consists of seven (7) Non-Executive Directors (including the Chairman) and two (2) Executive Directors. Five (5) of the nine (9) Directors are independent as defined under the Listing Requirements 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 2009, four (4) Board meetings were held and the attendance record of each Director is as follows:-

Name of Director	Attendance
Goh Nan Kioh	4 out of 4
Dato' Haji Abu Hanifah bin Noordin	3 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	3 out of 4

Corporate Governance Statement (Cont'd)

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 will 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 (Cont'd)

The aggregate remuneration of the Directors paid or payable or otherwise made available from 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	726	–
Benefits-in-kind	11	–
Directors' fees	–	208
Attendance fees	–	19

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	–	7
RM300,001 - RM350,000	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 Bursa Malaysia Listing Requirements.

Board Committees

The Board delegates specific responsibilities to five (5) committees namely Executive Committee, Audit Committee, Remuneration Committee, Nomination Committee and Employee Share Options 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 Listing Requirements. 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 (Cont'd)

3) Remuneration Committee ("RC")

The RC is primarily responsible for determining and 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 was established during the year, and 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) Employee Share Options ("ESOS") Committee

The ESOS Committee is primarily responsible for administering the Employee Share Option Scheme in accordance with the Bye-Laws approved by the shareholders of the Company on 30 October 2000. The present ESOS Scheme was implemented on 1 October 2001. The initial five-year term of the ESOS Scheme which expired on 30 September 2006 was extended for another five years to expire on 30 September 2011.

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.

Directors' Training

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 were updated on new regulations and statutory requirements. They also have evaluated their own training needs on a continuous basis. Some Directors have individually attended various seminars and talks as follows:-

Potential Impact of FRS 139

Common Offences under the Companies Act, 1965

The Emergence of China

The Global Financial Crisis - Implications for Corporate Governance in Asia

Governance Practices for the Financial Markets in the 21st Century

Risk Management Introduction

Challenges of Implementing FRS 139

High Level Forum for Directors of Listed Issuers for Enhancing Corporate Governance

Corporate Governance Statement (Cont'd)

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 Listing Requirements 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 Listing Requirements. 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 (Cont'd)

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 15.27 of the Listing Requirements 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 passed on 25 February 2010.

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

The Company did not issue any options, warrants or convertible securities during the financial year. No share options issued pursuant to the Employee Share Option Scheme were exercised during the financial year.

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

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

5) Penalty

There was no penalty imposed on the Company for the financial year.

6) Variation in results

There was no variation between the audited results for the financial year and the unaudited results previously announced by the Company on 25 February 2010.

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 2009 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 / Penyata Pengerusi

For The Financial Year Ended 31 December 2009 / bagi tahun kewangan berakhir 31 Disember 2009

On behalf of the Board of Directors of MFCB, I have pleasure in presenting the 44th Annual Report incorporating the financial statements of the Group and of the Company for the financial year ended 31 December 2009.

In the wake of the global economic uncertainties in 2008, the Group took measures to deal with the challenging business environment. I am pleased to report that this, together with prudent cash flow management, has enabled the Group to record the highest profit since its relisting in 1991. The Group recorded a total revenue of RM463.1 million and a pre-tax profit of RM117.5 million as compared to the previous year's revenue of RM500.9 million and a pre-tax profit of RM75.1 million. Pre-tax profit for the Group rose by 56.4%. In the same vein, the Group's net assets was up to RM440.4 million. Earnings per share and net asset value per share were recorded at 28.2 sen (2008 : 17.1 sen) and 191 sen (2008 : 167 sen), respectively.

REVIEW OF OPERATIONS

Coal prices in China, despite having fallen from its very high levels reached during 2008, have not returned to the pre-2008 levels and will continue to affect operating costs. Our Shaoxing plant is undergoing a 3-phase modification process to upgrade and reduce fuel consumption, details of which are elaborated in our Group Managing Director's Operation Review section of this Report. Phase 1 of the plant modification was completed in October 2009 and has brought significant reduction in coal consumption. The Shaoxing plant is expected to improve production efficiency and deliver better results in 2010.

In October 2009, the Government of the Lao People's Democratic Republic ("GOL") extended the Project Development Agreement for the Don Sahong hydroelectric power project to 13 August 2010. We firmly believe that there is significant growth potential in the Power business of the Group with the geographical expansion of our business in the next few years.

Apart from the Power business, the Group sees increasing demand for our lime products from overseas markets. In response, the Group has started the relocation of its Lahat plant from Lahat to Gopeng in 2009 so as to optimise the lime operations at Gopeng. This exercise will see significant operating cost savings and productivity improvements.

Bagi pihak Lembaga Pengarah MFCB, saya dengan sukacitanya membentangkan Laporan Tahunan Keempat Puluh Empat yang menggabungkan Penyata Kewangan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2009.

Berikutan ketidakpastian ekonomi global pada 2008, Kumpulan telah mengambil langkah-langkah untuk menghadapi dengan persekitaran perniagaan yang mencabar. Saya dengan sukacitanya melaporkan bahawa langkah-langkah ini, bersama dengan pengurusan aliran tunai berhemah, telah membolehkan Kumpulan untuk mencatat keuntungan tertinggi sejak ia disenaraikan semula pada 1991. Kumpulan mencatat jumlah hasil sebanyak RM463.1 juta dan keuntungan pra-cukai sebanyak RM117.5 juta berbanding dengan hasil tahun sebelumnya sebanyak RM500.9 juta dan keuntungan pra-cukai sebanyak RM75.1 juta. Keuntungan pra-cukai bagi Kumpulan meningkat sebanyak 56.4%. Sejalan dengan itu, aset bersih Kumpulan telah meningkat kepada RM440.4 juta. Perolehan setiap saham dan nilai aset bersih setiap saham masing-masing telah dicatatkan pada 28.2 sen (2008 : 17.1 sen) dan 191 sen (2008 : 167 sen).

KAJIAN OPERASI

Harga arang batu di negeri China, walaupun telah jatuh daripada tahap harga amat tingginya yang dicapai pada 2008, akan terus menjejaskan kos kendalian. Loji Shaoxing kami telah menjalani proses ubahsuaian 3-fasa untuk menaik taraf dan mengurangkan penggunaan bahan api, butir-butir yang mana diuraikan dalam seksyen Ulasan Operasi Pengarah Urusan kami dalam Laporan ini. Fasa 1 bagi ubahsuaian loji telah selesai dilaksanakan pada Oktober 2009 dan telah membawa kepada pengurangan yang ketara dalam penggunaan arang batu. Loji Shaoxing dijangka akan meningkatkan kecekapan pengeluaran dan menghasilkan keputusan yang lebih baik pada 2010.

Pada Oktober 2009, Kerajaan Republik Demokratik Rakyat Lao ("GOL") telah melanjutkan Perjanjian Pembangunan Projek bagi projek kuasa hidroelektrik Don Sahong kepada 13 Ogos 2010. Kami tetap mempercayai bahawa terdapat potensi pertumbuhan yang ketara dalam perniagaan Kuasa Kumpulan dengan pengembangan dari segi geografi bagi perniagaan kami dalam beberapa tahun yang akan datang.

Chairman's Statement (Cont'd) / Penyata Pengerusi (Samb)

For The Financial Year Ended 31 December 2009 / bagi tahun kewangan berakhir 31 Disember 2009

The Property development operations continued to face difficulties arising from the economic slowdown in 2008 and 2009. In line with the objective to focus on clearing its on-going projects and unsold stocks that have been constructed during periods of lower material prices, we have deferred several property launches due to uncertain market conditions. Nonetheless, some growth is expected to return in 2010 aided by the tax incentives for purchasers, low interest rates for housing loans, among others, and recovery of the domestic economy.

DIVIDEND

In keeping with our commitment to regularly return value to our shareholders, the Board is proposing a final dividend of 5.0 sen, less income tax of 25%, for the financial year ended 31 December 2009 for approval of the shareholders at the forthcoming Annual General Meeting. In addition to the interim dividend of 2.0% less income tax, this brings the total dividend payout for the financial year to 7.0 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 beside contributing to community welfare, building green awareness and delivering the highest quality products to all our customers.

PROSPECT

The stimulus packages implemented by governments worldwide have brought about improved consumer confidence and encouraging signs that the global economic slowdown may have reached its turning point. We are confident that the results for 2010 will continue to be satisfactory.

Selain daripada perniagaan Kuasa, Kumpulan menyaksikan peningkatan permintaan bagi produk batu kapur kami daripada pasaran luar negara. Sebagai respons, Kumpulan telah memulakan penempatan semula loji Lahatnya dari Lahat ke Gopeng pada 2009 untuk mengoptimumkan operasi batu kapur di Gopeng. Langkah ini akan menyaksikan penjimatan kos kendalian dan peningkatan produktiviti yang ketara.

Operasi pembangunan hartanah terus menghadapi kesukaran yang timbul daripada kelembapan ekonomi pada 2008 dan 2009. Seajar dengan objektif untuk menumpukan pada penjualan stok unit siap sedia yang telah dibina dalam tempoh-tempoh di mana harga bahan adalah lebih rendah, kami telah menunda beberapa pelancaran hartanah disebabkan oleh ketidakpastian keadaan pasaran. Namun demikian, pertumbuhan tertentu dijangka akan pulih pada 2010 dibantu oleh insentif cukai bagi pembeli-pembeli, kadar faedah yang rendah bagi pinjaman perumahan, antara lainnya, dan pemulihan ekonomi domestik.

DIVIDEN

Dalam memenuhi komitmen kami untuk sentiasa memulangkan nilai kepada pemegang-pemegang saham kami, Lembaga mencadangkan dividen akhir sebanyak 5.0 sen, tolak cukai pendapatan sebanyak 25%, bagi tahun kewangan berakhir 31 Disember 2009 bagi kelulusan pemegang-pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Sebagai tambahan kepada dividen interim sebanyak 2.0% tolak cukai pendapatan, ini membawa kepada jumlah dividen dibayar bagi tahun kewangan kepada 7.0 sen setiap saham biasa bernilai RM1.00 sesaham.

TANGGUNG JAWAB SOSIAL KORPORAT

Kumpulan telah memberikan sokongan dalam bantuan monetari kepada kanak-kanak mengikuti persekolahan, penduduk kampung yang masih terbelenggu dengan kemiskinan di samping menyumbang kepada kebajikan komuniti, membina kesedaran kehijauan alam sekitar dan menyerahkan produk berkualiti paling tinggi kepada semua pelanggan kami.

Chairman's Statement (Cont'd) / Penyata Pengerusi (Samb)

For The Financial Year Ended 31 December 2009 / bagi tahun kewangan berakhir 31 Disember 2009

ACKNOWLEDGEMENT AND APPRECIATION

Last but not least, on behalf of the Board of Directors, I would like to extend my sincere gratitude to our business associates, customers and shareholders for their support throughout the year. 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 2010

PROSPEK

Pakej rangsangan yang dilaksanakan oleh kerajaan di seluruh dunia telah meningkatkan keyakinan pengguna dan tanda-tanda yang menggalakkan bahawa kelembapan ekonomi global mungkin telah sampai ke penghujungnya. Kami yakin bahawa keputusan-keputusan bagi 2010 akan terus memuaskan.

PENGIKTIRAFAN DAN PENGHARGAAN

Akhir sekali dan tidak kurang pentingnya, bagi pihak Lembaga Pengarah, saya ingin melahirkan rasa terhutang budi yang ikhlas saya kepada sekutu-sekutu perniagaan kami, pelanggan-pelanggan dan pemegang-pemegang saham atas sokongan mereka pada sepanjang tahun. Saya juga ingin mengucapkan terima kasih kepada pasukan pengurusan kami yang dedikasi dan pekerja yang komited atas kerja keras dan usaha-usaha berterusan mereka sejak sekian lama. Usaha-usaha cemerlang mereka telah menyumbang dengan ketara kepada keputusan-keputusan luar biasa kami dan selanjutnya telah mengukuhkan asas Kumpulan bagi menyebarkan kemunculan kami dalam lain-lain pasaran yang berpotensi.

Goh Nan Kioh
Pengerusi

27 April 2010

Group Managing Director's Operation Review / Ulasan Operasi Pengarah Urusan Kumpulan

For The Financial Year Ended 31 December 2009 / bagi tahun kewangan berakhir 31 Disember 2009

OVERVIEW

For the financial year under review, the Group reported a revenue of RM463.1 million (2008 : RM500.9 million) and a pre-tax profit of RM117.5 million (2008 : RM75.1 million).

Despite another difficult year for the Group's businesses, we are pleased with the continued progress that MFCB has made. Pre-tax profit for the Group rose by 56.4% from RM75.1 million in 2008 to RM117.5 million in 2009.

The Power Division which rose by 73.3% over the RM44.4 million recorded in 2008 was the most significant growth division, accounting for 65.4% (2008 : 59.0%) of the total, Limestone Division contributed 14.3% (2008 : 10.5%) and Property Division contributed 10.7% (2008 : 45.4%).

