MFCB

MEGA FIRST CORPORATION BERHAD

Company No.: 6682-V

2011 Annual Report

contents

Corporate Information

BOARD OF DIRECTORS

Executive Chairman

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

Deputy Chairman

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

Executive Directors

Goh Nan Yang, *B.Sc.(Hons.)*
(Also Alternate to Goh Nan Kioh)
Khoo Teng Keat, *B.Com. (Hons.)(Actuarial Science)*

Non-Executive Directors

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

EXECUTIVE COMMITTEE

Goh Nan Kioh (Chairman)
Goh Nan Yang
Khoo Teng Keat
\# Tay Kheng Chiong

AUDIT COMMITTEE

* Yeow See Yuen (Chairman)
* Dato' Haji Abu Hanifah bin Noordin
* Dato' Jorgen Bornhoft
* Dato' Tan Ang Meng

REMUNERATION COMMITTEE

* Dato' Jorgen Bornhoft (Chairman)
* Maisuri bin Besri
* Dato' Koh Hong Sun
Goh Nan Kioh

NOMINATION COMMITTEE

* Dato' Jorgen Bornhoft (Chairman)
* Yeow See Yuen
* Maisuri bin Besri
* Dato' Koh Hong Sun

EMPLOYEES SHARE OPTION COMMITTEE

* Dato' Jorgen Bornhoft (Chairman)
* Yeow See Yuen
Goh Nan Kioh

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 : +603-7960 8818
Fax : +603-7960 7818
E-mail : mfcb@mega-first.com
Website : www.mega-first.com

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Symphony Share Registrars Sdn. Bhd.
(Company No. 378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Tel : +603-7841 8000
Fax : +603-7841 8150 / 8151
Email : ask_us@symphony.com.my

AUDITORS

Crowe Horwath (AF 1018)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Market

SECTOR

Trading/Services

STOCK CODE

3069

STOCK NAME

MFCB

(*) -Independent and Non-Executive Director
(#) -Non-Independent and Non-Executive Director

Profile Of Directors

Goh Nan Kioh
Executive Chairman
Malaysian

Mr Goh Nan Kioh, age 58, 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 and as Executive Chairman on 1 July 2011. Mr Goh holds a Bachelor of Economics (Honours) degree from the University of Malaya. He has wide and varied business investments in many countries.

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

Dato' Haji Abu Hanifah bin Noordin
Deputy Chairman
Independent and Non-Executive Director
Malaysian

Dato' Haji Abu Hanifah bin Noordin, age 60, 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).

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

Mr Goh Nan Yang, age 48, 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.

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.

Khoo Teng Keat
Executive Director
Malaysian

Mr Khoo Teng Keat, age 41, joined the Board on 6 September 2011 as Executive Director. He holds a Bachelor of Commerce (Actuarial Science) honours degree from University of Melbourne, Australia. He has more than 14 years experience as an equity analyst. He has held senior positions with several reputable international investment banks.

Mr Khoo is a non-executive Director of Rock Chemical Industries (Malaysia) Berhad (subsidiary of MFCB) and Jadi Imaging Holdings Berhad (associate company of MFCB), both of which are listed on Bursa Malaysia.

Profile Of Directors

Yong Fook Shin
Independent and Non-Executive Director
Malaysian

Mr Yong Fook Shin, age 69, 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 54, 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.

Yeow See Yuen
Independent and Non-Executive Director
Malaysian

Mr Yeow See Yuen, age 44, 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 70, 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.

Profile Of Directors

Tay Kheng Chiong

Non-Independent and Non-Executive Director
Malaysian

Mr Tay Kheng Chiong, age 48, joined the Board as a Non-Independent and Non-Executive Director on 1 June 2006. He holds a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics from the University of Sunderland, England. He also holds a Master of Business Administration degree from the University of Stratchclyde, Scotland and is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom. Mr Tay has more than 20 years experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as a Development Engineer and was promoted to Director of Manufacturing in 1999. During 2001 to 2005, he was the Managing Director of Dominant Opto Technologies Sdn Bhd. He is presently the Group Managing Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

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

Dato' Tan Ang Meng

Independent and Non-Executive Director
Malaysian

Dato' Tan Ang Meng, age 56, joined the Board as an Independent and Non-Executive Director on 1 December 2010. He is a certified public accountant and was admitted to the membership of the Malaysian Institute of Certified Public Accountants in 1980.

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

Dato' Koh Hong Sun

Independent and Non-Executive Director
Malaysian

Dato' Koh, age 59, joined the Board as an Independent and Non-Executive Director on 1 December 2010. He holds a Masters degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

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

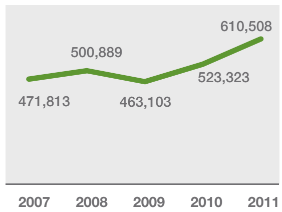
During the period as an officer of the RMP, he has held various important command posts including as Commandant of The Police Training Centre in Kuala Lumpur, Assistant Director NCB-Interpol, Officer-in-Charge of Brickfields Police District, Federal Traffic Chief, Deputy Chief Police Officer of Johor,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

Note:

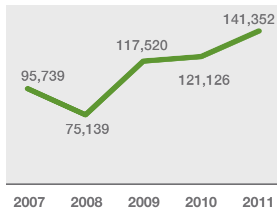
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Mega First Corporation Berhad ("MFCB"), have no conflict of interest with MFCB and have not been convicted for any offence within the past 10 years.

Financial Highlights

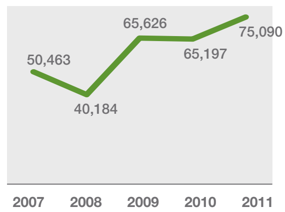
Revenue
RM'000



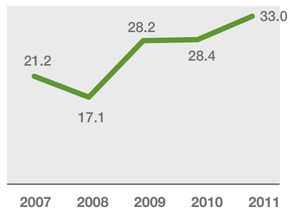
Profit Before Tax
RM'000



Net Profit Attributable to Equity Holders
RM'000

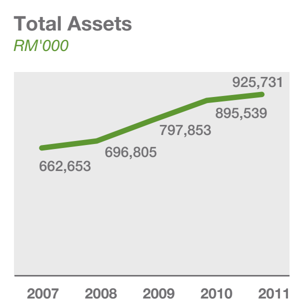


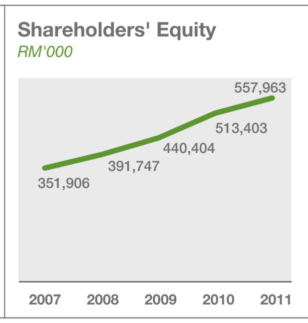
Basic Earnings Per Share
RM sen

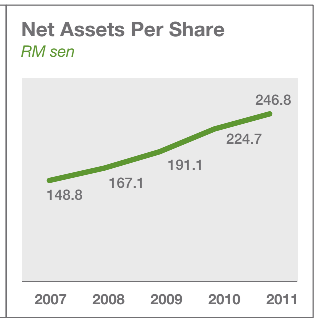


Financial Year Ended 31 December	**2007 RM'000**	**2008 RM'000**	**2009 RM'000**	**2010 RM'000**	**2011 RM'000**
Consolidated Statements of Comprehensive Income					
Revenue	471,813	500,889	463,103	523,323	610,508
Earnings before interest, taxes, depreciation and amortisation	127,004	104,346	145,770	152,575	173,900
Profit before tax	95,739	75,139	117,520	121,126	141,352
Profit after tax	82,487	66,073	96,188	99,221	112,568
Net profit attributable to equity holders	50,463	40,184	65,626	65,197	75,090

Financial Highlights







Financial Year Ended 31 December	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Consolidated Statements of Financial Position					
Total assets	662,653	696,805	797,853	895,539	925,731
Total borrowings	80,306	80,428	114,637	131,952	87,596
Shareholders' equity	351,906	391,747	440,404	513,403	557,963
Financial Indicators					
Return on equity	14.3%	10.3%	14.9%	12.7%	13.5%
Return on total assets	7.6%	5.8%	8.2%	7.3%	8.1%
Gearing ratio	22.8%	20.5%	26.0%	25.7%	15.7%
Interest cover (times)	14.9	14.5	23.1	20.9	26.6
Basic earnings per share (sen) (1)	21.2	17.1	28.2	28.4	33.0
Net asset per share (sen)	148.8	167.1	191.1	224.7	246.8
Gross dividend per share (sen)	5.5	5.5	7.0	7.5	9.0
Price earning (PE) ratio	6.7	4.7	5.0	6.2	5.1
Gross dividend yield	3.9%	6.8%	5.0%	4.2%	5.3%
Share price as at the financial year end (RM)	1.41	0.81	1.41	1.77	1.69

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

Corporate Structure

As at 31 December 2011

MFCB GROUP

- **POWER DIVISION**
  - 100% Mega First Power Industries Sdn Bhd
  - 100% Mega First Power (HK) Limited
  - 60% Shaoxing Mega Heat And Power Co. Limited
  - 51% Serudong Power Sdn Bhd
  - 100% Mega First Power Services Sdn Bhd
- **RESOURCES DIVISION**
  - 60.4% Rock Chemical Industries (Malaysia) Berhad
    - 60.4% RCI Lime Sdn Bhd
    - 60.4% Batamas Sdn Bhd
    - 60.4% Mesrasasi Sdn Bhd
    - 60.4% RCI Ventures Sdn Bhd
    - Other Subsidiaries
  - 99.6% Cheng Sun Industries Sdn Bhd
    - 99.6% Syarikat Cheng Sun Quarry Sdn Bhd
- **PROPERTY DIVISION**
  - 100% Mega First Housing Development Sdn Bhd
  - 100% Gombak Land Sdn Bhd
    - 65% Idaman Harmoni Sdn Bhd
    - 60% Paya Emas Sdn Bhd
    - 100% Greentown Parking Sdn Bhd
    - Other Subsidiaries
- **INVESTMENT HOLDING AND OTHERS**
  - 100% Bloxwich International Sdn Bhd
    - 95% Bloxwich (Malaysia) Sdn Bhd
    - 100% Bloxwich Lighting Sdn Bhd
  - 52.4% Hexachase Corporation Sdn Bhd
    - 47.1% Hexachase Labels Sdn Bhd
    - 41.9% Hexachase Packaging Sdn Bhd
    - Other Subsidiaries
  - 100% Authentic Excellence Sdn Bhd
  - 100% Geo-Mobile Asia Sdn Bhd
  - 100% Mega First Mining Sdn Bhd
  - Other Subsidiaries