POWER DIVISION

The Power Division has been the Group's largest profit contributor over the years. It recorded a revenue of RM333.6 million and pre-tax profit of RM76.9 million.

The power plant in Shaoxing, China continued to record outstanding performance. A substantial increase in profit was achieved this year due to a decrease in coal prices from an average of Rmb871 per tonne in 2008 to Rmb695 per tonne in 2009.

During the previous financial year, the power industry in China witnessed continued high coal prices along with pressure on steam and energy prices. Our Shaoxing plant embarked on a 3-phase modification process where the plant power generation efficiency can be raised and the coal consumption can be cut by approximately 25%. Phase 1 has been completed with higher capacity installed, while modification works for phase 2 are ongoing.

GAMBARAN KESELURUHAN

Bagi tahun kewangan di bawah kajian, Kumpulan melaporkan hasil sebanyak RM463.1 juta (2008 : RM500.9 juta) dan keuntungan pra-cukai sebanyak RM117.5 juta (2008 : RM75.1 juta).

Sungguhpun Kumpulan menghadapi satu lagi tahun yang sukar bagi perniagaannya, kami amat berpuas hati dengan kemajuan berterusan yang telah dicapai oleh MFCB. Keuntungan pra-cukai bagi Kumpulan meningkat sebanyak 56.4% daripada RM75.1 juta pada 2008 kepada RM117.5 juta pada 2009.

Bahagian Kuasa yang meningkat sebanyak 73.3% berbanding dengan RM44.4 juta yang dilaporkan pada 2008 adalah bahagian yang mencatat pertumbuhan paling ketara, mengaunkan bagi 65.4% (2008 : 59.0%) daripada jumlah keseluruhan, Bahagian Batu Kapur menyumbang 14.3% (2008 : 10.5%) manakala Bahagian Hartanah pula menyumbang 10.7% (2008 : 45.4%).

BAHAGIAN KUASA

Bahagian Kuasa telah menjadi penyumbang keuntungan paling besar Kumpulan selama ini. Ia melaporkan hasil sebanyak RM333.6 juta dan keuntungan pra-cukai sebanyak RM76.9 juta.

Loji janakuasa di Shaoxing, China terus melaporkan prestasi yang memberangsangkan. Peningkatan yang ketara dalam keuntungan telah dicapai pada tahun ini disebabkan oleh penurunan dalam harga arang batu daripada purata sebanyak Rmb871 setiap tan pada 2008 kepada Rmb695 setiap tan pada 2009.

Dalam tahun kewangan sebelum ini, industri kuasa di China menyaksikan harga arang batu yang berterusan tinggi seiring dengan tekanan ke atas harga stim dan tenaga. Loji Shaoxing kami memulakan proses ubahsuaian 3 fasa di mana kecekapan penjanaan kuasa loji boleh dinaikkan dan penggunaan arang batu boleh dikurangkan sebanyak lebih kurang 25%. Fasa 1 telah pun siap dengan kapasiti lebih tinggi dipasang, manakala kerja-kerja ubahsuaian bagi fasa 2 sedang dalam pelaksanaan.

Group Managing Director's Operation Review (Cont'd) / Ulasan Operasi Pengarah Urusan Kumpulan (Samb)

For The Financial Year Ended 31 December 2009 / bagi tahun kewangan berakhir 31 Disember 2009

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

The power plant in Tawau, Malaysia posted a revenue of RM86.0 million, down from RM126.3 million. Its pre-tax profit stood at RM9.1 million, down from RM10.6 million recorded in the previous year. This operation faces the challenge of maintaining a stable profit margin and, pursuant to the Power Purchase Agreement, it has significantly lower capacity payments from Sabah Electricity Sdn. Bhd. since the end of 2008.

Loji Shaoxing terus menjadi sumber stabil bagi hasil Kumpulan.

Loji janakuasa di Tawau, Malaysia mencatat hasil sebanyak RM86.0 juta, jatuh daripada RM126.3 juta. Keuntungan pra-cukainya berada pada RM9.1 juta, jatuh daripada RM10.6 juta yang dilaporkan dalam tahun sebelumnya. Operasi ini menghadapi cabaran dalam mengekalkan keuntungan yang stabil dan, selaras dengan Perjanjian Pembelian Kuasa, bayaran kapasiti daripada Sabah Electricity Sdn. Bhd. telah turun sejak akhir 2008.

PROPERTY DIVISION

Our Property Division performed well delivering a revenue of RM48.5 million and pre-tax profit growth (excluding the fair value gain adjustment in 2008) of an outstanding 108.7% from 2008 despite very soft market conditions and a slowdown in the construction of property projects.

Included in the results of the Division's last financial year was a fair value gain adjustment of RM28.1 million from the revaluation of the PJ8 joint venture project.

We conducted a review of the carrying value of our land held for property development in light of current market conditions. The cost overrun in past years for our Taman Mawar project had necessitated an impairment loss of RM2.5 million even though our launches in this project are selling well.

For commercial properties, sales of our signature offices in Ipoh, Greentown Avenue, Phase 5 comprising 34 units is doing well with 65% sold. With respect to residential projects, the Division has launched several projects for the past 2 years including Taman Setapak Indah Phase 9 and Taman Mawar Phase 4D and 4E.

BAHAGIAN HARTANAH

Bahagian Hartanah kami menunjukkan prestasi baik dengan menyumbangkan hasil sebanyak RM48.5 juta dan pertumbuhan keuntungan pra-cukai (tidak termasuk pelarasan keuntungan nilai saksama pada 2008) yang cemerlang sebanyak 108.7% dari 2008 di sebalik keadaan pasaran yang amat perlahan dan kelembapan dalam projek-projek pembinaan hartanah.

Termasuk dalam keputusan-keputusan tahun kewangan Bahagian yang lepas adalah pelarasan keuntungan nilai saksama sebanyak RM28.1 juta daripada projek usahasama PJ8.

Kami melaksanakan kajian nilai bagi tanah kami yang dipegang untuk pembangunan hartanah berdasarkan keadaan-keadaan pasaran semasa. Kos melebihi unjuran pada tahun-tahun yang lepas bagi projek Taman Mawar kami telah mengakibatkan kerugian kerosotan sebanyak RM2.5 juta walaupun pelancaran kami dalam projek ini telah mencatat jualan yang baik.

Bagi hartanah komersial, jualan pejabat-pejabat pengenalan kami di Ipoh, Greentown Avenue, Fasa 5 terdiri daripada 34 unit menunjukkan prestasi yang memuaskan dengan 65% telah dapat dijual. Berhubung dengan projek-projek kediaman, Bahagian telah melancarkan beberapa projek bagi 2 tahun yang lepas termasuk Taman Setapak Indah Fasa 9 dan Taman Mawar Fasa 4D dan 4E.

Group Managing Director's Operation Review (Cont'd) / Ulasan Operasi Pengarah Urusan Kumpulan (Samb)

For The Financial Year Ended 31 December 2009 / bagi tahun kewangan berakhir 31 Disember 2009

LIMESTONE DIVISION

The Limestone Division has grown to become a significant contributor to the Group's revenue and pre-tax profit. It recorded revenue of RM68.9 million and pre-tax profit of RM16.8 million. Export sales grew by 59.0% to RM35.0 million and accounted for 56.2% of sales during the year.

The relocation of our Lahat plant to Gopeng is currently ongoing. With the completion of this relocation exercise, the Gopeng plant is expected to increase its production capacity and reduce raw material and manpower costs.

The Limestone Division had an outstanding year as compared to 2008 when results were affected by a time lag in recovering the impact of higher costs in the market place.

The Division has achieved growth in sales volume and is clearly well placed to take advantage of any upturn in the market. 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.

BAHAGIAN BATU KAPUR

Bahagian Batu Kapur telah berkembang menjadi penyumbang yang ketara kepada hasil dan keuntungan pra-cukai Kumpulan. Ia mencatat hasil sebanyak RM68.9 juta dan keuntungan pra-cukai sebanyak RM16.8 juta. Jualan eksport meningkat sebanyak 59.0% kepada RM35.0 juta dan mengaunkan bagi 56.2% daripada jualan dalam tahun dibawah kajian.

Penempatan semula loji Lahat kami ke Gopeng sedang dijalankan pada masa ini. Dengan siapnya langkah penempatan semula ini, loji Gopeng dijangka akan meningkatkan keupayaan pengeluarannya dan mengurangkan kos bahan mentah dan tenaga kerja.

Bahagian Batu Kapur telah menikmati tahun yang membanggakan berbanding dengan 2008 apabila keputusan-keputusan telah terjejas oleh jeda masa untuk pulih daripada kesan kenaikan kos yang lebih tinggi dalam tempat pasaran.

Bahagian telah mencapai peningkatan dalam jumlah jualan dan ini memberi kelebihan dalam mengambil peluang ke atas sebarang peningkatan dalam pasaran. Bahagian sentiasa meneruskan program-program untuk mengembangkan rangkaianannya sama ada secara tempatan ataupun luar negara untuk mempelbagaikan golongan pelanggannya dan pada masa yang sama membangunkan penggunaan baru bagi produk-produk sedia adanya serta juga menghasilkan produk-produk dengan keuntungan yang lebih baik untuk kekal di hadapan dalam pasaran persaingan.

Audit Committee Report

For The Year Ended 31 December 2009

1. Composition

Chairman : 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.

Audit Committee Report (Cont'd)

For The Year Ended 31 December 2009

- 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.
- 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.

Audit Committee Report (Cont'd)

For The Year Ended 31 December 2009

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.
 - (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.

Audit Committee Report (Cont'd)

For The Year Ended 31 December 2009

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.

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 2009, four (4) meetings of the Committee were held. The attendance record of the Committee members was as follows:-

Name of Committee member	Attendance record
Yeow See Yuen	4/4
Dato' Haji Abu Hanifah bin Noordin	4/4
Dato' Jorgen Bornhoft	3/4

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.

Audit Committee Report (Cont'd)

For The Year Ended 31 December 2009

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 2009 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 2009 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.

Audit Committee Report (Cont'd)

For The Year Ended 31 December 2009

- (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 FY2009 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 FY2009 was about RM375,000.

6. Trainings attended by Committee

During the financial year ended 31 December 2009, the audit committee members have attended seminars and training programmes on the following areas:-

- (a) Hap Seng Public Lecture Series on the Emergence of China.
- (b) Common Offences Under the Companies Act 1965.
- (c) Governance Practice for the Financial Markets in the 21st Century.
- (d) Risk Management Introduction.
- (e) The Global Financial Crisis : Implications for Corporate Governance in Asia.
- (f) Potential Financial Impact of FRS 139.
- (g) Challenges of Implementing FRS 139.

Statement on Internal Control

For The Financial Year Ended 31 December 2009

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 2009 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	28
INDEPENDENT AUDITORS' REPORT	34
INCOME STATEMENTS	36
BALANCE SHEETS	37
STATEMENTS OF CHANGES IN EQUITY	39
CASH FLOW STATEMENTS	40
NOTES TO THE FINANCIAL STATEMENTS	43
STATEMENT BY DIRECTORS	95
STATUTORY DECLARATION	95

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 2009.

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 associate 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 EVENT

On 2 October 2009, the Government of the Lao People's Democratic Republic ("GOL") granted an extension of the term and validity period of the Project Development Agreement for the hydroelectric power project in Don Sahong, Khong District, Champasak Province, GOL, to 13 August 2010.

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	117,520	10,862
Income tax expense	(21,332)	(744)
Profit for the financial year	96,188	10,118
Attributable to:		
Equity holders of the Company	65,626	10,118
Minority interests	30,562	–
	96,188	10,118

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.

Directors' Report (Cont'd)

DIVIDENDS

The amount of dividends paid or declared by the Company during the financial year were as follows:

- (a) A final dividend of 3.5 sen less income tax of 25% amounting to RM6,121,861 for the financial year ended 31 December 2008 was approved by the shareholders at the Annual General Meeting held on 20 May 2009 and paid on 15 July 2009.
- (b) An interim dividend of 2.0 sen less income tax of 25% amounting to RM3,479,849 for the financial year ended 31 December 2009 (2008 : interim dividend of 2.0 sen less income tax of 26%) was paid on 9 October 2009.

The Board proposes a final dividend of 5.0 sen, less income tax of 25%, for the financial year ended 31 December 2009 (2008 : 3.5 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.

RESERVES AND PROVISIONS

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

SHARE OPTIONS

An Employee Share Option Scheme ("ESOS") of the Company was implemented on 1 October 2001 for the benefit of eligible employees and Executive Directors of the Company and its subsidiaries incorporated in Malaysia. The initial five-year term of the ESOS which expired on 30 September 2006 was extended for a further five years to expire on 30 September 2011.

The main features of the ESOS are as follows:

- (a) Employees and Executive Directors who have been employed for a continuous period of at least one year shall be eligible to participate in the ESOS.
- (b) The maximum number of new ordinary shares in the Company which may be issued and allotted pursuant to the exercise of options granted under the scheme shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the term of the ESOS.
- (c) No employee shall be granted options for less than 1,000 ordinary shares nor more than 500,000 ordinary shares.
- (d) The option price of each ordinary share under the ESOS shall be determined by the Board upon the recommendation of the ESOS committee, which is at a discount of not more than 10% on the weighted average market price of the shares for the five market days immediately preceding the date of offer, or the par value of each ordinary share, whichever is higher.
- (e) An eligible employee can only participate in one ESOS implemented by any company within the Group.
- (f) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, other than as may be specified in a resolution approving the distribution of dividends prior to the allotment dates.

Directors' Report (Cont'd)

SHARE OPTIONS (CONT'D)

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of option holders of less than 210,000 shares. The names of the option holders as at 31 December 2009 who have been granted options of 210,000 shares or more are disclosed as follows:

Option holders	Exercise price RM	Number of share options
Dr. Lim Thian Soo	1.00	500,000
Goh Nan Yang	1.00	500,000
Chow Choon Thim	1.00	500,000
Chu Beng Han	1.00	350,000
Foo Kah Heng	1.00	210,000
Liew Leong Ting	1.00	210,000

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

	Exercise price per ordinary share RM	Number of options over ordinary shares of RM1 each
Balance as at 1.1.2009	1.00	2,969,000
Granted	1.00	–
		2,969,000
Exercised	1.00	–
Lapsed	1.00	(47,000)
Balance as at 31.12.2009		2,922,000

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there was no change in the authorised and issued and paid-up share capital of the Company; and
- (b) there was no debentures issued by the Company.

TREASURY SHARES

During the financial year, the Company purchased a total of 3,940,800 of its own issued ordinary shares from the open market at an average purchase cost of approximately RM1.06 per share under the Company's share buy-back scheme. These shares were held as treasury shares, and the total consideration paid for the purchase of these shares including transaction costs amounted to RM4,172,806.

As at 31 December 2009, the Company held as treasury shares a total of 8,850,600 of its 239,283,000 issued and fully paid-up ordinary shares, at a carrying amount of RM10,584,443. 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.

Directors' Report (Cont'd)

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets 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 doubtful debts, and had satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts; 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 doubtful debts 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

The following Directors 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

Directors' Report (Cont'd)

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 1.1.2009	Addition	Disposal	Balance as at 31.12.2009
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	—	—	713,600
- Deemed	68,342,100	—	—	68,342,100
Dr. Lim Thian Soo				
- Direct	90,000	—	—	90,000
- Deemed	49,832,200	—	—	49,832,200
Yong Fook Shin				
- Direct	470,200	—	—	470,200
Goh Nan Yang				
- Direct	10,000	—	—	10,000
Yeow See Yuen				
- Direct	436,500	—	—	436,500
- Deemed	26,000	—	—	26,000
Dato' Jorgen Bornhoft				
- Direct	175,000	—	—	175,000
SHARES IN SUBSIDIARY, ROCK CHEMICAL INDUSTRIES (MALAYSIA) BERHAD				
Goh Nan Kioh				
- Deemed	25,594,300	4,000	—	25,598,300
Dr. Lim Thian Soo				
- Deemed	25,594,300	4,000	—	25,598,300
Goh Nan Yang				
- Direct	100	—	—	100
Yeow See Yuen				
- Direct	40,600	—	—	40,600

Directors' Report (Cont'd)

DIRECTORS' INTERESTS (CONT'D)

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 ESOS of the Company:

	Options over ordinary shares of RM1 each			
	Balance as at 1.1.2009	Granted	Exercised	Balance as at 31.12.2009
Dr. Lim Thian Soo	500,000	–	–	500,000
Goh Nan Yang	500,000	–	–	500,000

Goh Nan Kioh and Dr. Lim Thian Soo, by virtue of their interests in 29.97% (2008 : 29.46%) and 21.66% (2008 : 21.30%) 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' 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 41 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 ESOS as disclosed above.

AUDITORS

The auditors, Messrs. Crowe Horwath (formerly known as Messrs. 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
 1 March 2010

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 balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 94.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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 2009 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report (Cont'd)

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.

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

Kuala Lumpur
1 March 2010

Lee Kok Wai
Approval No: 2760/06/10 (J)
Partner

Income Statements

for the financial year ended 31 December 2009

	Note	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	5	463,103	500,889	16,102	11,124
Cost Of Sales		(327,151)	(407,674)	–	–
Gross Profit		135,952	93,215	16,102	11,124
Distribution Costs		(1,472)	(1,205)	–	–
Administrative Expenses		(22,917)	(22,769)	(3,615)	(3,331)
Other Expenses		(18,171)	(23,152)	(53)	(29)
Other Income		28,865	34,352	88	73
Profit From Operations	6	122,257	80,441	12,522	7,837
Finance Costs	7	(5,310)	(5,567)	(1,660)	(179)
Share Of Profit In An Associate		573	265	–	–
Profit Before Tax		117,520	75,139	10,862	7,658
Income Tax Expense	8	(21,332)	(9,066)	(744)	–
Profit For The Financial Year		96,188	66,073	10,118	7,658
Attributable To:					
- Equity Holders Of The Company		65,626	40,184	10,118	7,658
- Minority Interests		30,562	25,889	–	–
		96,188	66,073	10,118	7,658
Earnings Per Share (sen)	10				
- Basic		28.18	17.09		
- Diluted		27.90	16.94		

The accompanying Notes on pages 43 to 94 form an integral part of the financial statements.

Balance Sheets

as at 31 December 2009

		GROUP		COMPANY	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	11	210,373	208,371	1,254	92
Subsidiaries	12	—	—	134,339	134,341
Associate	13	4,836	4,263	3,500	3,500
Investment In Quoted Shares	14	129,961	5,478	—	—
Investment In Unquoted Shares	15	335	335	—	—
Prepaid Lease Payments	16	3,410	3,691	—	—
Investment Properties	17	73,442	73,408	—	—
Land Held For Property Development	18	61,367	65,567	—	—
Goodwill On Consolidation	19	7,635	10,027	—	—
		491,359	371,140	139,093	137,933
Current Assets					
Inventories	20	39,065	41,294	—	—
Property Development	21	25,245	22,681	—	—
Receivables	22	127,006	120,093	255,240	153,431
Bank Balances And Deposits	23	115,178	141,597	344	7,222
		306,494	325,665	255,584	160,653
TOTAL ASSETS		797,853	696,805	394,677	298,586

The accompanying Notes on pages 43 to 94 form an integral part of the financial statements.

Balance Sheets (Cont'd)

as at 31 December 2009

	Note	GROUP		COMPANY	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
EQUITY AND LIABILITIES					
Share Capital	24	239,283	239,283	239,283	239,283
Treasury Shares	25	(10,585)	(6,412)	(10,585)	(6,412)
Reserves	26	211,706	158,876	47,237	46,721
Equity Attributable To Equity Holders Of The Company		440,404	391,747	275,935	279,592
Minority Interests		154,930	138,618	–	–
Total Equity		595,334	530,365	275,935	279,592
Non-Current Liabilities					
Long-Term Borrowings	27	8,019	12,665	–	–
Retirement Benefit Obligations		692	523	–	–
Hire Purchase Payables	28	–	9	–	–
Deferred Taxation	29	23,126	24,502	–	–
		31,837	37,699	–	–
Current Liabilities					
Payables	30	57,685	57,783	102,738	14,983
Short-Term Borrowings	31	106,618	67,763	16,004	4,011
Taxation		6,379	3,195	–	–
		170,682	128,741	118,742	18,994
Total Liabilities		202,519	166,440	118,742	18,994
TOTAL EQUITY AND LIABILITIES		797,853	696,805	394,677	298,586
Net Assets Per Ordinary Share (sen)	32	191	167		

The accompanying Notes on pages 43 to 94 form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2009

GROUP	← Attributable to Equity Holders of the Parent → ← Non-Distributable Reserves → Distributable									
	Share Capital	Treasury Shares	Share Premium	Share Option Reserve	Translation Reserve	Capital Reserve	Retained Profits	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2008	239,212	(3,893)	33,380	28	2,633	2,213	78,333	351,906	110,557	462,463
Currency translation differences	-	-	-	-	9,213*	-	-	9,213	5,825	15,038
Profit for the financial year	-	-	-	-	-	-	40,184	40,184	25,889	66,073
Dividends (Note 9)	-	-	-	-	-	-	(9,568)	(9,568)	(3,653)	(13,221)
Arising from deconsolidation of a foreign subsidiary	-	-	-	-	2,460*	-	-	2,460	-	2,460
Issuance of ordinary shares pursuant to ESOS	71	-	-	-	-	-	-	71	-	71
Purchase of treasury shares	-	(2,519)	-	-	-	-	-	(2,519)	-	(2,519)
Balance at 31 December 2008 / 1 January 2009	239,283	(6,412)	33,380	28	14,306	2,213	108,949	391,747	138,618	530,365
Currency translation differences	-	-	-	-	(3,194)*	-	-	(3,194)	(1,127)	(4,321)
Profit for the financial year	-	-	-	-	-	-	65,626	65,626	30,562	96,188
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	239,283	(10,585)	33,380	28	11,112	2,213	164,973	440,404	154,930	595,334

* Represents gains/(loss) not recognised in the income statements.

COMPANY	Share Capital	Treasury Shares	Share Premium	Share Option Reserve	Retained Profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2008	239,212	(3,893)	33,380	28	15,223	283,950
Profit for the financial year	-	-	-	-	7,658	7,658
Dividends (Note 9)	-	-	-	-	(9,568)	(9,568)
Issuance of ordinary shares pursuant to ESOS	71	-	-	-	-	71
Purchase of treasury shares	-	(2,519)	-	-	-	(2,519)
Balance at 31 December 2008 / 1 January 2009	239,283	(6,412)	33,380	28	13,313	279,592
Profit 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	239,283	(10,585)	33,380	28	13,829	275,935

The accompanying Notes on pages 43 to 94 form an integral part of the financial statements.

Cash Flow Statements

for the financial year ended 31 December 2009

GROUP	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	117,520	75,139
Adjustments for:		
Allowance for doubtful debts	3,315	3,512
Allowance for inventory write-down	718	439
Allowance for slow-moving inventories	1,127	69
Amortisation of prepaid lease payments	227	212
Depreciation of property, plant and equipment	22,713	23,428
Finance costs	5,310	5,567
Impairment loss on:		
- Goodwill on consolidation	2,392	-
- Investment in quoted shares	4,480	5,086
- Investment in unquoted shares	141	-
- Land held for property development	2,500	-
- Short leasehold quarry land	224	-
Loss on disposal of property, plant and equipment	1,065	-
Loss on foreign exchange – Unrealised	1,790	-
Under/(Over)provision of retirement benefits	169	(213)
Write-off of:		
- Inventories	-	327
- Property, plant and equipment	1,962	813
Allowance for doubtful debts written back	(43)	(671)
Other dividend income	(1,870)	(170)
Fair value gain on investment properties	-	(28,116)
(Gain)/Loss on deconsolidation of subsidiaries	(56)	5,060
Gain on disposal of:		
- Property, plant and equipment	-	(364)
- Quoted investments	(21,299)	-
- Subsidiaries	-	(51)
Gain on foreign exchange – Unrealised	(731)	(3,087)
Interest income	(1,774)	(2,847)
Reversal of foreseeable loss on property development no longer required	(7)	(394)
Reversal of provisions no longer required	(306)	(1,563)
Share of profit in an associate	(573)	(265)
Operating Profit Before Working Capital Changes	138,994	81,911
Decrease/(Increase) in:		
Inventories	39	(5,189)
Property development	631	(7,367)
Receivables	(12,694)	(749)
Increase/(Decrease) in payables	516	(2,391)
Cash From Operations	127,486	66,215
Income tax paid	(18,561)	(12,008)
Net Cash From Operating Activities	108,925	54,207

The accompanying Notes on pages 43 to 94 form an integral part of the financial statements.

Cash Flow Statements (Cont'd)

for the financial year ended 31 December 2009

GROUP		2009 RM'000	2008 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received		1,774	2,847
Dividend received		1,870	170
(Increase)/Decrease in:			
Investment properties		(34)	(33)
Land held for property development		(1,488)	3,117
Net cash inflow from deconsolidation of subsidiaries	39	56	2,985
Net cash inflow from disposal of subsidiaries		–	51
Proceeds from disposal of:			
Property, plant and equipment		1,653	838
Quoted investments		162,658	–
Proceeds from minority interests for shares in a subsidiary		–	10
Purchase of:			
Property, plant and equipment		(33,467)	(7,727)
Quoted investments		(272,274)	–
Net Cash (For)/From Investing Activities		(139,252)	2,258
CASH FLOWS FOR FINANCING ACTIVITIES			
Finance costs paid		(5,310)	(5,567)
Dividends paid		(9,602)	(9,568)
Dividends paid to minority shareholders		(12,941)	(22,425)
Increase/(Decrease) in:			
Short-term borrowings, excluding bank overdrafts and long-term borrowings due within 12 months		37,969	231
Hire purchase payables		(39)	(66)
Net (repayment)/drawdown of mortgage bond and term loans		(1,534)	9,356
Proceeds from issue of shares pursuant to ESOS		–	71
Purchase of treasury shares		(4,173)	(2,519)
Repayment from a disposed subsidiary		–	(124)
Repayment of fixed rate serial bonds		(7,000)	(7,000)
Net Cash For Financing Activities		(2,630)	(37,611)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(46)	8,186
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(33,003)	27,040
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		141,503	114,463
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	35	108,500	141,503

The accompanying Notes on pages 43 to 94 form an integral part of the financial statements.