Management's Discussion & Analysis

For the financial year ended 31 December 2011

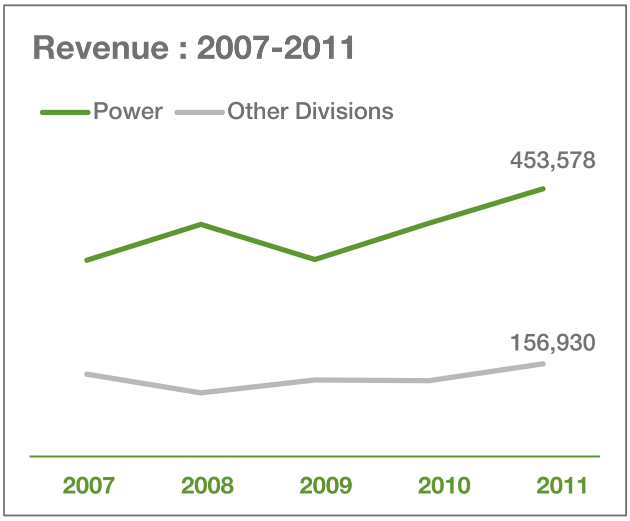
OVERVIEW

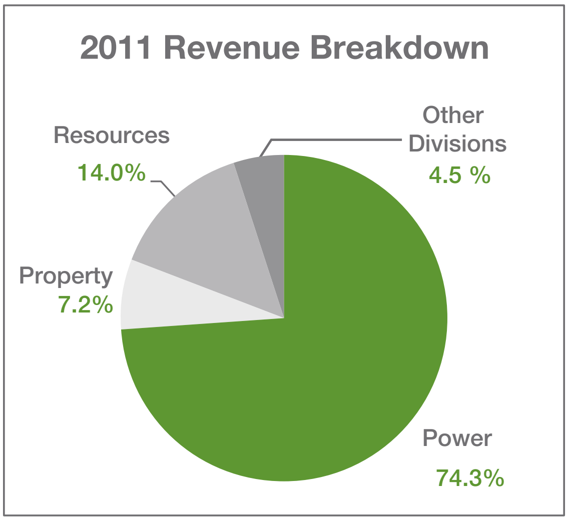
Divisional Revenue & Pre-tax Profit

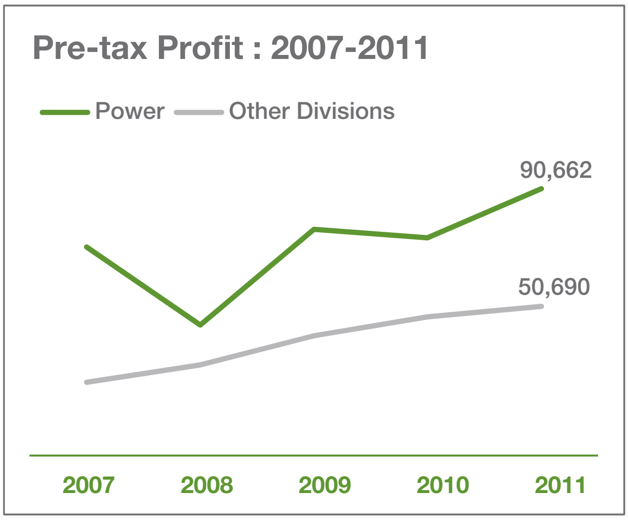
RM'000	2011	2010	% change	Proportion of Total 2011	Proportion of Total 2010
Revenue					
Power	453,578	395,038	14.8%	74.3%	75.5%
Resources	85,221	74,540	14.3%	14.0%	14.2%
Property	44,222	25,043	76.6%	7.2%	4.8%
Sub-total	583,021	494,621	17.9%	95.5%	94.5%
Investment holding and others	27,487	28,702	-4.2%	4.5%	5.5%
Total Revenue	**610,508**	**523,323**	**16.7%**	**100.0%**	**100.0%**
Pre-tax Profit					
Power	90,662	74,001	22.5%	64.1%	61.1%
Resources	14,850	12,483	19.0%	10.5%	10.3%
Property	36,556	19,526	87.2%	25.9%	16.1%
Sub-total	142,068	106,010	34.0%	100.5%	87.5%
Investment holding and others	(716)	15,116	n.m.	-0.5%	12.5%
Total Pre-tax Profit	**141,352**	**121,126**	**16.7%**	**100.0%**	**100.0%**

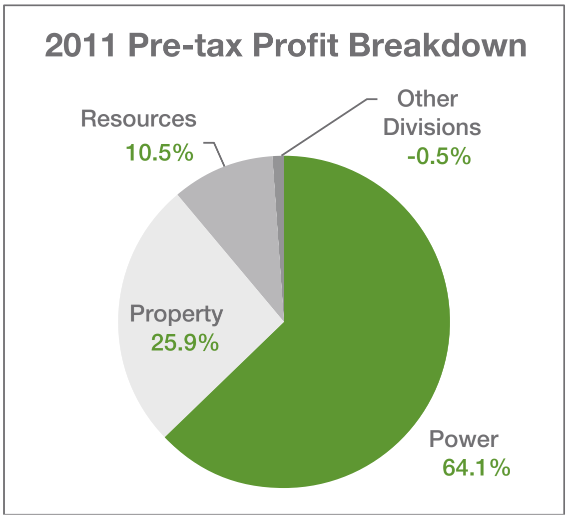
Both Group revenue and pre-tax profit increased 16.7% to RM610.5 million and RM141.4 million in 2011, respectively. Revenue of the core operating divisions increased 17.9% to RM583.0 million, while their combined pre-tax profit surged 34.0% to RM142.1 million, as analysed further below.

Lower gains from quoted investments of RM3.0 million in 2011 (2010 : RM14.9 million) weighed on the results of "Investment holding and others".









Power Division

The Power Division operates two plants, one in China and the other in East Malaysia. The 83 MW coal-fired heat and power plant in China, located in Shaoxing, Zhejiang Province, generates and sells steam to textile factories within the vicinity. The resulting electrical energy is sold to the power bureau through the local grid. The 36 MW diesel-fuelled power plant in Malaysia is situated in Tawau, Sabah. The Tawau plant has a Power Purchase Agreement with Sabah Electricity Sdn Bhd to sell electricity for a 21-year period starting from 2 December 1996.

The largest earnings contributor to the Group, the Power Division continued to charge ahead in 2011. Revenue grew 14.8% to RM453.6 million, while pre-tax profit grew 22.5% to RM90.7 million, due mainly to significant efficiency improvements achieved through a 3-phase plant modification exercise in China, higher steam prices and higher energy sales. Consequently, gross profit margin improved from 18.3% in 2010 to 21.3% in 2011.

The plant modification exercise, which would be carried out in phases from 2009 to end 2012, effectively enabled more energy to be generated with the same amount of steam output. The exercise, when completed, is expected to boost steam production and energy capacity to 4.2 million tonnes and 720,000 MWh respectively. This was evident from a 12.1% increase in overall energy sales to 641,592 MWh in 2011 despite a marginal 2.5% expansion in steam sales volume to 3.1 million tonnes during the same period. During the year, growth of steam sales volume was dampened by slower industrial output as a result of slower economic activity. Average steam price registered a 10.2% increase to RMB183.7 per tonne in tandem with higher coal prices, which rose 5.5% from RMB846 to RMB893 per tonne.

Pre-tax margin expanded at a slower pace from 18.7% in 2010 to 20.0% in 2011 due mainly to one-off gain from insurance claim and write-back of doubtful debt provision in 2010.

Moving ahead, divisional earnings will continue to be driven by efficiency gains resulting from the on-going plant modification through lower steam consumption for the power generating turbines.

Resources Division

The Resources Division is involved in the quarrying of limestone, manufacturing of lime products such as quicklime, hydrated lime and Calcium Carbonate powder (CCP) and manufacturing of Calcium Silicate bricks. Today, the Group operates one of the largest limestone hill reserves of more than 100 acres in the state of Perak, Malaysia, and is one of the country's largest producers of lime products. Its subsidiary, Batamas Sdn Bhd, is also the sole producer of Calcium Silicate bricks in Malaysia.

The alkaline property of lime products and its natural abundance resulted in lime products being used in a wide range of industries such as steel, pulp and paper, mining, water treatment, agriculture, incineration and construction. CCP is also used as filler material in the manufacturing of cosmetics, shoes, plastic products and rubber gloves. The Resources Division operates three factories with a combined daily production capacity of about 1,200 tonnes of lime products and a monthly capacity of 7 million Calcium Silicate bricks.

For the year under review, revenue for the Resources Division increased 14.3% to RM85.2 million, spurred by a 69.7% increase in brick sales to RM18.1 million, partially offset by a 4.3% decline in sales of lime products to RM51.0 million. Brick sales volume reached 61.6 million pieces in 2011, representing a 49.5% year-on-year increase, while the average price improved 15.7% to 22.1 sen. The higher volume and unit price were achieved on the back of a buoyant domestic construction sector, especially the high end properties. Sold under the "KALSA" brand name, our bricks were used in many prestigious projects including the Federal Government Office Complexes in Putrajaya and the newly completed Istana Negara. Sales of lime products were affected by lower export sales to the Philippines and India due to intensifying local competition.

Pre-tax profit rose 19.0% from RM12.5 million in 2010 to RM14.9 million in 2011. The improved earnings was mainly contributed by significantly better performance from brick sales, partially offset by higher operating costs for lime products due to the relining of a kiln in the fourth quarter of 2011.

The Resources Division's performance for 2012 is expected to be challenging due to slowing demand, growing competition and rising costs for the division's two main products. The global economic uncertainty combined with the moderate domestic economic outlook means there is more downside risk to growth during 2012. Nonetheless, management will focus on penetration into new local and international markets, as well as improving operational efficiency to limit cost increase.

Property Division

The main activities of Property Division consist of property investment and property development. Its main investment portfolio consists of part of the PJ8 mixed development in Petaling Jaya, and car-park operations in Greentown, Ipoh. On the development side, the division's focus is in building affordable housing for the middle class primarily in the areas of Malacca and Salak Tinggi.

During the year, Property Division recorded a 76.6% increase in revenue to RM44.2 million, buoyed by an 82.7% increase in revenue from the sale of residential and commercial properties to RM38.3 million. Rental income from investment properties also received a boost from higher occupancy rates in PJ8 and maiden contribution from Greentown car park in Ipoh, rising 45.4% to RM5.9 million.

Pre-tax profit rose sharply by 87.2% to RM36.6 million, lifted by RM18.2 million (2010 : RM10.9 million) fair value adjustment of PJ8 and Greentown car park, and a RM6.1 million recovery of an old debt plus interests that had been previously provided for as doubtful debt. Excluding these non-recurrent items, operating pre-tax profit for the division rose 42.7% to RM12.3 million due to higher sales of development properties and rental income.

In general, prices of Malaysian properties are expected to continue to increase, albeit at a slower pace, due to escalating land prices, building material prices and labour costs. However, some segments of the market, particularly high-end residential properties may experience slower demand due to overbuilding.

Nonetheless, buying sentiment is expected to remain positive for affordable landed residential properties, due to various incentives introduced by the government in Budget 2012, which include the expanded My First Home Scheme for those earnings less than RM3,500 per month and stamp duty exemption on loan instruments for the purchase of houses under the 1Malaysia People's Housing scheme. However, the 10% Real Property Gains Tax and the 70% loan-to-value ratio cap for the third house financing should help curb speculation, especially in the high-end residential market.

In 2012, the Property Division will continue with its conservative approach to new launches. The Division plans to launch 2 new residential projects in 2012, which will comprise mainly medium cost terrace houses and semi-detached houses in Malacca and Salak Tinggi. The Division is also studying a plan to develop its first mix development project in a 4-acre land in Greentown.

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 2011.

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, actuarial science, accountancy, business management, engineering and public law and order. All these different skills working together enable the Board to effectively lead and control the Company. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The Board comprises eleven (11) members, of whom three (3) are Executive Directors, seven (7) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Independent Non-Executive Directors form more than half of the Board, thus fulfilling the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad for ensuring that minority shareholders' interests are adequately represented.

The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. The Board is mindful that convergence of the two (2) roles is not in compliance with best practice, but takes into account the fact that the Executive Chairman is also the single largest shareholder, there is the advantage of shareholder leadership and a natural alignment of interests. The Board is comfortable that there is no undue risk of potential conflict of interest as all related party transactions are disclosed and strictly dealt with in accordance with the MMLR. In addition, the high proportion of Independent Non-Executive Directors provides for effective oversight over management and ensures that there is independence of judgement.

The Board has not appointed a Senior Independent Non-Executive Director, to whom concerns can be addressed. 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 2011, 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
Goh Nan Yang	3 out of 4
Yong Fook Shin	4 out of 4
Maisuri bin Besri	3 out of 4
Yeow See Yuen	4 out of 4
Dato' Jorgen Bornhoft	4 out of 4
Tay Kheng Chiong	2 out of 4
Dato' Tan Ang Meng	4 out of 4
Dato' Koh Hong Sun	4 out of 4
Khoo Teng Keat (appointed: 6.9.2011)	1 out of 1
Dr. Lim Thian Soo (resigned on 30.6.2011)	1 out of 2

Supply of Information

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

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

Directors' Remuneration

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

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

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

	Executive Directors (*) (RM'000)	Non-Executive Directors (RM'000)
Salary, bonus and other remuneration, including benefits-in-kind (gross)	619	–
Directors' fees	–	358
Attendance fees	–	34

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

Range of Remuneration bands	Executive Directors (*)	Non-Executive Directors
Below RM50,000	–	9
RM50,001 - RM100,000	1	–
RM150,001 - RM200,000	1	–
RM350,001 - RM400,000	1	–

(*) - includes a former Director.

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

Board Committees

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

1) Executive Committee ("EXCO")

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

2) Audit Committee ("AC")

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

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

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

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

3) Remuneration Committee ("RC")

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

The RC consists of four (4) Directors, a majority of whom are Non-Executive Directors. The composition of the RC is set out in the Corporate Information section of this Annual Report.

4) Nomination Committee ("NC")

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

The NC consists of four (4) Directors, all of whom are Independent and Non-Executive Directors. The composition of the NC is set out in the Corporate Information section of this Annual Report.

5) Employees Share Option ("ESOS") Committee

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

The ESOS Committee 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 have evaluated their own training needs on a continuous basis. Some Directors have attended training programmes as follows:-

Title	Duration
• Sustainability Session for Directors	3 hours
• Forbes Global CEO Conference – At the Crossroads	2 days
• Invest Malaysia, 2011	2 days
• Assessing the Risk and Control Environment	½ day
• The Global Economy – A Time of Confusion	1 day
• Key Amendments to Listing Requirements, 2011 and Corporate Disclosure Guide	2 hours

Conflict of Interest

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

Related Party Transactions

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

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

SHAREHOLDERS

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

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

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

This statement is made in accordance with a resolution of the Board of Directors passed on 21 March 2012.

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.

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

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

5) **Sanctions imposed**

During the financial year, there was no sanction or penalty imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

6) **Variation in results**

There was no material variation between the audited results for the financial year and the unaudited results previously announced by the Company on 27 February 2012.