Cash Flow Statements (Cont'd)

for the financial year ended 31 December 2009

COMPANY	2009 RM'000	2008 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before tax	10,862	7,658
Adjustments for:		
Amount owing by subsidiaries written off	50	29
Depreciation of property, plant and equipment	204	102
Finance costs	1,660	179
Investment in subsidiaries written off	2	–
Write-off of property, plant and equipment	2	–
Dividend income	(14,813)	(9,576)
Gain on foreign exchange – Unrealised	(16)	–
Interest income	(124)	(568)
Operating Loss Before Working Capital Changes	(2,173)	(2,176)
Increase in receivables	(4,427)	(2,426)
Increase in payables	58,115	110
Cash From/(For) Operations	51,515	(4,492)
Income tax paid	(45)	(254)
Net Cash From/(For) Operating Activities	51,470	(4,746)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	124	568
Dividend received	13,610	9,576
Acquisition of a subsidiary	–	(24)
Advances to subsidiaries	(96,928)	(2,858)
Purchase of property, plant and equipment	(1,368)	(3)
Net Cash (For)/From Investing Activities	(84,562)	7,259
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Finance costs paid	(1,660)	(179)
Dividends paid	(9,602)	(9,568)
Increase in short-term borrowings, excluding bank overdrafts and long-term borrowings due within 12 months	6,000	–
Advances from subsidiaries	29,656	1,400
Proceeds from issue of shares pursuant to ESOS	–	71
Purchase of treasury shares	(4,173)	(2,519)
Repayment of hire purchase obligations	–	(28)
Net Cash From/(For) Financing Activities	20,221	(10,823)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,871)	(8,310)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	7,211	15,521
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	35	7,211

The accompanying Notes on pages 43 to 94 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 Board of the Bursa Malaysia Securities. 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 25 February 2010.

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 associate 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.

The Group has not applied in advance the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:

FRSs/IC Interpretations	Effective Date
Revised FRS 1 (2010) First-time Adoption of Financial Reporting Standards	1 July 2010
Revised FRS 3 (2010) Business Combinations	1 July 2010
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 127 (2010) Consolidated and Separate Financial Statements	1 July 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 2: Scope of FRS 2 and Revised FRS 3 (2010)	1 July 2010
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7, FRS 139 and IC Interpretation 9	1 January 2010
Amendments to FRS 138 - Consequential Amendments Arising from Revised FRS 3 (2010)	1 July 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 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010

Notes to the Financial Statements (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

FRSs/IC Interpretations	Effective Date
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	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
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
Annual Improvements to FRSs (2009)	1 January 2010

The above FRSs, IC Interpretations and amendments are not relevant to the Group's operations except as follows:

- (a) The revised FRS 3 (2010) 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 for future transactions or arrangements.
- (b) The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.
- (c) The possible impacts of FRS 7 (including the subsequent amendments) and the revised FRS 139 (2010) on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.
- (d) FRS 8 replaces FRS 114₂₀₀₄ Segment Reporting and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.
- (e) The revised FRS 101 (2009) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. 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 reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the next financial year.
- (f) The revised FRS 127 (2010) 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 loses 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 the revised FRS 127 (2010) 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 for future transactions or arrangements.

Notes to the Financial Statements (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

- (g) Amendments to FRS 1 and FRS 127 remove the definition of "cost method" currently set out in FRS 127, and instead require an investor to recognise all dividend from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.
- (h) Amendments to FRS 2: Vesting Conditions and Cancellation clarify the definition of vesting conditions for the purposes of FRS 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.
- (i) Amendments to FRS 138 clarify the requirements under the revised FRS 3 (2010) regarding accounting for intangible assets acquired in a business combination. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.
- (j) IC Interpretation 9 requires embedded derivatives to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date the entity first became a party to the contract. The possible impacts of IC Interpretation 9 on the financial statements upon its initial application are not disclosed by virtue of the exemptions given under the revised FRS 139 (2010).
- (k) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.
- (l) IC Interpretation 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash settled share-based payment transactions in the separate financial statements of the parent and group companies. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.
- (m) IC Interpretation 12 requires an operator in a service concession arrangement to recognise either its unconditional contractual right to receive cash (or another financial asset) for the construction of the infrastructure assets as a financial asset or its right to charge users of the public service as an intangible asset; or a combination of both. Currently, the Group recognises the infrastructure assets as property, plant and equipment and depreciates them on the same basis as owned assets. The possible impacts of IC Interpretation 12 on the financial statements upon its initial application are not disclosed by virtue of the exemption given in this interpretation.
- (n) IC Interpretation 14 provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

Notes to the Financial Statements (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

- (o) IC Interpretation 15 supersedes FRS 201²⁰⁰⁴ Property Development Activities and addresses how entities should determine whether an agreement for the construction of real estate is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue and when revenue from the construction of real estate should be recognised. Currently, the Group recognises revenue on property development activities using the percentage of completion method. Upon adoption of this Interpretation, the Group will be required to assess whether the sale and purchase agreements entered are construction service contracts or sale of goods and whether the percentage of completion method is appropriate for some agreements whilst for others, revenue is recognised only at the point the constructed goods are delivered to the customers. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. In particular, the directors will be considering the extent to which information is available for retrospective application.
- (p) Amendments to IC Interpretation 9 are a consequential amendment from the revised FRS 3 (2010). These amendments are expected to have no material impact on the financial statements of the Group upon its initial application.
- (q) Annual Improvements to FRSs (2009) contain amendments to 21 accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from prepaid lease payments to property, plant and equipment and measured as such retrospectively.

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 interests represent 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.

Notes to the Financial Statements (Cont'd)

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 income statement. 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 income statement.

Financial Instruments

Financial instruments are recognised in the balance sheet 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.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

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 balance sheet date 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 taken to the income statement.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and Foreign Currencies (Cont'd)

(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 balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for income statement are translated at the average exchange rates for the year; and
- 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 income statements as part of the gain or loss on sale.

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

	2009 RM	2008 RM
1 United States Dollar	3.427	3.443
1 Chinese Renminbi	0.502	0.520
1 Australian Dollar	3.083	2.350

Impairment of Assets

The carrying amounts of assets, other than bank balances and deposits, are reviewed at each balance sheet date to determine whether there are any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of that asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements unless the asset is carried at a revalued amount in which case the impairment losses are treated as a revaluation deficit to the extent of the previously recognised revaluation surplus for the same asset.

The recoverable amount is the greater of the asset's net selling price and its value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

An impairment loss is only reversed to the extent that the asset's carrying value does not exceed the carrying value that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. All reversals are recognised in the income statements, unless the asset is carried at its revalued amount, in which case, the reversal is credited directly to the revaluation surplus for the same asset.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date 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.

Construction-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. 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 included in the income statement in the year the asset is derecognised.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 charged to the income statement 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 income statements to give a constant periodic rate of interest on the remaining hire purchase liabilities.

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 taken to the income statement.

Associates

Associates are entities in which the Group has a long-term equity investment and the Group is in a position to exercise significant influence through management participation.

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 taken to the income statement.

Investment in Quoted Shares

Investment in quoted shares is carried at the lower of cost and market value, determined on an individual basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Changes in the carrying amount of marketable securities are recognised as profit or loss. On disposal of marketable securities, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement 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 the income statement 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 charged to the income statement; any amount in the revaluation reserve relating to that investment property is transferred to retained earnings.

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 the income statement 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.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Receivables

Receivables are stated at anticipated realisable value. Bad debts are written off while allowance for doubtful debts made is based on estimates of possible losses from non-collection.

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.

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.

Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

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 each balance sheet date 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.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date 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 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 balance sheet date. Deferred tax is recognised in the income statements, 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.

(b) Defined Contribution and Retirement Plans

The Group's contributions to defined contribution plans are charged to the income statements 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.

The Group operates an unfunded, non-contributory defined retirement benefits scheme for those employees who are eligible under a collective bargaining agreement. The retirement scheme contributions are estimated and provided for in the financial statements after taking into consideration the length of service and basic earnings of the eligible employees. The provisions are charged to the income statement in the period to which they relate, and represent the amount of contributions payable by the Group under the scheme.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

(c) *Share-Based Compensation*

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.

(c) *Impairment of 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.

Notes to the Financial Statements (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant Accounting Estimates and Judgements (Cont'd)

(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.

(e) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(f) *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.

(g) *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 equity.

Segmental Reporting

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.

Notes to the Financial Statements (Cont'd)

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 and 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.

Notes to the Financial Statements (Cont'd)

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
After crediting:				
Allowance for doubtful debts written back	43	671	-	-
Dividends from subsidiaries (gross)	-	-	14,813	9,576
Fair value gain on investment properties	-	28,116	-	-
Gain on deconsolidation of subsidiaries	56	-	-	-
Gain on disposal of:				
- Property, plant and equipment	-	364	-	-
- Quoted investments	21,299	-	-	-
- Subsidiaries	-	51	-	-
Gain on foreign exchange:				
- Realised	4,700	299	-	-
- Unrealised	731	3,087	16	-
Interest income	1,774	2,847	124	568
Other dividend income	1,870	170	-	-
Overprovision of retirement benefits	-	213	-	-
Rental income	793	1,072	-	-
Reversal of foreseeable loss on property development no longer required	7	394	-	-
Reversal of provisions no longer required	306	1,563	-	-

Notes to the Financial Statements (Cont'd)

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
After charging:				
Allowance for doubtful debts	3,315	3,512	—	—
Allowance for inventory write-down	718	439	—	—
Allowance for slow-moving inventories	1,127	69	—	—
Amortisation of prepaid lease payments	227	212	—	—
Auditors' remuneration:				
- Statutory	239	231	24	24
- Underprovision in the previous financial year	12	19	—	2
- Others	16	16	16	16
Depreciation of property, plant and equipment	22,713	23,428	204	102
Directors' remuneration:				
- Fees	208	173	208	173
- Other emoluments	745	705	745	689
Impairment loss on:				
- Goodwill on consolidation	2,392	—	—	—
- Investment in quoted shares	4,480	5,086	—	—
- Investment in unquoted shares	141	—	—	—
- Land held for property development	2,500	—	—	—
- Short leasehold quarry land	224	—	—	—
Loss on deconsolidation of a foreign subsidiary	—	5,060	—	—
Loss on disposal of property, plant and equipment	1,065	—	—	—
Loss on foreign exchange:				
- Realised	181	497	—	—
- Unrealised	1,790	—	—	—
Provision of retirement benefits	169	—	—	—
Rental of:				
- Access road	25	25	—	—
- Land and buildings	623	629	193	259
- Motor vehicle	122	145	—	—
- Plant and machinery	27	28	—	—
Write-off of:				
- Amount owing by subsidiaries	—	—	50	29
- Inventories	—	327	—	—
- Investment in subsidiaries	—	—	2	—
- Property, plant and equipment	1,962	813	2	—

The estimated monetary value of benefits-in-kind received by certain Directors amounted to RM11,440 (2008 : RM13,896) for the Group and RM11,440 (2008 : RM11,130) for the Company.

Notes to the Financial Statements (Cont'd)

7. FINANCE COSTS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Interest on:				
- Bond	756	1,353	-	-
- Term loans	3,179	3,814	-	-
- Bank overdrafts	456	131	415	18
- Revolving credits	752	133	752	117
- Others	167	136	493	44
	5,310	5,567	1,660	179

8. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax				
- Based on results for the financial year:				
- Malaysia taxation	8,759	6,260	446	-
- Foreign taxation	14,293	5,489	-	-
- (Over)/Underprovision in previous financial years	(344)	(992)	298	-
	22,708	10,757	744	-
Deferred tax (Note 29)				
- For the financial year	(1,475)	(1,108)	-	-
- Underprovision in previous financial years	233	136	-	-
- Change in statutory tax rate	(134)	(719)	-	-
	21,332	9,066	744	-

Notes to the Financial Statements (Cont'd)

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 income statements as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax	117,520	75,139	10,862	7,658
Tax at Malaysian statutory rate of 25% (2008 : 26%)	29,380	19,536	2,715	1,991
Tax effects of:				
- Different tax rates in other countries	(848)	(2,803)	-	-
- Different tax rate for first RM500,000 of chargeable income	-	(99)	-	-
- Effect of change in tax rate on deferred tax	(134)	(719)	-	-
- Income not subject to tax	(7,052)	(7,428)	(2,505)	(2,236)
- Expenses not deductible	4,594	4,600	286	244
- Deferred tax assets not recognised during the financial year	933	-	-	1
- Reversal of revaluation surplus	-	(27)	-	-
- Utilisation of previously unrecognised:				
- deferred tax assets	(1,726)	(1,881)	-	-
- reinvestment allowance	(3,400)	(1,257)	-	-
- (Over)/Underprovision in previous financial years:				
- current tax	(344)	(992)	298	-
- deferred tax	233	136	-	-
- Others	(304)	-	(50)	-
Income tax expense	21,332	9,066	744	-

9. DIVIDENDS

A final dividend of 3.5 sen less income tax of 25% amounting to RM6,121,861 for the financial year ended 31 December 2008 was approved by the shareholders at the Annual General Meeting held on 20 May 2009 and paid on 15 July 2009.

An interim dividend of 2.0 sen less income tax of 25% amounting to RM3,479,849 for the financial year ended 31 December 2009 (2008 : interim dividend of 2.0 sen less income tax of 26%) was paid on 9 October 2009.

The Board proposes a final dividend of 5.0 sen, less income tax of 25%, for the financial year ended 31 December 2009 (2008 : 3.5 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.

Notes to the Financial Statements (Cont'd)

10. EARNINGS PER SHARE

	GROUP	
	2009 RM'000	2008 RM'000
Basic earnings per share		
Profit for the financial year attributable to ordinary equity holders of the Company	65,626	40,184
Weighted average number of ordinary shares in issue ('000)	232,843	235,145
Basic earnings per share (sen)	28.18	17.09
Diluted earnings per share		
Profit for the financial year attributable to ordinary equity holders of the Company	65,626	40,184
Dilutive effects of outstanding employees' share options	164	153
Diluted earnings	65,790	40,337
Weighted average number of ordinary shares in issue ('000)	232,843	235,145
Adjustment for share options ('000)	2,922	2,969
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	235,765	238,114
Diluted earnings per share (sen)	27.90	16.94

- (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 will be exercised.

11. PROPERTY, PLANT AND EQUIPMENT

	AT COST						
GROUP	Beginning	Additions	Disposals	Transfers	Reclassifications	Exchange	End of
2009	of year	RM'000	/Write-offs	RM'000	RM'000	rate	year
	RM'000		RM'000			fluctuation	RM'000
						adjustments	
						RM'000	
Freehold land and buildings	59,722	1,171	(216)	1,034	(5)	(1,557)	60,149
Short leasehold quarry land	9,470	-	-	-	-	-	9,470
Plant and machinery, equipment, vehicles and construction-in-progress	347,165	32,296	(23,158)	(1,034)	5	(5,467)	349,807
Total	416,357	33,467	(23,374)	-	-	(7,024)	419,426

Notes to the Financial Statements (Cont'd)

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

Group 2009	← ACCUMULATED DEPRECIATION →					End of year RM'000
	Beginning of year RM'000	Charge for the year RM'000	Disposals /Write-offs RM'000	Reclassifications RM'000	Exchange rate fluctuation adjustments RM'000	
Freehold land and buildings	21,204	2,500	(215)	(2)	(620)	22,867
Short leasehold quarry land	5,663	353	-	-	-	6,016
Plant and machinery, equipment, vehicles and construction-in-progress	181,119	19,860	(18,479)	2	(2,556)	179,946
Total	207,986	22,713	(18,694)	-	(3,176)	208,829

Group 2009	← ACCUMULATED IMPAIRMENT LOSS →			← NET BOOK VALUE →	
	Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
Freehold land and buildings	-	-	-	37,282	38,518
Short leasehold quarry land	-	224	224	3,230	3,807
Plant and machinery, equipment, vehicles and construction-in-progress	-	-	-	169,861	166,046
Total	-	224	224	210,373	208,371

GROUP 2008	← AT COST →							End of year RM'000
	Beginning of year RM'000	Additions RM'000	Deconsolidation of a subsidiary RM'000	Disposals /Write-offs RM'000	Reclassifications RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	
Freehold land and buildings	59,702	90	(6,583)	(123)	608	241	5,787	59,722
Short leasehold quarry land	10,063	-	-	-	(593)	-	-	9,470
Plant and machinery, equipment, vehicles and construction-in-progress	334,104	7,637	(10,439)	(3,174)	(15)	(241)	19,293	347,165
Total	403,869	7,727	(17,022)	(3,297)	-	-	25,080	416,357

Notes to the Financial Statements (Cont'd)

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

	← ACCUMULATED DEPRECIATION →					← NET BOOK VALUE →		
	Beginning of year RM'000	Charge for the year RM'000	Deconsolidation of a subsidiary RM'000	Disposals /Write-offs RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
Freehold land and buildings	17,269	2,252	(160)	(123)	1,966	21,204	38,518	42,433
Short leasehold quarry land	5,312	351	-	-	-	5,663	3,807	4,751
Plant and machinery, equipment, vehicles and construction-in-progress	160,072	20,825	(7,239)	(1,887)	9,348	181,119	166,046	174,032
Total	182,653	23,428	(7,399)	(2,010)	11,314	207,986	208,371	221,216

COMPANY	← AT COST →				← ACCUMULATED DEPRECIATION →				← NET BOOK VALUE →	
	Beginning of year RM'000	Additions RM'000	Disposal/Write-off RM'000	End of year RM'000	Beginning of year RM'000	Charge for the year RM'000	Disposal/write-off RM'000	End of year RM'000	End of year RM'000	Beginning of year RM'000
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

2008

Plant and machinery, equipment, vehicles and construction-in-progress	1,364	3	(1)	1,366	1,173	102	(1)	1,274	92	191
-----------------------------------------------------------------------	-------	---	-----	-------	-------	-----	-----	-------	----	-----

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plants with a carrying value of RM103,452,000 (2008 : RM123,224,000) and power plant construction-in-progress with a carrying value of RM25,407,000 (2008 : Nil).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM78,370,000 (2008 : RM88,572,000) have been charged as security for banking facilities granted to those subsidiaries.

Vehicles of the Group with a total carrying value of RM55,000 (2008 : RM76,000) were acquired under hire purchase arrangements.

Notes to the Financial Statements (Cont'd)

12. SUBSIDIARIES

	COMPANY	
	2009 RM'000	2008 RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	361,811	361,787
- Addition during the financial year	-	24
- Disposal during the financial year	(2) *	-
- At end of financial year	361,809	361,811
Less : Impairment loss	(280,126)	(280,126)
	81,683	81,685
Quoted shares in Malaysia, at cost	25,181	25,181
Loan to a subsidiary	27,475	27,475
	134,339	134,341
Market value of quoted shares in Malaysia	22,442	25,850

* During the financial year, 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 are 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, interest-free and repayable on demand. The amount 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 (2008 : RM35,208,000) and RM24,597,000 (2008 : RM18,470,000) respectively are pledged to a local financial institution as security for a revolving credit facility granted to a subsidiary.

13. ASSOCIATE

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost				
- At beginning of financial year	4,263	3,998	3,500	3,500
- Share of profit after tax	573	265	-	-
- At end of financial year	4,836	4,263	3,500	3,500

Notes to the Financial Statements (Cont'd)

13. ASSOCIATE (CONT'D)

Details of the associate are as follows:

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2009 %	2008 %
Hexachase Corporation Sdn. Bhd.	Desktop publishing and manufacturing of labels and packaging materials	Malaysia	50.0	50.0

The associate's financial year end is 31 December. For the purpose of applying the equity method of accounting for associate, the unaudited management financial statements of the associate have been used.

The summarised financial information of the associate is as follows:

	GROUP	
	2009 RM'000	2008 RM'000
Assets and liabilities		
Non-current assets	6,114	5,156
Current assets	5,204	4,292
Total assets	11,318	9,448
Non-current liabilities	2,503	1,841
Current liabilities	3,556	3,990
Total liabilities	6,059	5,831
Results		
Revenue	12,854	13,163
Profit for the financial year	1,146	530

Notes to the Financial Statements (Cont'd)

14. INVESTMENT IN QUOTED SHARES

	GROUP	
	2009 RM'000	2008 RM'000
Quoted shares, at cost		
- At beginning of financial year	10,564	10,564
- Reclassified as unquoted investments (Note 15)	(3,061)	-
- Addition during the financial year	272,274	-
- Disposal during the financial year	(141,359)	-
- Exchange fluctuation adjustment	(1,811)	-
- At end of financial year	136,607	10,564
Less : Impairment loss		
- At beginning of financial year	(5,086)	-
- Reclassified as unquoted investments (Note 15)	2,920	-
- Addition during the financial year	(4,480)	(5,086)
- At end of financial year	(6,646)	(5,086)
	129,961	5,478
The carrying value and market value of the investment in quoted shares are analysed as follows:		
Carrying value		
- Quoted in Malaysia	61,839	5,478
- Quoted outside Malaysia	68,122	-
	129,961	5,478
Market value		
- Quoted in Malaysia	70,199	5,478
- Quoted outside Malaysia	76,191	-
	146,390	5,478

Notes to the Financial Statements (Cont'd)

15. INVESTMENT IN UNQUOTED SHARES

	GROUP	
	2009 RM'000	2008 RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	335	335
- Reclassified from quoted investments (Note 14)	3,061	-
- At end of financial year	3,396	335
Less : Impairment loss		
- At beginning of financial year	-	-
- Reclassified as unquoted investments (Note 14)	(2,920)	-
- Addition during the financial year	(141)	-
- At end of financial year	(3,061)	-
	335	335

16. PREPAID LEASE PAYMENTS

	GROUP	
	2009 RM'000	2008 RM'000
Long-term leasehold land, at cost	7,012	7,012
Less : Accumulated amortisation		
- At beginning of financial year	3,321	3,332
- Amortisation during the financial year	227	212
- Exchange fluctuation adjustment	54	(223)
- At end of financial year	3,602	3,321
At end of financial year	3,410	3,691

Leasehold land with an aggregate carrying value of RM3,410,000 (2008 : RM3,691,000) are pledged as security for banking facilities granted to certain subsidiaries.

Notes to the Financial Statements (Cont'd)

17. INVESTMENT PROPERTIES

	GROUP	
	2009 RM'000	2008 RM'000
Leasehold property, at fair value		
- At beginning of financial year	73,408	45,259
- Addition during the financial year	34	33
- Fair value adjustment	-	28,116
- At end of financial year	73,442	73,408

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

18. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of financial year:		
- Freehold land	4,106	4,106
- Leasehold land	783	783
- Development expenditure	60,678	63,795
	65,567	68,684
Addition during the financial year:		
- Development expenditure	1,488	1,042
Transfer to property development costs:		
- Leasehold land	(492)	-
- Development expenditure	(2,696)	(4,159)
	(3,188)	(4,159)
Allowance for foreseeable losses	(2,500)	-
At end 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

Certain parcels of property of a subsidiary with a total cost of approximately RM1,483,000 (2008 : RM1,375,000) 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.

Notes to the Financial Statements (Cont'd)

19. GOODWILL ON CONSOLIDATION

	GROUP	
	2009	2008
	RM'000	RM'000
At beginning of financial year	10,027	10,027
Less : Impairment loss	(2,392)	–
At end of financial year	7,635	10,027

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

	GROUP	
	2009	2008
	RM'000	RM'000
Property	2,455	2,455
Limestone	5,180	7,572
	7,635	10,027

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 9.12% 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	
	2009	2008
	RM'000	RM'000
At cost:		
- Finished goods and work-in-progress	2,332	2,578
- Raw materials and consumables	20,567	24,942
- Completed properties for sale	12,342	10,954
	35,241	38,474
At net realisable value:		
- Finished goods and work-in-progress	111	34
- Raw materials and consumables	3,246	474
- Completed properties for sale	3,460	3,460
- Less: Allowance for slow-moving inventories	(1,196)	(69)
: Allowance for write-down	(1,797)	(1,079)
	3,824	2,820
	39,065	41,294

A third party first legal charge is applied to a landed property of a subsidiary with a carrying value of approximately RM475,000 (2008 : RM475,000) for a bank guarantee facility granted by a local bank to another subsidiary of the Company.