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 2011 or entered into since the end of the previous financial year.

9) **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 approximately RM15,000.

Executive Chairman's Statement

For the financial year ended 31 December 2011

On behalf of the Board of Directors of MFCB, it gives me great pleasure to present the 46th Annual Report incorporating the financial statements of the Group and the Company for the financial year ended 31 December 2011.

OVERVIEW AND FINANCIAL PERFORMANCE

The Group's focus on efficiency and cost saving measures has resulted in another successful year for the Group amidst global uncertainties in 2011. More importantly, all our core businesses continued to show improvement. The Group achieved a record pre-tax profit of RM141.4 million, representing an improvement of 16.7% over the preceding year, on the back of a 16.7% increase in operating revenue to RM610.5 million. Net profit attributable to shareholders grew 15.2% to RM75.1 million resulting in improved earnings per share of 33.0 sen and net return on equity of 13.5% in 2011.

The growth in both operating revenue and pre-tax profit was primarily attributed to higher contribution from the power generation and resources businesses as well as higher rental income from investment properties and increased sales from property development projects.

OPERATIONS REVIEW

The Power Division, in particular the China power plant remains the primary contributor to the Group's 2011 results, chalking up a pre-tax profit of RM78.4 million on the back of RM330.1 million in revenue. The good performance was mainly due to extensive plant modifications over the last 3 years, which has lowered coal consumption by 30%. At the same time, steam prices were raised several times during the year, which to a large extent alleviated margin pressure resulting from rising coal prices.

In Sabah, the Tawau power plant also posted better results in 2011. Electricity demand in Sabah is on an upward trend with peak period demand rising from 720 MW in year 2010 to 800 MW in year 2011, while base load demand remained relatively unchanged. Electricity demand is expected to continue growing with increased economic activities and property development projects throughout the State.

The Property Division delivered higher revenue and pre-tax profit from both the development and investment activities. The building industry continues to face challenges arising from escalating cost of land, labour and materials and possible over supply. However, the Group's strategy to focus on medium cost developments where demand is stable and less affected by economic fluctuations, should provide a relatively stable source of revenue. We will continue to pursue quality land with strong investment or development potential to replenish the existing land bank, particularly in prime and upcoming locations with the aim to achieve good long-term returns.

The Resources business continued to achieve good growth despite the challenging operating environment. Revenue grew 14.3% revenue while pre-tax profit from operations rose 19.0% in 2011. Despite the decline in profitability of the limestone segment, the commendable performance of the Resources division was attributed to the significant improvement in the calcium silicate bricks and calcium carbonate powder segment. The Group recently spent RM26 million to acquire a limestone hill (including quarry land) and a crushing plant with a production capacity of 50,000 metric tonnes per month in Perak. This investment provides a rare opportunity for the Group to expand its limestone reserves located near its existing operations.

On 19 March 2012, the Company together with its 2 subsidiaries proposed to undertake a conditional take-over offer to acquire the remaining ordinary shares of RM1.00 each in Rock Chemical Industries (Malaysia) Berhad not already owned by the Group for a cash offer price of RM2.10 per share.

DIVIDEND

An interim dividend of 3.0 sen less income tax of 25% was paid on 7 October 2011 in respect of the financial year ended 31 December 2011.

The Board is proposing a final dividend of 4.6 sen per share, less income tax of 25%, and a tax exempt dividend of 1.4 sen per share for approval of the shareholders at the forthcoming Annual General Meeting. If approved by shareholders, this brings the total dividend payout for the financial year to 9.0 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2011.

Executive Chairman's Statement

For the financial year ended 31 December 2011

CORPORATE SOCIAL RESPONSIBILITY

I am pleased to observe that the management understand their corporate social responsibilities and believe that by continuing to work responsibly and seeking to improve good environmental practices through innovation and efficiency, we are simply fulfilling our duty as a good corporate citizen.

At the Group, apart from recognition of high standards of integrity in all business dealings and the contribution of employees' skills, knowledge and expertise to the Group's success, we have strengthened our processes and procedures in order to ensure compliance with all statutory requirements and where appropriate standards and guidance to working practices and operations.

We also understand that each business decision shall take into account its social impact and accordingly ensure systems are in place to define, eliminate or mitigate the impacts arising out of that decision. It is equally important to ascertain that every activity done under CSR makes a socially responsible business sense.

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

SHAREHOLDER VALUE

The delivery of superior shareholder value remains a top priority of the management. The management continues to actively steer the Group's divisions to deliver consistent improvement in financial performance in order to create and enhance shareholder value.

PROSPECT

We remain confident that the Power division will continue to deliver consistent earnings, particularly the China power plant, which will benefit from the third phase of the plant modification exercise to be completed this year.

The Resources business will be one of the core areas management will be focusing on to deliver growth in the next few years. With the recent acquisition of limestone reserves, the division's longer term growth prospects will be enhanced.

Management will focus on efforts to broaden both the Group's customer and product base, while enhancing cost management efforts by continuously improving production efficiency and eliminating waste where possible. At the same time, management continually encourages staff training so that we remain technologically relevant and competitive.

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

ACKNOWLEDGEMENT AND APPRECIATION

Dr. Lim Thian Soo has resigned as Group Managing Director on 30 June 2011. On behalf of the Board, I wish to convey our appreciation to him for his services to the Company.

I would like to take this opportunity to welcome our new board member, Mr. Khoo Teng Keat. With his experience and qualifications, Mr. Khoo will be able to contribute to the Board and the Company's growth.

Last but not least, on behalf of the Board, I would like to extend my sincere gratitude to our shareholders, bankers, customers, suppliers and business associates for their continuing support throughout the years. I would also like to express my appreciation to my fellow members of the Board for their expert counsel and guidance and thank our dedicated management team and committed staff for their hard work and continuous effort over the years. Their excellent work has contributed significantly to the Group's outstanding results.

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

Goh Nan Kioh
Executive Chairman

21 March 2012

Audit Committee Report

For the financial year ended 31 December 2011

1. COMPOSITION

Chairman	:	Mr. Yeow See Yuen (Independent & Non-Executive Director)
Members	:	Dato' Haji Abu Hanifah bin Noordin (Independent & Non-Executive Director) Dato' Jorgen Bornhoft (Independent & Non-Executive Director) Dato' Tan Ang Meng (Independent & Non-Executive 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 ("Bursa Malaysia")

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 Bursa Malaysia.

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 themselves.

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 & Minutes

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 plan meeting at least four (4) times a year and additional meetings may be called at the Chairman's discretion.

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

2.2.4 The 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.

2.2.5 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.

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

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

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

2.3 Rights and Authority

The Committee is authorised to: -

2.3.1 investigate any matter within its terms of reference;

2.3.2 have adequate resources required to perform its duties;

2.3.3 have full and unrestricted access to information, records and documents relevant to its activities;

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

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

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

2.4 Key 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, audit reports 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 Auditors: -

(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 Bursa Malaysia.

2.4.4 To prepare Audit Committee Report for inclusion in the Company's Annual Report covering: -

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

2.4.5 To review the following for publication in the Company's Annual Report: -

(a) The disclosure statement of the Board on: -

(i) The Company's applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and

(ii) The extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas,

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

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

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

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; and

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

3. SUMMARY OF AUDIT COMMITTEE ATTENDANCE

During the financial year ended 31 December 2011, 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	3/4
Dato' Jorgen Bornhoft	4/4
Dato’ Tan Ang Meng (Appointed : 25.8.2011)	1/1

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

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee has discharged its duties and responsibilities as set out in its terms of reference. The main activities of the Committee for the financial year ended 31 December 2011 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 Financial Statements 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 financial year ended 31 December 2011 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 Committee and Management.

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

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

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

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

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

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

All Internal Audit activities for financial year 2011 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 financial year 2011 was about RM532,000.

Statements On Internal Control

for the financial year ended 31 December 2011

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 2011 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 Quarterly Review Report, covering the Group's up to date performance. In addition, the Board also deliberates on the appropriateness of key business strategies adopted by the operating units in the light of any significant shifts in risks profiles. In this manner, the Board is not only kept well informed on current issues facing the Group but also participate in risk management.

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

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

Financial Statements

Directors' Report

The Directors of MEGA FIRST CORPORATION BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries and associates are set out in Notes 39 and 13 to the financial statements respectively.

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

SIGNIFICANT CORPORATE EVENTS

There were no significant corporate events during the financial year.

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	141,352	17,713
Income tax expense	(28,784)	(308)
Profit for the financial year	112,568	17,405
Attributable to:-		
Owners of the Company	75,090	17,405
Non-controlling interests	37,478	–
	112,568	17,405

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

DIVIDENDS

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

(a) a final dividend of 5.5 sen less income tax of 25% per ordinary share totalling RM9,380,462 in respect of the financial year ended 31 December 2010 on 15 July 2011; and

(b) an interim dividend of 3.0 sen less income tax of 25% per ordinary share totalling RM5,109,139 in respect of the financial year ended 31 December 2011 on 7 October 2011.

The Board proposes a final dividend comprising 4.6 sen less income tax of 25%, and 1.4 sen tax exempt, per ordinary share for the financial year ended 31 December 2011 (2010 : 5.5 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

The present ESOS ("ESOS") was approved by shareholders of the Company at an EGM held on 20 May 2010. The Scheme was implemented on 1 August 2010 and shall be in force for a period of 10 years unless otherwise terminated in accordance to its By-Laws.

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

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

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

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

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

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

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

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

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

Exercise price RM	Outstanding as a 1.1.2011 '000	Movements during the financial year Granted '000	Exercised '000	Lapsed '000	Outstanding as at 31.12.2011 '000
1.50	3,300	–	–	(500)	2,800

The names of option holders and number of options granted are disclosed in the section on Directors' Interests in this report.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

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

TREASURY SHARES

During the financial year, the Company purchased 2,358,600 of its own issued ordinary shares from the open market under the Company's share buy-back scheme for a total consideration (including transaction costs) of RM3,788,987. These shares are held as treasury shares.

As at 31 December 2011, the Company held as treasury shares a total of 16,086,200 of its 242,205,000 issued and fully paid-up ordinary shares, at a carrying amount of RM22,315,687. None of the treasury shares held were sold or cancelled during the financial year.

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

OTHER FINANCIAL INFORMATION

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

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

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

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

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

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

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

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

Other than as disclosed in Note 35 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.

OTHER FINANCIAL INFORMATION (CONT'D)

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
- Goh Nan Yang (also alternate to Goh Nan Kioh)
- Yong Fook Shin
- Maisuri Bin Besri
- Yeow See Yuen
- Dato' Jorgen Bornhoft
- Tay Kheng Chiong
- Dato' Koh Hong Sun
- Dato' Tan Ang Meng
- Khoo Teng Keat (appointed on 6 September 2011)
- Dr. Lim Thian Soo (resigned on 30 June 2011)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2011/ Date of appointment	**Addition**	**Disposal**	**Balance as at 31.12.2011**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	–	–	**713,600**
- Deemed	68,392,100	2,119,700	–	**70,511,800**
Yong Fook Shin				
- Direct	470,200	–	–	**470,200**
Goh Nan Yang				
- Direct	510,000	–	–	**510,000**
Yeow See Yuen				
- Direct	436,500	–	–	**436,500**
- Deemed	26,000	–	–	**26,000**
Dato' Jorgen Bornhoft				
- Direct	200,000	–	–	**200,000**
Dato' Tan Ang Meng				
- Direct	229,000	–	–	**229,000**
Khoo Teng Keat				
- Direct	200,000	–	–	**200,000**

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2011/ Date of appointment	Addition	Disposal	Balance as at 31.12.2011
SHARES IN A SUBSIDIARY, ROCK CHEMICAL INDUSTRIES (MALAYSIA) BERHAD				
Goh Nan Kioh				
- Deemed	25,598,300	–	–	**25,598,300**
Goh Nan Yang				
- Direct	100	–	–	**100**
Yeow See Yuen				
- Direct	40,600	–	–	**40,600**

In addition to the above, the following Directors who were in office at the end of the financial year 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			
	Exercise price	Balance as at 1.1.2011	Granted	Exercised	Balance as at 31.12.2011
Goh Nan Yang	RM1.50	500,000	–	–	**500,000**
Goh Nan Kioh	RM1.50	500,000	–	–	**500,000**
Dato' Haji Abu Hanifah Bin Noordin	RM1.50	300,000	–	–	**300,000**
Yong Fook Shin	RM1.50	300,000	–	–	**300,000**
Maisuri Bin Besri	RM1.50	300,000	–	–	**300,000**
Yeow See Yuen	RM1.50	300,000	–	–	**300,000**
Dato' Jorgen Bornhoft	RM1.50	300,000	–	–	**300,000**
Tay Kheng Chiong	RM1.50	300,000	–	–	**300,000**

Goh Nan Kioh, by virtue of his interest in 31.50% (2010 : 30.25%) of the shares of the Company, is deemed to have interests in shares of its related corporations to the extent of the Company's interests, 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 42 to the financial statements.