Notes to the Financial Statements (Cont'd)

21. PROPERTY DEVELOPMENT

	GROUP	
	2009 RM'000	2008 RM'000
Property development costs		
Cumulative costs at beginning of financial year:		
- Freehold land	1,294	1,294
- Leasehold land	7,621	9,470
- Development costs	90,474	118,021
	99,389	128,785
Additional costs incurred during the financial year:		
- Leasehold land	678	(18)
- Development costs	30,056	35,132
	30,734	35,114
Less : Costs for completed projects:		
- Freehold land	(976)	-
- Leasehold land	(2,041)	(1,831)
- Development costs	(46,655)	(62,679)
	(49,672)	(64,510)
Cumulative costs at end of financial year:		
- Freehold land	318	1,294
- Leasehold land	6,258	7,621
- Development costs	73,875	90,474
	80,451	99,389
Costs recognised in income statement:		
Cumulative costs recognised at beginning of financial year	(76,407)	(115,435)
Costs recognised during the financial year	(30,478)	(25,799)
Costs recognised for completed projects	48,733	64,827
Cumulative costs recognised at end of financial year	(58,152)	(76,407)
Allowance for foreseeable losses	-	(7)
Property development costs at end of financial year (carried forward)	22,299	22,975

Notes to the Financial Statements (Cont'd)

21. PROPERTY DEVELOPMENT (CONT'D)

	GROUP	
	2009 RM'000	2008 RM'000
Property development costs at end of financial year (brought down)	22,299	22,975
Cumulative revenue recognised in income statements	76,874	100,538
Less : Cumulative billings to purchasers	(73,928)	(100,832)
Progress billings recognised as revenue but not yet raised /(Progress billings raised but not yet recognised as revenue)	2,946	(294)
Net balance at end of financial year	25,245	22,681

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 RM127,000 (2008 : RM194,000).

22. RECEIVABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	103,050	106,980	–	–
Less : Allowance for doubtful debts	(22,650)	(19,502)	–	–
	80,400	87,478	–	–
Other receivables				
Sundry receivables	17,481	14,148	3,272	3,092
Less : Allowance for doubtful debts	(4,355)	(4,355)	(100)	(100)
	13,126	9,793	3,172	2,992
Advances for Don Sahong project	12,329	8,167	12,329	8,167
Refundable deposits	1,307	1,008	174	105
Prepaid expenses	7,462	2,040	36	20
Tax recoverable	3,447	4,272	2,768	2,264
Progress payments to contractors	8,935	7,335	–	–
Amount owing by subsidiaries	–	–	236,761	139,883
	46,606	32,615	255,240	153,431
	127,006	120,093	255,240	153,431

Notes to the Financial Statements (Cont'd)

22. RECEIVABLES (CONT'D)

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 150 days (2008 : 21 to 120 days).

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

The currency profile of the receivables is as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables (net)				
Ringgit Malaysia	43,873	50,277	–	–
Chinese Renminbi	36,489	37,163	–	–
United States Dollar	38	38	–	–
	80,400	87,478	–	–
Sundry receivables (net)				
Ringgit Malaysia	8,799	6,451	3,172	2,992
United States Dollar	3,362	3,342	–	–
Others	965	–	–	–
	13,126	9,793	3,172	2,992

23. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits with licensed financial institutions	77,863	118,790	–	3,700
Cash and bank balances	26,542	16,597	344	3,522
Housing Development Accounts	10,773	6,210	–	–
	115,178	141,597	344	7,222

Notes to the Financial Statements (Cont'd)

23. BANK BALANCES AND DEPOSITS (CONT'D)

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 0.28% to 3.00% (2008 : 0.09% to 4.24%) per annum. The fixed deposits have maturity periods of 1 to 365 days (2008 : 3 to 393 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.

The currency profile of the bank balances and deposits is as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	64,248	71,123	342	7,220
Chinese Renminbi	39,027	31,651	1	1
United States Dollar	11,456	24,729	–	–
Australian Dollar	15	14,091	–	–
Others	432	3	1	1
	115,178	141,597	344	7,222

24. SHARE CAPITAL

	GROUP/COMPANY			
	Number of Shares		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 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	239,212	239,283	239,212
Issuance of shares pursuant to ESOS	–	71	–	71
At end of financial year	239,283	239,283	239,283	239,283

During the financial year, there was no ordinary shares issued pursuant to the exercise of options under the Company's ESOS. As at 31 December 2009, options over 2,922,000 (2008 : 2,969,000) unissued ordinary shares remained outstanding.

Of the total 239,283,000 (2008 : 239,283,000) issued and fully paid-up ordinary shares as at 31 December 2009, 8,850,600 (2008 : 4,909,800) ordinary shares were held as treasury shares by the Company. As at 31 December 2009, the number of outstanding ordinary shares in issue and fully paid-up amounted to 230,432,400 (2008 : 234,373,200).

Notes to the Financial Statements (Cont'd)

25. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
At beginning of financial year	4,910	2,661	6,412	3,893
Purchase of treasury shares	3,941	2,249	4,173	2,519
At end of financial year	8,851	4,910	10,585	6,412

The shareholders of the Company, by a resolution passed in a general meeting held on 20 May 2009, renewed their approval for the Company's plan to buy-back its own ordinary shares. 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. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

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 share RM	Total consideration RM
January	13,900	0.72	0.86	0.83	11,482
February	74,100	0.70	0.76	0.72	53,095
March	400,400	0.69	0.77	0.71	285,620
April	293,000	0.72	0.84	0.78	229,198
May	248,000	0.84	0.94	0.90	224,182
June	193,600	0.93	1.04	0.97	188,414
July	484,000	0.92	1.04	1.00	484,015
August	591,300	1.05	1.19	1.13	671,083
September	121,000	1.15	1.20	1.19	143,882
October	354,500	1.15	1.19	1.17	416,389
November	536,000	1.13	1.26	1.19	638,774
December	631,000	1.36	1.40	1.31	826,672
Total	3,940,800				4,172,806

Notes to the Financial Statements (Cont'd)

26. RESERVES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-distributable reserves *				
Share premium	33,380	33,380	33,380	33,380
Capital reserve	2,213	2,213	–	–
Share option reserve #	28	28	28	28
Translation reserve	11,112	14,306	–	–
	46,733	49,927	33,408	33,408
Retained profits	164,973	108,949	13,829	13,313
	211,706	158,876	47,237	46,721

* *These reserves are not distributable by way of cash dividends.*

The share option reserve represents the cumulative value of option cost recognised in the financial statements.

Subject to the agreement of the tax authorities, at the balance sheet date, 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 balance sheet date, 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.

27. LONG-TERM BORROWINGS

	GROUP	
	2009 RM'000	2008 RM'000
Fixed rate serial bonds	3,000	10,000
Term loans	9,569	11,103
	12,569	21,103
Less : Portion payable within 12 months (Note 31)	(4,550)	(8,438)
Non-current portion	8,019	12,665

Notes to the Financial Statements (Cont'd)

27. LONG-TERM BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

	GROUP	
	2009 RM'000	2008 RM'000
Between 1 – 2 years	1,623	4,465
Between 2 – 5 years	5,353	4,914
After 5 years	1,043	3,286
	8,019	12,665

The long-term borrowings are denominated in Ringgit Malaysia.

Fixed Rate Serial Bonds

On 11 September 2000, a subsidiary issued RM75 million fixed rate serial bonds to refinance its existing term loans. These bonds consist of ten series and bear interest at rates ranging from 5.80% to 9.20% per annum with each series carrying varying fixed interest rates. The bonds are redeemable in full by September 2010.

The bonds are secured by a debenture covering a first fixed and floating charge over all the assets, properties and undertakings, present and future of the said subsidiary and deeds of assignment over the said subsidiary's rights under various agreements pertaining to the operation of a power plant.

Term Loans

The term loans of the Group bear interest at 1.00% per annum above the banker's effective cost of fund (2008 : weighted average effective interest rate of 5.55%) and are secured by a first party legal charge over certain land and landed properties of a subsidiary, a debenture covering fixed and floating charges over the present and future assets of a subsidiary, and a letter of comfort/letter of awareness from a subsidiary.

28. HIRE PURCHASE PAYABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Hire purchase payables	9	48	–	–
Less : Portion payable within 12 months (Note 30)	(9)	(39)	–	–
Non-current portion	–	9	–	–

The non-current portion is payable as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Between 1 – 2 years	–	9	–	–
Between 2 – 5 years	–	–	–	–
	–	9	–	–

The hire purchase payables of the Group bear an effective interest of 5.11% (2008 : 5.11%) per annum.

Notes to the Financial Statements (Cont'd)

29. DEFERRED TAXATION

	GROUP	
	2009 RM'000	2008 RM'000
At beginning of financial year	24,502	26,193
Recognised in income statements (Note 8)	(1,376)	(1,691)
At end of financial year	23,126	24,502
The deferred taxation represents the tax effects of:		
- Temporary differences of capital allowances and depreciation	22,528	24,076
- Revaluation surplus	804	1,293
- Others	(206)	(867)
	23,126	24,502

Deferred tax assets not recognised in the balance sheet are as follows:

	GROUP	
	2009 RM'000	2008 RM'000
Differences of capital allowances and depreciation	(16)	1
Unabsorbed capital allowances	1,791	70
Unutilised tax losses	107,026	110,479
Provision	2,688	1,187
Others	537	–
Total deferred tax assets	112,026	111,737

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 2009, 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 RM34,689,000 (2008 : RM22,038,000) available to be carried forward to be offset against future taxable income.

Notes to the Financial Statements (Cont'd)

30. PAYABLES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	22,095	23,182	–	–
Other payables				
Accrued expenses	9,087	11,908	865	690
Hire purchase payables due within 12 months (Note 28)	9	39	–	–
Sundry payables:				
- Amount owing to minority shareholders of a subsidiary	8,515	8,515	–	–
- Others	17,979	14,139	4,858	4,919
Amount owing to subsidiaries	–	–	97,015	9,374
	35,590	34,601	102,738	14,983
	57,685	57,783	102,738	14,983

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 (2008 : 23 to 120 days).

Included in the amount owing to subsidiaries is a total (principal) of RM32,140,000 (2008 : RM2,500,000) which is non-trade in nature, unsecured and repayable on demand. The amount owing is to be settled in cash and bears interest at rates ranging from 2.75% to 4.00% (2008 : 4.00%) per annum.

The currency profile of the payables is as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables				
Ringgit Malaysia	18,669	18,232	–	–
Chinese Renminbi	3,426	4,950	–	–
	22,095	23,182	–	–
Hire purchase payables				
Ringgit Malaysia	9	39	–	–
Sundry payables				
Ringgit Malaysia	21,688	19,815	4,834	4,895
Chinese Renminbi	4,788	2,822	–	–
United States Dollar	18	17	24	24
	26,494	22,654	4,858	4,919

Notes to the Financial Statements (Cont'd)

31. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank overdrafts (Note 35)				
- secured	674	83	—	—
- unsecured	6,004	11	6,004	11
Trust receipts				
- secured	—	231	—	—
Revolving credits				
- secured	20,000	—	—	—
- unsecured	25,200	7,000	10,000	4,000
Term loans				
- secured	18,570	19,240	—	—
- unsecured	31,620	32,760	—	—
Long-term borrowings due within 12 months (Note 27)	4,550	8,438	—	—
	106,618	67,763	16,004	4,011

The currency profile of the short-term borrowings is as follows:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Ringgit Malaysia	56,428	15,763	16,004	4,011
Chinese Renminbi	50,190	52,000	—	—
	106,618	67,763	16,004	4,011

The bank overdrafts of the Group and of the Company bear interest at 0.75% to 2.00% (2008 : 1.25% 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% (2008 : 1.25% 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 4.86% to 6.90% (2008 : 5.04% 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:

- First party legal charges over certain landed properties of certain subsidiaries;
- Debentures covering fixed and floating charges over the present and future assets of certain subsidiaries;
- A pledge of the investments in quoted shares of a subsidiary of the Group with 25,000,000 ordinary shares of RM1.00 each;
- Corporate guarantees from the Company and a subsidiary; and
- Charges on certain property, plant and equipment and the land use rights with a total carrying value of approximately RM18,232,000 (2008 : RM20,665,000) of a foreign subsidiary.

Notes to the Financial Statements (Cont'd)

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 2009 of RM440,404,000 (2008 : RM391,747,000) on 230,432,400 (2008 : 234,373,200) ordinary shares of RM1.00 each in issue (net of treasury shares).

33. CAPITAL COMMITMENTS

	GROUP	
	2009 RM'000	2008 RM'000
Property, plant and equipment and investment		
Authorised but not provided for:		
- Contracted	28,028	498
- Not contracted	26,378	49,403
	54,406	49,901

34. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unsecured				
Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the state of Sabah	7,871	7,871	—	—
Corporate guarantees given to financial institutions for facilities extended to subsidiaries	—	—	35,200	—

35. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Bank balances and deposits (Note 23)	115,178	141,597	344	7,222
Bank overdrafts (Note 31)	(6,678)	(94)	(6,004)	(11)
	108,500	141,503	(5,660)	7,211

Notes to the Financial Statements (Cont'd)

36. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, price risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to these risks and/or the costs associated with the financing, investing and operating activities of the Group.

(a) Foreign Currency Risk

The Group has foreign subsidiaries and has limited exposure to foreign exchange risk as the transactional currencies are mostly in the functional currencies of the respective operating entities.

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by subsidiaries in currencies other than Malaysian currency. The currencies giving rise to this risk are primarily Chinese Renminbi, United States Dollar and Australian Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the reporting entities are kept to acceptable levels.

(b) Interest Rate Risk

The Group is exposed to interest rate risks through the impact of rate changes on interest-bearing assets and interest-bearing borrowings.

The interest-bearing assets are made up of deposits with licensed financial institutions. The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank by placing them as short-term deposits and actively reviewing its portfolio of deposits.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets, so as to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Price Risk

The Group's principal exposure to price risks arises mainly from changes in quoted securities prices. Price risk is monitored closely and managed to an acceptable level.

(d) Credit Risk

Management has a credit policy in place and the exposure to credit is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit.

The Group has no significant concentration of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia. Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, who are dispersed and have a variety of end markets in which they sell. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts of allowance for collection losses is inherent in the Group's trade receivables.

Notes to the Financial Statements (Cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives and Policies (Cont'd)

(e) *Liquidity and Cash Flow Risk*

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and cash convertible investments to meet its working capital requirements. Besides, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. The Group is able to raise funds from financial institutions and balances its portfolio with some short-term fundings so as to achieve overall cost effectiveness.

(f) *Cash Flow Risk*

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows.

Financial Assets

The Group's principal financial assets are receivables and bank balances and deposits. The Company's principal financial assets are investment in subsidiaries, bank balances and deposits.

The accounting policies applicable to the major financial assets are as disclosed in Note 4 to the financial statements.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities of the Group and of the Company include payables and borrowings. Borrowings are recorded at the proceeds received net of transaction costs and finance charges and are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Fair Values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following methods and assumptions are used by management to determine the fair values of the Group and the Company's financial instruments:

(a) *Investment in Quoted Shares*

The fair values for quoted shares are obtained using market values as disclosed in Note 14 to the financial statements.

(b) *Amounts Owed By/To Subsidiaries*

It is not practicable to estimate the fair values of the amounts owing by/to subsidiaries, due principally to the lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

Notes to the Financial Statements (Cont'd)

36. FINANCIAL INSTRUMENTS (CONT'D)

Fair Values (Cont'd)

(c) Cash and Cash Equivalents, Receivables, Payables, Short-Term Borrowings

The carrying amounts approximate fair values because of the relatively short-term maturity of these instruments.

(d) Term Loans, Bonds and Hire Purchase Payables

The fair values of term loans, bonds and hire purchase payables are estimated using the discounted cash flow analysis based on the current borrowing rates for similar types of borrowing arrangements. There is no material difference between the fair values and carrying values of these liabilities as at the balance sheet date.

(e) Retirement Benefit Obligations

The carrying amount represents the present value of the defined benefit obligations, determined by discounting the benefit using the Projected Unit Credit method.

(f) Contingent Liabilities

The nominal amount and net fair value of the financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

	GROUP		COMPANY	
	Nominal Amount RM'000	Net Fair Value RM'000	Nominal Amount RM'000	Net Fair Value RM'000
Disputed increase in assessment on a power plant				
At 31 December 2009				
Contingent liability (Note 34)	7,871	7,871	—	—
At 31 December 2008				
Contingent liability (Note 34)	7,871	7,871	—	—
Corporate guarantee				
At 31 December 2009				
Contingent liability (Note 34)	—	—	35,200	*
At 31 December 2008				
Contingent liability (Note 34)	—	—	—	—

* The net fair value of the contingent liability was estimated to be minimal as the subsidiaries were expected to fulfill their obligations to repay the borrowings.

Notes to the Financial Statements (Cont'd)

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.

GROUP 2009	Continuing Operations						Consolidated RM'000
	Power RM'000	Property RM'000	Limestone RM'000	Engineering RM'000	Investment Holding & Others RM'000	Eliminations RM'000	
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	11,314	–	122,257
Finance costs	(3,472)	(28)	(629)	(14)	(1,167)	–	(5,310)
	76,851	12,586	16,805	558	10,147	–	116,947
Share of profit in an associate							573
Income tax expense							(21,332)
Profit after tax							96,188
Minority interests							(30,562)
Net profit for the financial year							65,626
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

Notes to the Financial Statements (Cont'd)

37. SEGMENT INFORMATION (CONT'D)

GROUP 2009	Continuing Operations						Consolidated RM'000
	Power RM'000	Property RM'000	Limestone RM'000	Engineering RM'000	Investment Holding & Others RM'000	Eliminations RM'000	
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

Notes to the Financial Statements (Cont'd)

37. SEGMENT INFORMATION (CONT'D)

GROUP 2008	Continuing Operations						Consolidated RM'000
	Power RM'000	Property RM'000	Limestone RM'000	Engineering RM'000	Investment Holding & Others RM'000	Eliminations RM'000	
Revenue							
External sales	393,294	34,453	63,475	9,563	104	–	500,889
Inter-segment revenue	–	–	–	–	11,580	(11,580)	–
Total revenue	393,294	34,453	63,475	9,563	11,684	(11,580)	500,889
Results							
Profit/(Loss) from operations	48,540	34,167	9,016	(4,184)	(7,098)	–	80,441
Finance costs	(4,186)	(20)	(1,140)	(82)	(139)	–	(5,567)
	44,354	34,147	7,876	(4,266)	(7,237)	–	74,874
Share of profit in an associate							265
Income tax expense							(9,066)
Profit after tax							66,073
Minority interests							(25,889)
Net profit for the financial year							40,184
Other information							
Capital expenditure	5,463	164	1,839	256	5	–	7,727
Depreciation and amortisation	17,118	129	5,483	796	114	–	23,640
Assets							
Segment assets	328,531	209,830	120,253	8,529	21,127	–	688,270
Unallocated corporate assets	–	1,620	326	–	2,326	–	4,272
Inter-segment assets	(500)	39,672	2,517	–	204,222	(245,911)	–
Investment in an associate	–	–	–	–	4,263	–	4,263
Consolidated total assets	328,031	251,122	123,096	8,529	231,938	(245,911)	696,805
Liabilities							
Segment liabilities	83,422	25,789	18,332	993	10,207	–	138,743
Unallocated corporate liabilities	13,920	4,374	7,923	1,420	60	–	27,697
Inter-segment liabilities	829	133,950	500	53,973	57,057	(246,309)	–
Consolidated total liabilities	98,171	164,113	26,755	56,386	67,324	(246,309)	166,440

Notes to the Financial Statements (Cont'd)

37. SEGMENT INFORMATION (CONT'D)

Geographical segments

Analysis by geographical segments:

	Revenue		Carrying value of segment assets		Capital additions	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	180,541	211,901	589,680	512,378	5,672	5,083
China	247,590	266,988	208,173	184,427	27,795	2,644
Other ASEAN countries	15,227	14,512	—	—	—	—
India	19,712	6,838	—	—	—	—
Other countries	33	650	—	—	—	—
	463,103	500,889	797,853	696,805	33,467	7,727

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	
			2009 %	2008 %
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
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
Empayar Permai Sdn. Bhd.	Property development	Malaysia	100	100

Notes to the Financial Statements (Cont'd)

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2009 %	2008 %
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.	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
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
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

Notes to the Financial Statements (Cont'd)

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2009 %	2008 %
Bloxwich Industries (Pty) Limited **	In liquidation	South Africa	100	100
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	70	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
Consotech Sdn. Bhd.	Dormant	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
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
Bloxwich South Africa (Pty) Limited #	Dormant	South Africa	–	100

Notes to the Financial Statements (Cont'd)

38. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest	
			2009 %	2008 %
Bloxwich Tool and Die (Pty) Limited #	Dormant	South Africa	–	100
Brycol Engineering (Pty) Limited #	Dormant	South Africa	–	100
Mega First Online Sdn. Bhd.	Dormant	Malaysia	–	100
Equity Group Investments Limited @	Investment holding	British Virgin Islands	–	100
Jitu Optima Sdn. Bhd. ^	Dormant	Malaysia	–	100
Mega First Property Management Sdn. Bhd. ^	Dormant	Malaysia	–	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.

These companies were deregistered by the Registrar of Companies of the Republic of South Africa. They are wholly-owned subsidiaries of Bloxwich International Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company. They were dormant at the time of deregistration.

@ On 16 October 2009, Mega First Mining Sdn. Bhd., a wholly-owned subsidiary of the Company, disposed of one (1) fully paid share of US\$1.00 each representing 100% of the issued and paid-up share capital of Equity Group Investments Limited for a cash consideration of US\$1.00 only.

^ The Companies Commission of Malaysia approved the application made under Section 308 of the Companies Act 1965 for the striking-off of MFPM and JOSB. MFPM and JOSB are wholly-owned subsidiaries of the Company and were dormant at the time of application.

Notes to the Financial Statements (Cont'd)

39. DECONSOLIDATION OF SUBSIDIARIES

2009

MFPM and JOSB were struck off the company register as described in Note 38 to the financial statements.

2008

On 19 January 2009, 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. Pursuant to FRS 110 - Events After the Balance Sheet Date, BIPL had been deconsolidated from the Group's financial statements for the financial year ended 31 December 2008.

The deconsolidation has the following effects on the financial position of the Group as at the end of the financial year:

	GROUP	
	2009	2008
	RM'000	RM'000
Non-current assets	–	9,623
Current assets	–	6,888
Non-current liabilities	–	(5,268)
Current liabilities	–	(11,243)
Translation reserve	–	2,460
Fair value of net assets deconsolidated	–	2,460
Gain/(Loss) on deconsolidation	56	(5,060)
Effect of the deconsolidation of subsidiaries	56	(2,600)
Cash and cash equivalents of subsidiaries deconsolidated	–	5,585
Net cash inflow on deconsolidation of subsidiaries	56	2,985

Notes to the Financial Statements (Cont'd)

40. 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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive Directors				
- Basic salary, bonus and Employees Provident Fund	726	685	726	669
Non-Executive Directors				
- Fees	208	173	208	173
- Other emoluments	19	20	19	20
	953	878	953	862

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Executive Directors				
RM250,001 – RM300,000	–	1	–	1
RM300,001 – RM350,000	1	–	1	–
RM350,001 – RM400,000	–	–	–	–
RM400,001 – RM450,000	1	1	1	1
Non-Executive Directors				
- Below RM50,000	7	7	7	7

41. 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.

Notes to the Financial Statements (Cont'd)

41. RELATED PARTY DISCLOSURES (CONT'D)

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	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Dividend income received and receivable	–	–	14,813	9,576
Management fee from a foreign subsidiary which has been put into liquidation	–	989	–	–
Management fee received and receivable	–	–	1,165	980

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Directors' fees	208	173	208	173
Salary, bonus and other remuneration, including benefits-in-kind (gross)	2,813	2,890	1,037	963

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

	GROUP		COMPANY	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
At 1 January	2,370	1,520	1,100	1,100
Granted	–	850	–	–
At 31 December	2,370	2,370	1,100	1,100

42. SIGNIFICANT CORPORATE EVENT

On 2 October 2009, the Government of the Lao People's Democratic Republic ("GOL") granted an extension of the term and validity period of the Project Development Agreement for the hydroelectric power project in Don Sahong, Khong District, Champasak Province, GOL, to 13 August 2010.

Statement by Directors

The Directors of **MEGA FIRST CORPORATION BERHAD** state that, in their opinion, the accompanying balance sheets and statements of 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 2009 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.