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

SUBSEQUENT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 44 to the financial statements.

AUDITORS

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

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

GOH NAN YANG

KHOO TENG KEAT

Petaling Jaya
16 April 2012

Independent Auditors' Report

to the members of MEGA FIRST CORPORATION BERHAD

Report on the Financial Statements

We have audited the financial statements of Mega First Corporation Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 112.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Independent Auditors' Report

to the members of MEGA FIRST CORPORATION BERHAD

Report on Other Legal and Regulatory Requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 39 to the financial statements.

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

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

The supplementary information set out in Note 45 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

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

16 April 2012
Kuala Lumpur

Statements Of Comprehensive Income

For the financial year ended 31 December 2011

		GROUP		COMPANY	
	Note	**2011 RM'000**	2010 RM'000	**2011 RM'000**	2010 RM'000
Revenue	5	**610,508**	523,323	**32,673**	64,018
Cost Of Sales		**(464,955)**	(404,389)	**–**	–
Gross Profit		**145,553**	118,934	**32,673**	64,018
Distribution Costs		**(3,283)**	(3,138)	**–**	–
Administrative Expenses		**(27,959)**	(28,126)	**(4,372)**	(4,521)
Other Expenses		**(26,976)**	(13,905)	**(7,082)**	(46,308)
Other Income		**58,685**	53,140	**107**	933
Profit From Operations	6	**146,020**	126,905	**21,326**	14,122
Finance Costs	7	**(5,514)**	(6,084)	**(3,613)**	(3,364)
Share Of Profit In Associates	13	**846**	305	**–**	–
Profit Before Tax		**141,352**	121,126	**17,713**	10,758
Income Tax Expense	8	**(28,784)**	(21,905)	**(308)**	(569)
Profit For The Financial Year		**112,568**	99,221	**17,405**	10,189
OTHER COMPREHENSIVE INCOME					
Fair value changes of available-for-sale financial assets					
- (Loss)/Gain on fair value changes		**(21,776)**	19,568	**816**	6,761
- Reclassification upon disposal		**(17,553)**	(8,682)	**–**	–
- Cumulative losses reclassified to profit or loss		**18,503**	–	**–**	–
Foreign currency translation		**12,421**	(6,632)	**–**	–
		(8,405)	4,254	**816**	6,761
Total Comprehensive Income For The Financial Year		**104,163**	103,475	**18,221**	16,950

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Comprehensive Income

For the financial year ended 31 December 2011

	Note	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'00
Profit Attributable To:					
- Owners Of The Company		**75,090**	65,197	**17,405**	10,189
- Non-controlling Interests		**37,478**	34,024	**–**	–
		112,568	99,221	**17,405**	10,189
Total Comprehensive Income Attributable To:					
- Owners Of The Company		**62,844**	74,216	**18,221**	16,950
- Non-controlling Interests		**41,319**	29,259	**–**	–
		104,163	103,475	**18,221**	16,950
Earnings Per Share (sen)	10				
- Basic		**33.03**	28.43		
- Diluted		**33.00**	28.37		

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Financial Position

as at 31 December 2011

		GROUP		COMPANY	
	Note	**2011 RM'000**	2010 RM'000	**2011 RM'000**	2010 RM'00
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	11	**233,476**	231,318	**1,123**	1,411
Subsidiaries	12	**–**	–	**107,275**	111,864
Associates	13	**44,309**	43,221	**19,055**	19,055
Investment In Quoted Shares	14	**84,898**	145,460	**7,439**	–
Investment In Unquoted Shares	15	**2,210**	335	**–**	–
Land Use Rights	16	**1,048**	1,139	**–**	–
Investment Properties	17	**106,439**	84,408	**–**	–
Land Held For Property Development	18	**54,619**	57,346	**–**	–
Goodwill On Consolidation	19	**10,812**	10,812	**–**	–
		537,811	574,039	**134,892**	132,330
Current Assets					
Inventories	20	**62,769**	62,826	**–**	–
Property Development	21	**24,496**	31,210	**–**	–
Receivables	22	**141,446**	109,099	**258,517**	218,416
Bank Balances And Deposits	23	**159,209**	118,365	**578**	484
		387,920	321,500	**259,095**	218,900
TOTAL ASSETS		**925,731**	895,539	**393,987**	351,230

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Financial Position

as at 31 December 2011

	Note	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'00
EQUITY AND LIABILITIES					
Share Capital	24	**242,205**	242,205	**242,205**	242,205
Treasury Shares	25	**(22,316)**	(18,527)	**(22,316)**	(18,527)
Reserves	26	**338,074**	289,725	**56,483**	52,601
Equity Attributable To Owners Of The Company		**557,963**	513,403	**276,372**	276,279
Non-controlling Interests		**180,212**	162,254	**–**	–
Total Equity		**738,175**	675,657	**276,372**	276,279
Non-Current Liabilities					
Payables	27	**692**	748	**–**	–
Long-Term Borrowings	28	**8,772**	9,251	**–**	–
Deferred Taxation	29	**20,422**	22,493	**–**	–
		29,886	32,492	–	-
Current Liabilities					
Payables	30	**64,135**	59,351	**104,774**	54,405
Short-Term Borrowings	31	**78,824**	122,701	**12,841**	20,546
Taxation		**14,711**	5,338	**–**	-
		157,670	187,390	**117,615**	74,951
Total Liabilities		**187,556**	219,882	**117,615**	74,951
TOTAL EQUITY AND LIABILITIES		**925,731**	895,539	**393,987**	351,230
Net Assets Per Ordinary Share (sen)	32	**247**	225		

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Changes In Equity

For the financial year ended 31 December 2011

	Attributable to Owners of the Parent										
	Non-Distributable							Distributable			
GROUP	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2010 (as restated)	239,283	(10,585)	33,380	28	11,112	15,104	2,213	164,973	455,508	156,255	611,763
Profit after taxation for the financial year	–	–	–	–	–	–	–	65,197	65,197	34,024	99,221
Other comprehensive income for the financial year, net of tax:-											
Foreign currency translation difference	–	–	–	–	(2,578)	–	–	–	(2,578)	(4,054)	(6,632)
Fair value of available-for-sale financial assets:											
- fair value movement	–	–	–	–	–	19,384	–	–	19,384	184	19,568
- reclassified to profit or loss upon disposal	–	–	–	–	–	(7,787)	–	–	(7,787)	(895)	(8,682)
Total comprehensive income for the financial year	–	–	–	–	(2,578)	11,597	–	65,197	74,216	29,259	103,475
Contributions by and distributions to owners of the Company:-											
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	3,030	3,030
Capital reserves	–	–	–	–	–	–	403	(118)	285	(106)	179
Dividends paid:											
- shareholders of the Company (Note 9)	–	–	–	–	–	–	–	(12,049)	(12,049)	–	(12,049)
- subsidiaries' minority shareholders	–	–	–	–	–	–	–	–	–	(26,184)	(26,184)
Issuance of ordinary shares pursuant to ESOS	2,922	–	–	–	–	–	–	–	2,922	–	2,922
Share option to directors	–	–	–	463	–	–	–	–	463	–	463
Purchase of treasury shares	–	(7,942)	–	–	–	–	–	–	(7,942)	–	(7,942)
Balance at 31 December 2010	242,205	(18,527)	33,380	491	8,534	26,701	2,616	218,003	513,403	162,254	675,657

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Changes In Equity

For the financial year ended 31 December 2011

GROUP	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Attributable to Owners of the Parent										
	Non-Distributable							Distributable			
Balance at 1 January 2011	242,205	(18,527)	33,380	491	8,534	26,701	2,616	218,003	513,403	162,254	675,657
Profit after taxation for the financial year	-	-	-	-	-	-	-	75,090	75,090	37,478	112,568
Other comprehensive income for the financial year, net of tax:-											
Foreign currency translation difference	-	-	-	-	7,966	-	-	-	7,966	4,455	12,421
Fair value of available-for-sale financial assets:											
- fair value movement	-	-	-	-	-	(19,954)	-	-	(19,954)	(1,822)	(21,776)
- reclassified to profit or loss upon disposal	-	-	-	-	-	(17,388)	-	-	(17,388)	(165)	(17,553)
- cumulative losses reclassified to profit or loss (impairment loss)	-	-	-	-	-	17,130	-	-	17,130	1,373	18,503
Total comprehensive income for the financial year	-	-	-	-	7,966	(20,212)	-	75,090	62,844	41,319	104,163
Contributions by and distributions to owners of the Company:-											
Dividends paid:											
- shareholders of the Company (Note 9)	–	–	–	–	–	–	–	(14,490)	(14,490)	–	(14,490)
- subsidiaries' minority shareholders	–	–	–	–	–	–	–	–	–	(23,385)	(23,385)
Share option to directors	–	–	–	151	–	–	–	–	151	–	151
Purchase of treasury shares	–	(3,789)	–	–	–	–	–	–	(3,789)	–	(3,789)
Realisation of capital reserves	–	–	–	–	–	–	(997)	808	(189)	24	(165)
Translation reserve	–	–	–	–	–	–	–	33	33	–	33
Balance at 31 December 2011	242,205	(22,316)	33,380	642	16,500	6,489	1,619	279,444	557,963	180,212	738,175

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Changes In Equity

For the financial year ended 31 December 2011

COMPANY	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employee Share Option Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Total RM'000
	← Non Distributable				→	Distributable	
Balance at 1 January 2010	239,283	(10,585)	33,380	28	-	13,829	275,935
Profit after taxation for the financial year	–	–	–	–	–	10,189	10,189
Other comprehensive income for the financial year, net of tax:-							
Fair value of available-for-sale financial assets:							
- fair value movement	–	–	–	–	6,761	–	6,761
Total comprehensive income for the financial year	–	–	–	–	6,761	10,189	16,950
Contributions by and distribution to owners of the Company:–							
Dividends (Note 9)	–	–	–	–	–	(12,049)	(12,049)
Issuance of ordinary shares pursuant to ESOS	2,922	–	–	–	–	–	2,922
Share option to directors	–	–	–	463	–	–	463
Purchase of treasury shares	–	(7,942)	–	–	–	–	(7,942)
Balance at 31 December 2010/1 January 2011	242,205	(18,527)	33,380	491	6,761	11,969	276,279
Profit after taxation for the financial year	–	–	–	–	–	17,405	17,405
Other comprehensive income for the financial year, net of tax:-							
Fair value of available-for-sale financial assets:							
- fair value movement	–	–	–	–	816	–	816
Total comprehensive income for the financial year	–	–	–	–	816	17,405	18,221
Contributions by and distribution to owners of the Company:-							
Dividends (Note 9)	–	–	–	–	–	(14,490)	(14,490)
Share option to directors	–	–	–	151	–	–	151
Purchase of treasury shares	–	(3,789)	–	–	–	–	(3,789)
Balance at 31 December 2011	242,205	(22,316)	33,380	642	7,577	14,884	276,372

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Cash Flows

For the financial year ended 31 December 2011

GROUP	Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**141,352**	121,126
Adjustments for:			
Allowance for impairment losses on:			
- Goodwill on consolidation		**–**	598
- Investment in quoted shares		**18,503**	–
- Receivables		**936**	24
Amortisation of land use rights		**169**	170
Depreciation of property, plant and equipment		**26,865**	25,195
Finance costs		**5,514**	6,084
Inventories written down		**990**	-
Loss on disposal of property, plant and equipment		**3,727**	2,350
Loss on foreign exchange – Unrealised		**94**	267
Provision for retirement benefits		**31**	23
Staff costs - Share options to directors		**151**	463
Write-off of:			
- Inventories		**10**	50
- Property, plant and equipment		**16**	15
- Receivable		**126**	–
Fair value adjustment on investment properties		**(18,154)**	(10,933)
Gain on disposal of:			
- Property, plant and equipment		**(56)**	(151)
- Quoted investments		**(19,111)**	(10,815)
Gain on foreign exchange – Unrealised		**(3,365)**	(460)
Interest income		**(4,412)**	(1,594)
Other dividend income		**(2,383)**	(4,270)
Reversal of:			
- Impairment losses on quoted shares		**–**	(5,419)
- Provisions no longer required		**(336)**	(620)
Share of profit in associates		**(846)**	(305)
Write-back of allowance for:			
- Impairment losses on receivables		**(3,615)**	(5,861)
- Inventory write-down		**–**	(1,102)
- Slow-moving inventories		**–**	(193)
Operating Profit Before Working Capital Changes		**146,206**	114,642
(Increase)/Decrease in:			
Inventories		**(4,820)**	(20,735)
Property development		**6,714**	(5,965)
Receivables		**(28,787)**	27,449
Increase in payables		**4,978**	7,139
Cash From Operations		**124,291**	122,530
Income tax paid		**(21,404)**	(25,110)
Net Cash From Operating Activities		**102,887**	97,420