Signed in accordance
with a resolution of the Directors,

DR. LIM THIAN SOO

GOH NAN YANG

Petaling Jaya
1 March 2010

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 balance sheets and statements of 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 **KUALA LUMPUR** this
1 March 2010

Before me,

DATIN HAJAH RAIHELA WANCHIK (W275)
COMMISSIONER FOR OATHS



List of Properties Held

as at 31 December 2009

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Date of Acquisition	Date of Last Valuation	Net Book Value RM'000
1	Factory land and building	Lot PT839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	22	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	1,328
2	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	–
3	Quarrying limestone hill	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
4	Factory land and building	PT2620 & PT2621 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	12	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,698
5	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	26,932
6	Vacant land held for development	P.T. Nos. 2388, 2397, 2401 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	n/a	2,298	Leasehold 99 years (Expire in 2086)	1987	n/a	182
7	Vacant land held for development	P.T. Nos. 134908, 134914 Greentown, Ipoh Perak Darul Ridzuan	n/a	10,072	Leasehold 99 years (Expire in 2094)	1995	n/a	4,478
8	Vacant land held for development	P.T. Nos. 277 to 279 Mukim of Paya Rumpit Daerah Melaka Tengah, Melaka	n/a	184,990	Freehold	1993	n/a	8,784
9	Vacant land held for development	P. T. No. 134909 Greentown, Ipoh Perak Darul Ridzuan	n/a	8,094	Leasehold 99 years (Expire in 2094)	2005	n/a	5,648
10	Vacant land held for development	P.T. Nos. 1076 to 1389 1391, 1395 to 1418 1421-1492 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	n/a	345,622	Leasehold 99 years (Expire in 2097)	1996	n/a	36,062
11	Quarry and limestone hill	HS(D) KA46712 PT3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	193,300	Leasehold 30 years (Expire in 2025)	1996	1996	3,204

List of Properties Held (Cont'd)

as at 31 December 2009

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Date of Acquisition	Date of Last Valuation	Net Book Value RM'000
12	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	7	22,600	Freehold	1997	1997	1,905
13	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	18,700	Freehold	1996	1996	163
14	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	10,600	Freehold	1996	1996	40
15	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	16,415	Freehold	2006	2006	271
16	Quarry, limestone hill and guardhouse	Lot 45152 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	16,010	Freehold	2007	n/a	480
17	3 storey shophouse	Station 18 170 Jalan Pengkalan Barat 32 Stesyen 18 Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	7	185	Leasehold (Expire in 2096)	2002	n/a	309
18	Double storey detached house	40 Jalan Mayang 2 Taman Mayang Fasa II 30300 Kuala Kangsar Perak Darul Ridzuan	3	130	Freehold	2006	n/a	124
19	Vacant land	PT 4728, Jalan Raja Musa Mukim Batang Berjuntai 45600 Batang Berjuntai Selangor Darul Ehsan	n/a	77,118	Freehold	1997	n/a	1,594
20	Factory land and building	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	27	42,576	Leasehold (Expire in 2045)	1982	1985	2,516
21	Quarry and limestone hill	PT 1491, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	58,474	Leasehold (Expire in 2037)	2007	n/a	80

List of Properties Held (Cont'd)

as at 31 December 2009

No. Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Date of Acquisition	Date of Last Valuation	Net Book Value RM'000
22 Quarry and limestone hill	PT 3962, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	28,328	Leasehold (Expire in 2022)	2007	n/a	40
23 Office and warehouse	Lot No. 28 Jalan Pengacara U1/48, Temasya Industrial Park Mukim Damansara District of Petaling Selangor Darul Ehsan	10	892	Freehold	2000	2000	1,116
24 Double storey terrace house	HS (D) 128830 PT194343 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ehsan	1	121	Leasehold (Expire in 2103)	2009	n/a	132
25 Vacant land	Geran 58731 Lot 45155 Mukim of Kampar District of Kampar Perak Darul Ehsan	n/a	22,662	Freehold	2009	n/a	427
26 Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ehsan	1	864	Freehold	2009	n/a	599

n/a Not applicable

Statistics of Shareholdings

as at 26 March 2010

- Authorised Capital : RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.
- Issued and Paid-up Capital : RM240,505,000 divided into 240,505,000 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	741	41,332	0.02
100 to 1,000	5,230	4,927,526	2.15
1,001 to 10,000	7,577	28,510,568	12.45
10,001 to 100,000	888	24,345,160	10.63
100,001 to less than 5% of issued shares	127	119,516,934	52.20
5% and above of issued shares	2	51,624,480	22.55
Total	14,565	228,966,000 *	100.00

(*) - Excludes 11,068,000 treasury shares retained by the Company as reflected in the Record of Depositors and the 471,000 new ordinary shares that were issued pursuant to the exercise of options under the Employee Share Option Scheme but pending listing and quotation on Bursa Malaysia.

Statistics of Shareholdings (Cont'd)

as at 26 March 2010

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Securities Account Holder	No. of shares held	% of Shareholdings #
1)	Amsec Nominees (Tempatan) Sdn Bhd - <i>AmBank (M) Berhad for Rubber Thread Industries (M) Sdn Bhd</i>	47,905,000	20.92
2)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.46
3)	Cartaban Nominees (Asing) Sdn Bhd - <i>BBH And Co. Boston for Fidelity Low-Priced Stock Fund</i>	7,786,800	3.40
4)	HLB Nominees (Asing) Sdn Bhd - <i>Pledged Securities Account for Keen Capital Investments Limited</i>	7,643,000	3.34
5)	PRT Capital Pte Ltd	5,916,500	2.58
6)	Kah Hin Loong Sdn Bhd	5,342,320	2.33
7)	ECML Nominees (Asing) Sdn Bhd - <i>OMG & Partners Securities Pte Ltd for Keen Capital Investments Limited</i>	5,000,400	2.18
8)	AmanahRaya Trustees Berhad - <i>Skim Amanah Saham Bumiputra</i>	4,730,000	2.07
9)	Omega Semiconductor Sdn Bhd	4,413,300	1.93
10)	Lim Gaik Bway @ Lim Chiew Ah	4,090,000	1.79
11)	Shoptra Jaya (M) Sdn Bhd	3,413,300	1.49
12)	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah</i>	3,000,000	1.31
13)	Grand Terrace Sdn Bhd	2,950,600	1.29
14)	Apsara Vohrah	2,397,000	1.05
15)	Koay Keng Ling	2,261,100	0.99
16)	Koay Keng Teik @ Koay Chia Wah	2,089,500	0.91
17)	Lanai Etika Sdn Bhd	1,927,200	0.84
18)	JF Apex Nominees (Tempatan) Sdn Bhd - <i>Pledged Securities Account for Chong Ah Suan</i>	1,815,000	0.79
19)	Malaysia Nominees (Tempatan) Sdn Bhd - <i>Great Eastern Life Assurance (Malaysia) Berhad (LGF)</i>	1,681,200	0.73
20)	Zulkifli bin Hussain	1,515,000	0.66
21)	Zulkifli bin Hussain	1,490,000	0.65
22)	Kumpulan Y R Sdn Bhd	1,486,000	0.65
23)	Espoir Investments Pte Ltd	1,360,000	0.59
24)	HSBC Nominees (Asing) Sdn Bhd - <i>Exempt AN for the Bank of New York Mellon (Mellon Acct)</i>	1,200,000	0.53
25)	Citigroup Nominees (Asing) Sdn Bhd - <i>CBNY for Dimensional Emerging Markets Value Fund</i>	1,101,700	0.48
26)	Malaysia Nominees (Tempatan) Sdn Bhd - <i>Great Eastern Life Assurance (Malaysia) Berhad (DR)</i>	1,031,800	0.45
27)	Koay Keng Huat	1,025,000	0.45
28)	DB (Malaysia) Nominee (Asing) Sdn Bhd - <i>BNP Paribas Nominees Singapore Pte Ltd for Devonshire Assets Limited</i>	1,013,600	0.44
29)	Koay Keng Teik @ Koay Chia Wah	1,000,000	0.44
30)	HSBC Nominees (Asing) Sdn Bhd - <i>Exempt AN for HSBC Private Bank (Suisse) S.A. (Spore CL)</i>	990,000	0.43
Total		142,362,800	62.18

Statistics of Shareholdings (Cont'd)

as at 26 March 2010

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 26 MARCH 2010

No.	Name of Substantial Shareholder	Direct Interest		Deemed Interest	
		Shares	% #	Shares	% #
1)	Goh Nan Kioh	713,600	0.31	68,392,100 (a)	29.87
2)	Rubber Thread Industries (M) Sdn Bhd	47,905,000	20.92	1,927,200 (b)	0.84
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.46	—	—
4)	Keen Capital Investments Limited	12,643,400	5.52	—	—
5)	Laju Riang Sdn Bhd	—	—	49,832,200 (c)	21.76
6)	Kema Development Sdn Bhd	—	—	49,832,200 (c)	21.76
7)	Cambrew (Malaysia) Sdn Bhd	—	—	49,832,200 (c)	21.76
8)	Dr. Lim Thian Soo	90,000	0.04	49,832,200 (c)	21.76
9)	Lim Thiam Cheok	10,000	**	49,832,200 (c)	21.76
10)	Lim Yam Poh	—	—	49,832,200 (c)	21.76

DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND ITS RELATED CORPORATION

No.	Name of Director	Direct Interest		Deemed Interest	
		Shares	% #	Shares	% #
Shares in the Company					
1)	Goh Nan Kioh	713,600	0.31	68,392,100 (a)	29.87
2)	Dr. Lim Thian Soo	90,000	0.04	49,832,200 (c)	21.76
3)	Goh Nan Yang	10,000	**	—	—
4)	Yong Fook Shin	470,200	0.21	—	—
5)	Yeow See Yuen	436,500	0.19	26,000	0.01
6)	Dato’ Jorgen Bornhoft	175,000	0.08	—	—

Shares in subsidiary company, Rock Chemical Industries (Malaysia) Berhad

1)	Goh Nan Kioh	—	—	25,598,300 (d)	60.43
2)	Dr. Lim Thian Soo	—	—	25,598,300 (d)	60.43
3)	Goh Nan Yang	100	**	—	—
4)	Yeow See Yuen	40,600	0.10	—	—

In addition to the above, Dr. Lim Thian Soo and Goh Nan Yang are deemed to have interest in the shares of the Company to the extent of 500,000 share options granted to them respectively pursuant to the Company's Employee Share Option Scheme.

Notes:

** - Less than 0.01%

- Based on the issued and paid-up share capital of the Company of RM228,966,000 comprising 228,966,000 fully paid ordinary shares of RM1.00 each minus 11,068,000 treasury shares retained by the Company as per the Record of Depositors

(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) 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 44th Annual General Meeting of the Company will be held at Berjaya Hall, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 50490 Kuala Lumpur on Thursday, 20 May 2010 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 2009. *(Resolution 1)*
- 2) To declare a final dividend of 5% less 25% income tax in respect of the year ended 31 December 2009. *(Resolution 2)*
- 3) To approve the payment of Directors' fees of RM208,430 for the financial year ended 31 December 2009. *(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 Dato Haji Abu Hanifah bin Noordin *(Resolution 4)*
 - 4.2 Mr Yeow See Yuen *(Resolution 5)*
 - 4.3 Mr Tay Kheng Chiong *(Resolution 6)*
- 5) To re-appoint Messrs Crowe Horwath (formerly Horwath) as auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Resolution 7)*
- 6) By way of special business, to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:-
 - 6.1 **Ordinary Resolution** *(Resolution 8)*
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."

Notice of Annual General Meeting (Cont'd)

6.2 Ordinary Resolution Renewal of Share Buy-Back Authority

(Resolution 9)

"THAT, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, and the 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."
- 7) 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 2010

Notice of Annual General Meeting (Cont'd)

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) *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy 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.*
- 3) *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.*
- 4) *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- 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 8, 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 43rd AGM held on 20 May 2009 and which will lapse at the conclusion of the 44th AGM. A renewal of this authority is being sought at the 44th AGM under the proposed Resolution 8.

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 9, 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 2010 which is circulated together with the Company's Annual Report for the financial year ended 31 December 2009.

Notice of Dividend Entitlement


NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 44th Annual General Meeting to be held on 20 May 2010, a final dividend of 5% less 25% income tax in respect of the financial year ended 31 December 2009 will be paid on 15 July 2010. The entitlement for the dividend shall be 30 June 2010.

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 2010 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 2010 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 2010



Directory

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
1.	Gombak Land Sdn. Bhd. <i>mfcg.property@mega-first.com</i>	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. <i>mfcg.property@mega-first.com</i>	No. 12-1, Persiaran Greentown 10, Pusat Perdagangan Greentown, 30450 Ipoh, Perak Darul Ridzuan.	05-2433093/92	05-2433094	Mr. Chung Kok Sung
3.	Gombak Land Sdn. Bhd. <i>mfcg.property@mega-first.com</i>	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. Foo Kah Heng
4.	Mega First Housing Development Sdn. Bhd. <i>mfcg.property@mega-first.com</i>	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. <i>mfcg.property@mega-first.com</i>	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. <i>mfcg.property@mega-first.com</i>	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. <i>admin@bloxwich.com.my</i>	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. <i>s-power@streamyx.com</i>	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 <i>smhp@mail.sxptt.zj.cn</i>	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. <i>s-power@streamyx.com</i>	KM 6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Wong Seow Kwang
11.	Mega First Power Industries Sdn. Bhd. <i>mfcg@mega-first.com</i>	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. <i>csquarry@tm.net.my</i>	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 <i>info@rci.com.my</i>	Lot 45157 & 45158, Gunong Panjang, 31600 Gopeng, Perak Darul Ridzuan.	05-359 3188	05-359 3228	Mr. Chris Chow



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 44th Annual General Meeting of the Company, to be held at Berjaya Hall, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 50490 Kuala Lumpur on 20 May 2010 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 2009.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) Declaration of the final dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) Payment of Directors' fees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) Re-elect Dato' Haji Abu Hanifah bin Noordin as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Re-elect Yeow See Yuen as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) Re-elect Tay Kheng Chiong as Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Re-appoint Messrs Crowe Horwath (formerly Horwath) as auditors and authorise the Board of Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8) Special Business - Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9) Special Business - Ordinary Resolution Renewal of Share Buy-Back Authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy 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.
- 3) 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.
- 4) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- 5) Duly completed Form of Proxy **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 COMPLETED 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