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Cash Flows

For the financial year ended 31 December 2011

GROUP	Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Interest received		**4,412**	1,594
Dividend received		**2,383**	4,270
(Increase)/Decrease in:			
Investment properties		**–**	(33)
Land held for property development		**2,727**	4,021
Net cash inflow from acquisition of a subsidiary	40	**–**	1,018
Acquisition of additional equity interest in a subsidiary from minority interests		**–**	(1,000)
Acquisition of associate		**(1,687)**	(34,602)
Proceeds from disposal of:			
- Property, plant and equipment		**570**	1,977
- Quoted investments		**160,073**	135,000
Purchase of:			
- Property, plant and equipment	34	**(24,829)**	(49,267)
- Quoted shares		**(118,284)**	(115,386)
- Unquoted shares		**(1,875)**	–
Net Cash From/(For) Investing Activities		**23,490**	(52,408)
CASH FLOWS FOR FINANCING ACTIVITIES			
Finance costs paid		**(5,514)**	(6,084)
Dividends paid		**(14,490)**	(12,049)
Dividends paid to subsidiaries' minority shareholders		**(23,385)**	(26,184)
Increase/(Decrease) in:			
Short-term borrowings, excluding bank overdrafts and long-term borrowings due within 12 months		**(11,006)**	15,297
Hire purchase payables		**(183)**	(88)
Net repayment of term loans		**(25,992)**	(1,162)
Proceeds from issue of shares pursuant to ESOS		**–**	2,922
Purchase of treasury shares		**(3,789)**	(7,942)
Repayment to minority shareholders		**–**	(6,650)
Repayment of fixed rate serial bonds		**–**	(3,000)
Repayment of retirement benefits		**(21)**	–
Net Cash For Financing Activities		**(84,380)**	(44,940)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**7,825**	(2,250)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**49,822**	(2,178)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**106,322**	108,500
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	36	**156,144**	106,322

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Cash Flows

For the financial year ended 31 December 2011

COMPANY	Note	2011 RM'000	2010 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES			
Profit before tax		**17,713**	10,758
Adjustments for:			
Allowance for impairment losses:			
- Amount owing by subsidiaries		**2,342**	46,258
- Investment in subsidiaries		**4,589**	–
- Receivables		**150**	–
Depreciation of property, plant and equipment		**413**	303
Finance costs		**3,613**	3,364
Staff costs - Share options to Directors		**151**	463
Dividend income		**(31,138)**	(62,522)
(Gain)/Loss on foreign exchange – Unrealised		**(13)**	51
Gain from disposal of property, plant and equipment		**(3)**	–
Interest income		**(53)**	(14)
Operating Loss Before Working Capital Changes		**(2,236)**	(1,339)
Increase in receivables		**(6,604)**	(4,662)
Increase/(Decrease) in payables		**3,085**	(1,736)
Cash For Operations		**(5,755)**	(7,737)
Income tax paid		**(371)**	(584)
Net Cash For Operating Activities		**(6,126)**	(8,321)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**53**	14
Dividend received		**1,138**	62,522
Acquisition of additional interest in a subsidiary from minority interests		**–**	(1,000)
Acquisition of a subsidiary		**–**	(500)
Acquisition of an associate		**–**	(12,294)
Repayment from related companies		**4**	–
Repayment from subsidiaries		**11,012**	22,718
Purchase of property, plant and equipment	34	**(125)**	(460)
Purchase of quoted shares		**(6,623)**	–
Proceeds from disposal of property, plant and equipment		**3**	–
Net Cash From Investing Activities		**5,462**	71,000

The accompanying Notes on pages 47 to 112 form an integral part of the financial statements.

Statements Of Cash Flows

For the financial year ended 31 December 2011

COMPANY	Note	2011 RM'000	2010 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES			
Finance costs paid		**(3,613)**	(3,364)
Dividends paid		**(14,490)**	(12,049)
Advances from/(Repayment to) subsidiaries		**30,342**	(46,648)
Proceeds from issue of shares pursuant to ESOS		**–**	2,922
Purchase of treasury shares		**(3,789)**	(7,942)
Net Cash From/(For) Financing Activities		**8,450**	(67,081)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**13**	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**7,799**	(4,402)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**(10,062)**	(5,660)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	36	**(2,263)**	(10,062)

The accompanying Notes on pages 47 to 112 form an integral part of 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 listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at A-12-01 Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 April 2012.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries and associates are set out in Notes 39 and 13 to the financial statements respectively.

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

3. BASIS OF PREPARATION

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

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

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards
FRS 3 (Revised) Business Combinations
FRS 127 (Revised) Consolidated and Separate Financial Statements
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary
Amendments to FRS 7: Improving Disclosures about Financial Instruments
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
IC Interpretation 18 Transfers of Assets from Customers
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)
Annual Improvement to FRSs (2010)

3. BASIS OF PREPARATION (CONT'D)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the Group losses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 37(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012

3. BASIS OF PREPARATION (CONT'D)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations for the financial year ending 31 December 2012 except as follows:-

(i) The amendments to FRS 112 replace IC Interpretation 121 and provide an exception to the general principles in FRS 112 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with FRS 140 are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments is expected to have no material impact on the financial statements of the Group upon its initial application.

(c) On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysia Financial Reporting Standards ("MFRS").

The MFRS is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and IC Interpretation 15 Agreement for Construction of Real Estate, including its parent, significant investor and venture (herein referred to as 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS for an additional one year, i.e. to annual periods beginning on or after 1 January 2013 after which the MFRS will become mandatory.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS to 1 January 2013. Accordingly, the Group will be required to prepare its first MFRS financial statements for the year ending 31 December 2013. In representing its first MFRS financial statements, the Company will quantify the financial effects of the differences between the current FRS and MFRS. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current FRSs to MFRSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSs and MFRSs due to ongoing assessment by the management. Accordingly, the statements of financial position and the statements of comprehensive income as disclosed in these financial statements for the financial year ended 31 December 2011 could be different if prepared under MFRSs.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2011.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

Business combinations from 1 January 2011 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

Business combinations before 1 January 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. 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 by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

Goodwill

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 profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (Cont'd)

Business combinations before 1 January 2011

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

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 as income immediately in profit or loss.

Financial Instruments

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

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

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

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

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

(a) Financial Assets

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

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

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

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

- *Held-to-maturity Investments*

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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

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

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

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

(b) Financial Liabilities

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

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

(c) Equity Instruments

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

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

(d) Treasury Shares

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Transactions and Balances

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

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

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

	2011	2010
	RM	RM
1 Chinese Renminbi	**0.503**	0.467
1 United States Dollar	**3.168**	3.086
1 Singapore Dollar	**2.437**	2.384
1 Hong Kong Dollar	**0.408**	0.396

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment

(a) Impairment of Financial Assets

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

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

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

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

(b) Impairment of Non-Financial Assets

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment (Cont'd)

(b) Impairment of Non-Financial Assets **(Cont'd)**

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

Property, Plant and Equipment and Depreciation

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

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

(a) Freehold Land and Leasehold Quarry Land

Freehold land is not amortised.

Leasehold quarry land is in respect of land use 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%
Power plant, machinery and equipment	7.5% to 50%
Vehicles	10% to 25%

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

Capitalisation of Borrowing Costs

(a) Borrowing costs incurred on the acquisition and 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.

(b) Borrowing costs incurred on property development projects are capitalised and included as part of development expenditure.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

Assets Acquired Under Hire Purchase Arrangements

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy on property, plant and equipment and depreciation above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Associates

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

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

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 December 2011. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

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

Land Use Rights

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

Investment Properties

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

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

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Land Held for Property Development and Property Development (Cont'd)

(b) Property Development

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

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

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

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

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

Inventories

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

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

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

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

Cash and Cash Equivalents

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

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

(a) General Provisions

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

(b) Provision for Project Costs to Completion

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

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

Contingent Liabilities and Contingent Assets

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

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

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

Revenue Recognition

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

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

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

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

(d) Revenue from the sale of electricity and steam is recognised upon invoiced value of steam and electricity delivered, net of billing adjustments.

(e) 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.

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

(g) Rental income is recognised on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Income Tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination 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 Plans

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (Cont'd)

(c) Share-Based Payment Transactions

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

(d) Termination Benefits

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

Significant Accounting Estimates and Judgements

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

(a) Depreciation of Property, Plant and Equipment

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

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

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 Non-Financial Assets

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

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. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

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

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

(e) Inventories Written Down

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

(f) Impairment of Trade and Other Receivables

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

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

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

(h) Classification of Leasehold Land

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

(i) Impairment of Goodwill

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant Accounting Estimates and Judgements (Cont'd)

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

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

(k) Share-based Payments

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

Operating Segments

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

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

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

Segment revenue, expenses and results include transfers between segments. These transfers are eliminated on consolidation.

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

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
Sale of electricity and steam	**453,578**	395,038	**–**	–
Sale of goods	**111,405**	99,616	**–**	–
Sale of properties	**43,593**	25,043	**–**	–
Dividend income	**1,294**	3,612	**31,138**	62,522
Interest income	**9**	14	**53**	14
Rental income	**629**	–	**–**	–
Management fee	**–**	–	**1,482**	1,482
	610,508	523,323	**32,673**	64,018

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP 2011 RM'000	GROUP 2010 RM'000	COMPANY 2011 RM'000	COMPANY 2010 RM'000
After crediting:				
Fair value adjustment on investment properties	**18,154**	10,933	**–**	–
Gain on disposal of:				
- Property, plant and equipment	**56**	151	**3**	–
- Quoted investments	**19,111**	10,815	**–**	–
Gain on foreign exchange:				
- Realised	**525**	82	**20**	–
- Unrealised	**3,365**	460	**13**	–
Gross dividends:				
- Subsidiaries	**–**	–	**31,138**	62,338
- Others	**2,383**	4,270	**–**	184
Interest income	**4,412**	1,594	**53**	14
Rental income	**1,098**	1,364	**–**	–
Reversal of:				
- Impairment losses on quoted shares	**–**	5,419	**–**	–
- Provisions no longer required	**336**	620	**–**	–
Share of results of an associate	**846**	305	**–**	–
Write-back of allowance for:				
- Impairment losses on receivables	**3,615**	5,861	**–**	–
- Inventory write-down	**–**	1,102	**–**	–
- Slow-moving inventories	**–**	193	**–**	–

6. PROFIT FROM OPERATIONS (CONT'D)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
After charging:				
Allowance for impairment losses:				
- Amount owing by subsidiaries	**–**	–	**2,342**	46,258
- Investment in subsidiaries	**–**	–	**4,589**	–
- Goodwill on consolidation	**–**	598	**–**	–
- Investment in quoted shares	**18,503**	–	**–**	–
- Receivables	**936**	24	**150**	–
Amortisation of land use rights	**169**	170	**–**	–
Auditors' remuneration:				
- For the financial year	**331**	366	**43**	40
- Underprovision in the previous financial year	**62**	–	**13**	–
- Others	**15**	–	**10**	–
Depreciation of property, plant and equipment	**26,865**	25,195	**413**	303
Directors' remuneration:				
- Fees	**358**	213	**338**	213
- Share options to Directors	**151**	463	**151**	463
- Other emoluments	**653**	836	**648**	836
Inventories written down	**990**	–	**–**	–
Loss on disposal of property, plant and equipment	**3,727**	2,350	**–**	–
Loss on foreign exchange:				
- Realised	**863**	5,598	**–**	–
- Unrealised	**94**	267	**–**	51
Provision for retirement benefits	**31**	23	**–**	–
Rental of:				
- Access road	**26**	25	**–**	–
- Land and buildings	**565**	413	**146**	146
- Motor vehicle	**280**	161	**–**	–
- Plant and machinery	**241**	44	**–**	–
Staff costs:				
- Defined contribution plan	**2,367**	1,999	**187**	119
- Salaries, wages, bonuses and allowances	**21,999**	18,457	**1,757**	1,057
- Other benefits	**1,428**	1,836	**74**	88
Write-off of:				
- Inventories	**10**	50	**–**	–
- Property, plant and equipment	**16**	15	**–**	–
- Receivable	**126**	–	**–**	–

The estimated monetary value of benefits-in-kind received by a Director amounted to RM1,060 (2010 : RM12,720) for the Group and the Company.

7. FINANCE COSTS

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Interest on:				
- Bank overdrafts	**488**	597	**397**	515
- Bond	**–**	153	**–**	–
- Revolving credits	**1,300**	1,000	**470**	436
- Term loans	**2,225**	2,748	**–**	–
- Others	**1,501**	1,586	**2,746**	2,413
	5,514	6,084	**3,613**	3,364

8. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Current tax:				
- Based on results for the financial year:				
- Malaysian taxation	**10,749**	7,711	**308**	569
- Foreign taxation	**19,010**	15,364	**–**	–
- Overprovision in previous financial years	**1,096**	(327)	**–**	–
	30,855	22,748	**308**	569
Deferred tax (Note 29):				
- For the financial year	**468**	(646)	**–**	–
- Overprovision in previous financial years	**(2,539)**	(197)	**–**	–
	(2,071)	(843)	**–**	–
	28,784	21,905	**308**	569

8. INCOME TAX EXPENSE (CONT'D)

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Profit before tax	**141,352**	121,126	**17,713**	10,758
Tax at Malaysian statutory rate of 25% (2010 : 25%)	**35,338**	30,228	**4,428**	2,690
Tax effects of:				
- Effective of lower tax rate in:				
- China	**(792)**	–	**–**	–
- Malaysia	**(57)**	–	**–**	–
- Income not subject to tax	**(12,076)**	(17,632)	**(7,415)**	(15,046)
- Expenses not deductible	**8,323**	10,159	**3,295**	12,925
- Deferred tax assets not recognised during the financial year	**31**	52	**–**	–
- Utilisation of previously unrecognised:				
- deferred tax assets	**(666)**	(680)	**–**	–
- reinvestment allowances	**(2,135)**	(2,745)	**–**	–
- (Over)/Underprovision in previous financial years:				
- current tax	**1,096**	(217)	**–**	–
- deferred tax	**(2,539)**	(197)	**–**	–
- Withholding tax	**2,353**	3,077	**–**	–
- Others	**(92)**	(140)	**–**	–
Income tax expense	**28,784**	21,905	**308**	569

9. DIVIDENDS

A final dividend of 5.5 sen less income tax of 25% amounting to RM9,380,462 for the financial year ended 31 December 2010 was approved by the shareholders at the Annual General Meeting held on 20 May 2011 and paid on 15 July 2011.

An interim dividend of 3.0 sen less income tax of 25% amounting to RM5,109,139 for the financial year ended 31 December 2011 (2010 : interim dividend of 2.0 sen less income tax of 25%) was paid on 7 October 2011.

The Board proposes a final dividend of 4.6 sen per share, less income tax of 25%, and a tax-exempt dividend of 1.4 sen per share for the financial year ended 31 December 2011 (2010 : 5.5 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.

10. EARNINGS PER SHARE

	GROUP	
	2011 RM'000	2010 RM'000
Basic earnings per share		
Profit for the financial year attributable to ordinary equity holders of the Company	**75,090**	65,197
Weighted average number of ordinary shares in issue ('000)	**227,321**	229,310
Basic earnings per share (sen)	**33.03**	28.43
Diluted earnings per share		
Profit for the financial year attributable to owners of the Company #	**75,090**	65,197
Weighted average number of ordinary shares in issue ('000)	**227,321**	229,310
Weighted average number of shares under option ('000)	**2,800**	3,300
Weighted average number of shares that would have been issued at average market price #	**(2,561)**	(2,797)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**227,560**	229,813
Diluted earnings per share (sen)	**33.00**	28.37

Earnings have not increased because the total number of shares has increased only by the number of shares of 239,000 (2010 : 503,000) deemed to have been issued for no consideration.

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

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

11. PROPERTY, PLANT AND EQUIPMENT

GROUP 2011	AT COST Beginning of year RM'000	Additions RM'000	Disposals /Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	64,056	594	(121)	4,293	3,425	72,247
Long leasehold land	2,881	–	–	–	–	2,881
Short leasehold quarry land	11,223	497	–	(52)	–	11,668
Plant and machinery, equipment, vehicles and construction-in-progress	374,995	23,738	(11,767)	(4,241)	12,240	394,965
Total	453,155	24,829	(11,888)	–	15,665	481,761

GROUP 2011	ACCUMULATED DEPRECIATION Beginning of year RM'000	Charge for the year RM'000	Disposals /Write-offs RM'000	Transfers RM'000	Exchange rate fluctuation adjustments RM'000	End of year RM'000
Freehold land and buildings	26,749	2,734	(121)	(2,431)	1,557	28,488
Long leasehold land	917	43	–	–	–	960
Short leasehold quarry land	6,302	249	–	–	–	6,551
Plant and machinery, equipment, vehicles and construction-in-progress	187,645	23,839	(7,510)	2,431	5,657	212,062
Total	221,613	26,865	(7,631)	–	7,214	248,061

GROUP 2011	ACCUMULATED IMPAIRMENT LOSSES Beginning of year RM'000	Impairment for the year RM'000	End of year RM'000	NET BOOK VALUE End of year RM'000	Beginning of year RM'000
Freehold land and buildings	–	–	–	43,759	37,307
Long leasehold land	–	–	–	1,921	1,964
Short leasehold quarry land	224	–	224	4,893	4,697
Plant and machinery, equipment, vehicles and construction-in-progress	–	–	–	182,903	187,350
Total	224	–	224	233,476	231,318

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

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

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

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

The carrying amounts of land at 1 January 2010 have been adjusted following the adoption of the amendments to FRS 117 - Leases, where leasehold land, in substance a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

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

	AT COST				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
COMPANY 2011	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
Equipment and vehicles	**2,965**	**125**	**(19)**	**3,071**	**1,554**	**413**	**(19)**	**1,948**	**1,123**	**1,411**
2010										
Equipment and vehicles	2,505	460	–	2,965	1,251	303	–	1,554	1,411	1,254

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plant with a carrying value of RM122,543,000 (2010 : RM114,916,000) and power plant construction-in-progress with a carrying value of RM7,589,000 (2010 : RM22,435,000).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM60,077,000 (2010 : RM43,944,000) have been charged as security for banking facilities granted to those subsidiaries.

Property, plant and equipment of the Group with a total carrying value of RM163,000 (2010 : RM428,000) were acquired under hire purchase arrangements.

12. SUBSIDIARIES

	COMPANY	
	2011 RM'000	2010 RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	**366,809**	361,809
- Addition	**–**	1,000
- Transferred from associates (Note 13)	**–**	4,000
- At end of financial year	**366,809**	366,809
Less : Accumulated impairment losses		
- At beginning of financial year	**(280,126)**	(280,126)
- Addition	**(4,589)**	-
- At end of financial year	**(284,715)**	(280,126)
	82,094	86,683
Loan to a subsidiary	**27,475**	27,475
Less: Allowance for impairment losses	**(27,475)**	(27,475)
	–	–
Net investment in unquoted shares at end of financial year	**82,094**	86,683
Quoted shares in Malaysia, at cost	**25,181**	25,181
	107,275	111,864
Market value of quoted shares in Malaysia	**29,272**	29,597

12. SUBSIDIARIES (CONT'D)

The subsidiaries are listed in Note 39 to the financial statements.

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

The investments in quoted shares of a subsidiary of the Group and of the Company with carrying values of RM43,498,000 (2010 : RM43,498,000) and RM24,597,000 (2010 : RM24,597,000) respectively are pledged to a licensed bank as security for a revolving credit facility granted to a subsidiary.

13. ASSOCIATES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Unquoted shares, at cost				
- At beginning of financial year	**–**	4,836	**–**	3,500
- Addition	**–**	500	**–**	500
- Share of post-acquisition profits	**–**	123	**–**	–
	–	5,459	**–**	4,000
- Transferred to subsidiaries (Note 12)	**–**	(5,459)	**–**	(4,000)
- At end of financial year	**–**	–	**–**	–
Quoted securities, at deemed cost				
- At beginning of financial year	**43,221**	–	**19,055**	–
- Transferred from investment in quoted shares	**–**	43,039	**–**	19,055
- Addition	**1,687**	–	**–**	–
- Disposal	**(1,445)**	–	**–**	–
- Share of post-acquisition profits^	**846**	182	**–**	–
- At end of financial year	**44,309**	43,221	**19,055**	19,055
Total associates	**44,309**	43,221	**19,055**	19,055
Market value of quoted securities	**29,395**	39,574	**12,753**	17,517

^ - share of results in an associate is based on the unaudited financial statements of the associate.

13. ASSOCIATES (CONT'D)

Details of the associates are as follows:-

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
Jadi Imaging Holdings Berhad	Manufacturing and sale of toner	Malaysia	**21.50**	20.59 *
Hexachase Corporation Sdn. Bhd.	Desktop publishing and manufacturing of labels and packaging materials	Malaysia	**–**	– **

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

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

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

JADI's financial year end is 31 December.

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

	GROUP 2011 RM'000	GROUP 2010 RM'000
Assets and liabilities		
Non-current assets	**101,814**	95,353
Current assets	**51,888**	59,139
Total assets	**153,702**	154,492
Non-current liabilities	**9,102**	9,736
Current liabilities	**21,948**	29,830
Total liabilities	**31,050**	39,566
Results		
Revenue	**86,679**	94,741
Profit for the financial year	**4,081**	13,246

14. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Carrying value				
- Quoted in Malaysia	**42,110**	91,259	**–**	–
- Quoted outside Malaysia	**42,788**	54,201	**7,439**	–
	84,898	145,460	**7,439**	–
Market value				
- Quoted in Malaysia	**42,110**	91,259	**–**	–
- Quoted outside Malaysia	**42,788**	54,201	**7,439**	–
	84,898	145,460	**7,439**	–

Upon the adoption of FRS 139 in the previous financial year, the Group designated its investments in quoted shares as available-for-sale financial assets, measured at fair value.

15. INVESTMENT IN UNQUOTED SHARES

	GROUP	
	2011	2010
	RM'000	RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	**3,396**	3,396
- Addition	**1,875**	–
- At end of financial year	**5,271**	3,396
Less : Accumulated impairment losses at beginning/ end of the financial year	**(3,061)**	(3,061)
	2,210	335

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

16. LAND USE RIGHTS

Land use rights are pledged as security for banking facilities granted to a subsidiary.

17. INVESTMENT PROPERTIES

	GROUP	
	2011	2010
	RM'000	RM'000
Leasehold property, at fair value		
- At beginning of financial year	**84,408**	73,442
- Addition	**3,877**	33
- Fair value adjustment	**18,154**	10,933
- At end of financial year	**106,439**	84,408

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

18. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2011	2010
	RM'000	RM'000
At beginning of financial year:		
- Freehold land	**4,106**	4,106
- Leasehold land	**291**	291
- Development expenditure	**55,449**	59,470
- Allowance for foreseeable losses	**(2,500)**	(2,500)
	57,346	61,367
Addition:		
- Development expenditure	**1,776**	891
Transfer to property development costs:		
- Freehold land	**(278)**	–
- Development expenditure	**(4,225)**	(4,912)
	(4,503)	(4,912)
At end of financial year:		
- Freehold land	**3,828**	4,106
- Leasehold land	**291**	291
- Development expenditure	**53,000**	55,449
- Allowance for foreseeable losses	**(2,500)**	(2,500)
	54,619	57,346

Certain parcels of property of a subsidiary with a total cost of approximately RM1,502,000 (2010 : RM1,487,000) have been pledged as security for its bank overdraft and bank guarantee facilities. The bank overdraft bears interest at 1.5% per annum above the banker's base lending rate.

19. GOODWILL ON CONSOLIDATION

	GROUP 2011 RM'000	GROUP 2010 RM'000
At beginning of financial year	**13,802**	10,027
Addition through business combination	**–**	3,775
At end of financial year	**13,802**	13,802
Less: Accumulated impairment losses		
- At beginning of financial year	**(2,990)**	(2,392)
- Addition during the financial year	**–**	(598)
- At end of financial year	**(2,990)**	(2,990)
At end of financial year	**10,812**	10,812

The carrying amounts of goodwill allocated to each cash-generating units ("CGU") are as follows:-

	GROUP 2011 RM'000	GROUP 2010 RM'000
Property	**2,455**	2,455
Resources	**4,582**	4,582
Printing	**2,785**	2,785
Others	**990**	990
	10,812	10,812

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required.

The recoverable amounts of the cash-generating units are determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Average Growth Rate 2011	Average Growth Rate 2010	Discount Rate 2011	Discount Rate 2010
Property	**3%**	5%	**8%**	10%
Resources	**1%**	16%	**9%**	10%
Printing	**12%**	11%	**6%**	10%

20. INVENTORIES

	GROUP	
	2011	2010
	RM'000	RM'000
At cost:		
- Finished goods and work-in-progress	**2,797**	3,198
- Raw materials and consumables	**37,387**	38,355
- Completed properties for sale	**18,868**	17,676
	59,052	59,229
At net realisable value:		
- Raw materials and consumables	**897**	777
- Completed properties for sale	**2,820**	2,820
	3,717	3,597
	62,769	62,826

A third party first legal charge is applied to a landed property of a subsidiary with a carrying value of approximately RM475,000 (2010 : RM475,000) for a bank guarantee facility granted by a local bank to another subsidiary of the Company.

21. PROPERTY DEVELOPMENT

	GROUP	
	2011	2010
	RM'000	RM'000
Property development costs		
Cumulative costs at beginning of financial year:		
- Freehold land	**–**	318
- Leasehold land	**6,258**	6,258
- Development costs	**74,535**	73,875
	80,793	80,451
Additional costs incurred:		
- Development costs	**16,233**	16,859
Transferred from land held for development:		
- Freehold land	**278**	–
- Development costs	**4,225**	4,912
	4,503	4,912
Less : Costs for completed projects:		
- Freehold land	**–**	(318)
- Leasehold land	**(685)**	–
- Development costs	**(22,081)**	(21,111)
	(22,766)	(21,429)

21. PROPERTY DEVELOPMENT (CONT'D)

	GROUP 2011 RM'000	GROUP 2010 RM'000
Cumulative costs at end of financial year:		
- Freehold land	**278**	–
- Leasehold land	**5,573**	6,258
- Development costs	**72,912**	74,535
	78,763	80,793
Costs recognised in profit or loss:		
Cumulative costs recognised at beginning of financial year	**(50,654)**	(58,152)
Costs recognised during the financial year	**(24,952)**	(11,349)
Costs recognised for completed projects	**16,445**	18,847
Cumulative costs recognised at end of financial year	**(59,161)**	(50,654)
Property development costs at end of financial year	**19,602**	30,139
Cumulative revenue recognised in income statements	**87,872**	72,970
Less : Cumulative billings to purchasers	**(82,978)**	(71,899)
Progress billings recognised as revenue but not yet raised	**4,894**	1,071
Net balance at end of financial year	**24,496**	31,210

The Group considers that portion of property development projects on which development work has commenced and 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.

Included in the property development expenditure in the previous financial year was an amount of revolving credit interest of RM33,000.

22. RECEIVABLES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**103,196**	87,902	**–**	–
Less : Allowance for impairment losses				
- At beginning of financial year	**(16,203)**	(22,715)	**–**	–
- Addition through business combination	**–**	(115)	**–**	–
- Addition	**(786)**	(24)	**–**	–
- Write-back	**3,615**	5,861	**–**	–
- Write-off	**75**	790	**–**	–
- At end of financial year	**(13,299)**	(16,203)	**–**	–
	89,897	71,699	**–**	**–**
Other receivables				
Sundry receivables	**20,802**	13,539	**2,860**	2,213
Less : Allowance for impairment losses				
- At beginning of financial year	**(4,355)**	(4,355)	**(100)**	(100)
- Addition	**(150)**	**–**	**(150)**	**–**
- At end of financial year	**(4,505)**	(4,355)	**(250)**	(100)
	16,297	9,184	**2,610**	2,113
Advances for Don Sahong Project	**23,941**	18,041	**23,941**	18,041
Refundable deposits	**1,649**	1,662	**172**	172
Prepaid expenses	**2,808**	1,001	**42**	47
Tax recoverable	**4,594**	4,672	**2,846**	2,783
Progress payments to contractors	**2,260**	2,840	**–**	–
	35,252	28,216	**27,001**	21,043
Amount owing by subsidiaries	**–**	–	**250,031**	214,043
Less : Allowance for impairment losses				
- At beginning of financial year	**–**	–	**(18,783)**	–
- Addition	**–**	–	**(2,342)**	(18,783)
- At end of financial year	**–**	–	**(21,125)**	(18,783)
	–	–	**228,906**	195,260
	141,446	109,099	**258,517**	218,416

Trade receivables of the Group represent amounts receivable for the sale of goods and services rendered less discounts and returns, sale of electricity and steam, and progress billings for property development. The credit periods granted for trade receivables range from 21 to 120 days (2010 : 21 to 120 days).

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

23. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed financial institutions	**72,668**	81,711	**–**	–
Cash and bank balances	**67,148**	31,074	**578**	484
Housing Development Accounts	**19,393**	5,580	**–**	–
	159,209	118,365	**578**	484

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 0.20% to 3.00% (2010 : 0.20% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2010 : 1 to 365 days).

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

24. SHARE CAPITAL

	COMPANY			
	Number of Shares		Amount	
	2011	2010	**2011**	2010
	'000	'000	**RM'000**	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	**242,205**	239,283	**242,205**	239,283
Issuance of shares pursuant to ESOS	**–**	2,922	**–**	2,922
At end of financial year	**242,205**	242,205	**242,205**	242,205

(a) In the previous financial year, the Company increased its issued and paid-up ordinary shares from RM239,283,000 to RM242,205,000 by the issuance of 2,922,000 ordinary shares.

The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

(b) At the Extraordinary General Meeting held on 20 May 2010, the shareholders of the Company approved, amongst others:-

(i) the termination of the then existing ESOS that was due to expire on 30 September 2011 ("Old ESOS");
(ii) the establishment of a new ESOS which has a tenure of 10 years; and
(iii) the granting of share options to eligible Directors of the Company.

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

24. SHARE CAPITAL (CONT'D)

(c) As at 31 December 2011, options over 2,800,000 (2010 : 3,300,000) unissued ordinary shares remained outstanding.

(d) Of the total 242,205,000 (2010 : 242,205,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2011, 16,086,200 (2010 : 13,727,600) ordinary shares were held as treasury shares by the Company. As at 31 December 2011, the number of outstanding ordinary shares in issue and fully paid-up amounted to 226,118,800 (2010 : 228,477,400).

25. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2011	2010	**2011**	2010
	'000	'000	**RM'000**	RM'000
At beginning of financial year	**13,728**	8,851	**18,527**	10,585
Purchase of shares	**2,358**	4,877	**3,789**	7,942
At end of financial year	**16,086**	13,728	**22,316**	18,527

During the financial year, the Company purchased 2,358,600 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM1.61 per share for a total consideration of RM3,788,987. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

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

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

Month	**No. of shares purchased**	**Lowest price paid per share RM**	**Highest price paid per share RM**	**Average cost per share RM**	**Total consideration RM**
January	253,100	1.70	1.79	1.75	443,694
February	138,400	1.68	1.74	1.72	238,146
March	353,500	1.57	1.72	1.64	579,686
April	91,300	1.70	1.73	1.72	157,045
May	176,000	1.69	1.73	1.71	301,779
June	75,000	1.68	1.70	1.70	127,629
July	57,300	1.67	1.70	1.70	97,342
August	175,000	1.52	1.69	1.60	279,329
September	197,000	1.40	1.55	1.49	292,832
October	398,000	1.43	1.55	1.50	596,033
November	438,000	1.47	1.54	1.52	665,724
December	6,000	1.61	1.61	1.62	9,748
Total	2,358,600				3,788,987

26. RESERVES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable reserves				
Share premium	**33,380**	33,380	**33,380**	33,380
Employee share option reserve	**642**	491	**642**	491
Translation reserve	**16,500**	8,534	**–**	–
Fair value reserve	**6,489**	26,701	**7,577**	6,761
Capital reserve	**1,619**	2,616	**–**	–
	58,630	71,722	**41,599**	40,632
Distributable reserves				
Retained profits	**279,444**	218,003	**14,884**	11,969
	338,074	289,725	**56,483**	52,601

(a) Share premium

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

(b) Employee share option reserve

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

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

The main features of the ESOS are as follows:-

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

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

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

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

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

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

26. RESERVES (CONT'D)

(b) Employee share option reserve (Cont'd)

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

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

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

	Exercise price RM	Outstanding as at 1.1.2011 '000	Movements during the financial year Granted '000	Exercised '000	Lapsed '000	Outstanding as at 31.12.2011 '000
New ESOS	1.50	3,300	–	–	(500)^	2,800

^ - The options which lapsed during the financial year were due to resignation of a director.

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

The fair values of the share options granted were estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	GROUP/COMPANY
Fair value of share options at the grant date (RM)	1.70
Weighted average share price (RM)	1.67
Exercise price (RM)	1.50
Expected volatility (%)	20.54
Expected life (years)	5
Risk free rate (%)	3.87
Expected dividend yield (%)	4.41

(c) Translation reserve

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

(d) Fair value reserve

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

26. RESERVES (CONT'D)

(e) Capital reserve

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

(f) Retained profits

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

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

27. PAYABLES (NON-CURRENT)

	GROUP	
	2011	2010
	RM'000	RM'000
Hire purchase payables	**78**	261
Less : Portion payable within 12 months (Note 30)	**(65)**	(182)
Non-current portion	**13**	79
Provision	**679**	669
	692	748

The non-current portion of hire purchase is payable as follows:-

Between 1 – 2 years	**13**	79
Between 2 – 5 years	**–**	–
	13	79

The hire purchase payables of the Group bear an effective interest of 3.82% (2010 : 3.82%) per annum.

28. LONG-TERM BORROWINGS

	GROUP	
	2011	2010
	RM'000	RM'000
Term loans	**11,122**	11,407
Less : Portion payable within 12 months (Note 31)	**(2,350)**	(2,156)
Non-current portion	**8,772**	9,251

The non-current portion is repayable as follows:-

Between 1 – 2 years	**2,379**	2,920
Between 2 – 5 years	**4,505**	6,074
After 5 years	**1,888**	257
	8,772	9,251

28. LONG-TERM BORROWINGS (CONT'D)

Term Loans

The term loans of the Group bear interest at rates ranging from 2.66% to 8.26% (2010 : 2.50% to 7.30%) and are secured by:-

(a) Legal charges over certain land and landed properties of certain subsidiaries;

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

(c) Special debentures on the machinery financed by a subsidiary;

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

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

(f) A personal guarantee and joint and several guarantees given by certain directors of certain subsidiaries.

29. DEFERRED TAXATION

	GROUP	
	2011	2010
	RM'000	RM'000
At beginning of financial year	**22,493**	23,126
Addition through business combination	**–**	210
Recognised in profit or loss (Note 8)	**(2,071)**	(843)
At end of financial year	**20,422**	22,493
The deferred taxation represents the tax effects of:		
- Temporary differences of capital allowances and depreciation	**15,596**	21,397
- Revaluation surplus	**5,023**	718
- Others	**(197)**	378
	20,422	22,493

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

	GROUP	
	2011	2010
	RM'000	RM'000
Unutilised tax losses	**25,429**	26,571
Unabsorbed capital allowances	**124**	167
Provision	**117**	177
Differences of capital allowances and depreciation	**(541)**	(359)
Others	**(514)**	15
Total deferred tax assets	**24,615**	26,571

29. DEFERRED TAXATION (CONT'D)

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 2011, 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 RM2,460,000 (2010: RM10,383,000) available to be carried forward to be offset against future taxable income.

30. PAYABLES (CURRENT)

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Trade payables	**31,752**	29,970	**–**	–
Other payables				
Accrued expenses	**19,311**	15,068	**1,100**	1,117
Hire purchase payables due within 12 months (Note 27)	**65**	182	**–**	–
Sundry payables:				
- Amount owing to minority shareholders of a subsidiary	**–**	1,865	**–**	–
- Others	**13,007**	12,266	**5,965**	2,921
Amount owing to subsidiaries	**–**	–	**97,709**	50,367
	32,383	29,381	**104,774**	54,405
	64,135	59,351	**104,774**	54,405

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 (2010 : 30 to 120 days).

Included in the amount owing to subsidiaries is a total (principal) of RM42,600,000 (2010 : RM42,600,000) which is non-trade in nature, unsecured, bears interest at rates ranging from 3.40% to 3.50% (2010 : 2.75% to 3.50%) per annum and is repayable on demand. The total amount owing is to be settled in cash.

31. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Bank overdrafts (Note 36)				
- secured	**224**	1,497	**–**	–
- unsecured	**2,841**	10,546	**2,841**	10,546
	3,065	12,043	**2,841**	10,546
Trust receipts				
- secured	**2,256**	1,262	**–**	–
Revolving credits				
- secured	**38,500**	50,500	**–**	–
- unsecured	**10,000**	10,000	**10,000**	10,000
	48,500	60,500	**10,000**	10,000

31. SHORT-TERM BORROWINGS (CONT'D)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Term loans				
- secured	**12,585**	18,696	**–**	–
- unsecured	**10,068**	28,044	**–**	–
	22,653	46,740	**–**	–
Long-term borrowings due within 12 months (Note 28)	**2,350**	2,156	**–**	–
	78,824	122,701	**12,841**	20,546

The bank overdrafts of the Group and of the Company bear interest at rates ranging from 0.50% to 1.75% (2010 : 0.75% to 2.00%) per annum above the bankers' base lending rate whilst the revolving credits of the Group and of the Company bear interest at rates ranging from 1.00% to 1.50% (2010 : 1.00% to 1.50%) per annum above the bankers' cost of funds.

Other than as disclosed in Note 28 to the financial statements, the short-term loans of the Group bear interest at rates ranging from 4.34% to 6.10% (2010 : 2.50% to 7.30%) per annum.

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

(a) Legal charges over certain land and landed properties of certain subsidiaries;

(b) A deed of assignment over an investment property of a subsidiary and a third party charge of the said investment property upon issuance of individual/strata titles;

(c) A letter of guarantee from a third party;

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

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

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

(g) Charges on certain property, plant and equipment and the land use rights with a total carrying value of approximately RM27,117,000 (2010 : RM25,681,000) of a foreign subsidiary.

32. NET ASSETS PER ORDINARY SHARE

Net assets per ordinary share has been calculated based on the Group's shareholders' funds as of 31 December 2011 of RM557,963,000 (2010 : RM513,403,000) on 226,118,800 (2010 : 228,477,400) ordinary shares of RM1.00 each in issue (net of treasury shares).

33. CAPITAL COMMITMENTS

	GROUP	
	2011	2010
	RM'000	RM'000
Property, plant and equipment		
Authorised but not provided for:		
- Contracted	**10,429**	6,427
- Not contracted	**2,697**	8,075
	13,126	14,502

34. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Cost of property, plant and equipment purchased	**24,829**	49,267	**125**	460
Amount financed through hire purchase	**–**	–	**–**	–
Cash disbursed for purchase of property, plant and equipment	**24,829**	49,267	**125**	460

35. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Unsecured				
Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in the state of Sabah ^	**1,915**	9,067	**–**	–
Disputed additional tax payable of a subsidiary levied by the local Inland Revenue Board	**–**	603	**–**	–
Corporate guarantees given to financial institutions for facilities extended to subsidiaries	**–**	–	**2,500**	9,500

^ The local authority in the State of Sabah has reduced the assessment from RM9,067,000 to RM2,340,000 for the period from 1998 to December 2011, of which RM425,000 has been accrued as a liability in the financial statements. However, the basis of assessment for the remaining balance of RM1,915,000 is disputed and therefore, no accrual has been made.

36. CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Bank balances and deposits (Note 23)	**159,209**	118,365	**578**	484
Bank overdrafts (Note 31)	**(3,065)**	(12,043)	**(2,841)**	(10,546)
	156,144	106,322	**(2,263)**	(10,062)

37. FINANCIAL INSTRUMENTS

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

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

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

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

GROUP 2011	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets							
Investment in quoted shares	42,265	–	–	5,561	37,072	–	84,898
Investment in unquoted shares	335	–	–	–	–	1,875	2,210
Receivables	79,009	47,817	4,624	1,397	6	1,191	134,044
Bank balances and deposits	70,197	86,267	2,019	120	293	313	159,209
	191,806	134,084	6,643	7,078	37,371	3,379	380,361

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

GROUP 2011	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial liabilities							
Payables (non-current)	692	–	–	–	–	–	692
Long-term borrowings	8,772	–	–	–	–	–	8,772
Payables (current)	48,567	15,143	388	37	–	–	64,135
Short-term borrowings	56,171	22,653	–	–	–	–	78,824
	114,202	37,796	388	37	–	–	152,423
Net financial assets	77,604	96,288	6,255	7,041	37,371	3,379	227,938
Less: Net financial assets denominated in the respective entities' functional currencies	(77,604)	(43,173)	–	–	–	–	(120,777)
Currency exposure	–	53,115	6,255	7,041	37,371	3,379	107,161

GROUP 2010	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets							
Investment in quoted shares	91,259	–	–	6,053	48,148	–	145,460
Investment in unquoted shares	335	–	–	–	–	–	335
Receivables	55,566	34,905	11,672	856	–	427	103,426
Bank balances and deposits	49,589	60,822	3,950	283	3,292	429	118,365
	196,749	95,727	15,622	7,192	51,440	856	367,586

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

GROUP 2010	RINGGIT MALAYSIA RM'000	CHINESE RENMINBI RM'000	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial liabilities							
Payables (non-current)	748	–	–	–	–	–	748
Long-term borrowings	9,251	–	–	–	–	–	9,251
Payables (current)	43,160	16,028	163	–	–	–	59,351
Short-term borrowings	75,961	46,740	–	–	–	–	122,701
	129,120	62,768	163	–	–	–	192,051
Net financial assets	67,629	32,959	15,459	7,192	51,440	856	175,535
Less: Net financial assets denominated in the respective entities' functional currencies	(67,629)	(32,959)	–	–	–	–	(100,588)
Currency exposure	–	–	15,459	7,192	51,440	856	74,947

COMPANY 2011	RINGGIT MALAYSIA RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets				
Investment in quoted shares	**–**	**7,439**	**–**	**7,439**
Receivables	**255,629**	**–**	**–**	**255,629**
Bank balances and deposits	**528**	**–**	**50**	**578**
	256,157	**7,439**	**50**	**263,646**
Financial liabilities				
Payables (current)	**104,774**	**–**	**–**	**104,774**
Short-term borrowings	**12,841**	**–**	**–**	**12,841**
	117,615	**–**	**–**	**117,615**
Net financial assets	**138,542**	**7,439**	**50**	**146,031**
Less: Net financial assets denominated in the respective entities' functional currencies	**(138,542)**	**–**	**–**	**(138,542)**
Currency exposure	**–**	**7,439**	**50**	**7,489**

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

COMPANY 2010	RINGGIT MALAYSIA RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets				
Receivables	215,146	–	440	215,586
Bank balances and deposits	484	–	–	484
	215,630	–	440	216,070
Financial liabilities				
Payables (current)	54,405	–	–	54,405
Short-term borrowings	20,546	–	–	20,546
	74,951	–	–	74,951
Net financial assets	140,679	–	440	141,119
Less: Net financial assets denominated in the respective entities' functional currencies	(140,679)	–	–	(140,679)
Currency exposure	–	–	440	440

Foreign currency risk sensitivity analysis

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

	GROUP		COMPANY	
	2011 Increase/ (Decrease) RM'000	2010 Increase/ (Decrease) RM'000	**2011 Increase/ (Decrease) RM'000**	2010 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Chinese Renminbi:-				
- strengthened by 5%	**1,954**	–	**–**	–
- weakened by 5%	**(1,954)**	–	**–**	–
United States Dollar:-				
- strengthened by 5%	**235**	580	**2**	17
- weakened by 5%	**(235)**	(580)	**(2)**	(17)

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis (Cont'd)

	GROUP		COMPANY	
	2011 Increase/ (Decrease) RM'000	2010 Increase/ (Decrease) RM'000	**2011 Increase/ (Decrease) RM'000**	2010 Increase/ (Decrease) RM'000
Singapore Dollar:-				
- strengthened by 5%	**264**	270	**–**	–
- weakened by 5%	**(264)**	(270)	**–**	–
Hong Kong Dollar:-				
- strengthened by 5%	**1,401**	1,929	**279**	–
- weakened by 5%	**(1,401)**	(1,929)	**(279)**	–

(ii) Interest Rate Risk

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

Interest rate risk sensitivity analysis

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

	GROUP		COMPANY	
	2011 Increase/ (Decrease) RM'000	2010 Increase/ (Decrease) RM'000	**2011 Increase/ (Decrease) RM'000**	2010 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	**(28)**	(94)	**(24)**	(39)
Decrease of 25 bp	**28**	94	**24**	39

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(i) Market Risk (Cont'd)

(iii) Equity Price Risk

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

Equity price risk sensitivity analysis

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

	GROUP		COMPANY	
	2011 Increase/ (Decrease) RM'000	2010 Increase/ (Decrease) RM'000	**2011 Increase/ (Decrease) RM'000**	2010 Increase/ (Decrease) RM'000
Effects on profit after taxation				
Increase of 5%	**–**	–	**–**	–
Decrease of 5%	**–**	–	**–**	–
Effects on equity				
Increase of 5%	**4,245**	7,273	**372**	–
Decrease of 5%	**(4,245)**	(7,273)	**(372)**	–

(ii) Credit Risk

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

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

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one (1) customer which constituted approximately 13% of its trade receivables as at the end of the reporting period.

Exposure to credit risk

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

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:-

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Malaysia	40,926	33,936	–	–
China	45,557	32,055	–	–
Others	3,414	5,708	–	–
	89,897	71,699	–	–

Ageing analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2011				
Not past due	**66,902**	**–**	**–**	**66,902**
Past due:				
- less than 3 months	**15,605**	**–**	**–**	**15,605**
- 3 to 6 months	**5,953**	**–**	**–**	**5,953**
- over 6 months	**14,736**	**(13,299)**	**–**	**1,437**
	103,196	**(13,299)**	**–**	**89,897**
2010				
Not past due	58,317	–	–	58,317
Past due:				
- less than 3 months	5,089	–	–	5,089
- 3 to 6 months	1,565	–	–	1,565
- over 6 months	22,931	(16,203)	–	6,728
	87,902	(16,203)	–	71,699

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

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

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(ii) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

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

(iii) Liquidity Risk

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

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

GROUP	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2011						
Payables:						
- Non-current	–	679	679	–	–	679
- Current	–	64,070	64,070	64,070	–	–
Hire purchase payables	–	78	78	65	13	–
Term loans	2.50%-7.60%	33,775	34,779	25,764	7,643	1,372
Bank overdrafts	6.85%-8.35%	3,065	3,317	3,317	–	–
Trust receipts	4.00%-8.00%	2,256	2,256	2,256	–	–
Revolving credits	4.47%-4.81%	48,500	48,689	48,689	–	–
		152,423	153,868	144,161	7,656	2,051

37. FINANCIAL INSTRUMENTS (CONT'D)

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

(iii) Liquidity Risk (Cont'd)

GROUP	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2010						
Payables:						
- Non-current	–	669	669	–	–	669
- Current	–	59,169	59,169	59,169	–	–
Hire purchase payables	–	261	273	193	80	–
Term loans	4.00%-7.30%	58,147	59,824	49,797	8,684	1,343
Bank overdrafts	6.30%-8.05%	12,043	16,573	16,573	–	–
Trust receipts	4.00%-7.50%	1,262	1,262	1,262	–	–
Revolving credits	4.16%-4.70%	60,500	61,152	61,152	–	–
		192,051	198,922	188,146	8,764	2,012

COMPANY	EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 – 5 YEARS RM'000	OVER 5 YEARS RM'000
2011						
Other payables and accruals	–	**7,065**	**7,065**	**7,065**	–	–
Amount owing to subsidiaries	–	**97,709**	**97,709**	–	–	**97,709**
Bank overdrafts	**6.85%-8.35%**	**2,841**	**3,077**	**3,077**	–	–
Revolving credits	**4.72%**	**10,000**	**10,040**	**10,040**	–	–
		117,615	**117,891**	**20,182**	–	**97,709**

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

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

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

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

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

	GROUP	
	2011	2010
	RM'000	RM'000
Payables:		
- Non-current	**679**	669
- Current	**64,070**	59,169
Hire purchase payables	**78**	261
Term loans	**33,775**	58,147
Bank overdrafts	**3,065**	12,043
Trust receipts	**2,256**	1,262
Revolving credits	**48,500**	60,500
	152,423	192,051
Less: Bank balances and deposits	**(159,209)**	(118,365)
Net (assets)/debts	**(6,786)**	73,686
Equity attributable to equity holders of the Company	**557,963**	513,403
Debt-to-equity ratio	**#**	0.14

\# - The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total debts.

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

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Financial assets				
Available-for-sale financial assets				
Investment in quoted shares, at fair value	**84,898**	145,460	**7,439**	–
Investment in unquoted shares, at cost	**2,210**	335	**–**	–
	87,108	145,795	**7,439**	–
Loans and receivables financial assets				
Receivables	**134,044**	103,426	**255,629**	215,586
Bank balances and deposits	**159,209**	118,365	**578**	484
	293,253	221,791	**256,207**	216,070
Financial liabilities				
Other financial liabilities				
Payables:				
- Current	**64,070**	59,169	**-**	-
- Non-current	**679**	669	**-**	-
Long-term borrowings	**8,772**	9,251	**-**	-
Hire purchase payables	**78**	261	**-**	-
Short-term borrowings	**78,824**	122,701	**12,841**	20,546
	152,423	192,051	**12,841**	20,546

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

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

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

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

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

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

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

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has carried its quoted investments that are classified as available-for-sale financial assets at their fair values. These financial assets belong to level 1 of the fair value hierarchy.

38. SEGMENT INFORMATION

Business segments

Business segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance.

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.
Resources	Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks.

38. SEGMENT INFORMATION (CONT'D)

GROUP 2011	Power RM'000	Property RM'000	Resources RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	453,578	44,222	85,221	27,487	–	610,508
Inter-segment revenue	–	–	–	33,318	(33,318)	–
Total revenue	453,578	44,222	85,221	60,805	(33,318)	610,508
Results						
Profit from operations	92,190	37,433	15,395	31,977	(30,975)	146,020
Finance costs	(1,528)	(877)	(545)	(4,089)	1,525	(5,514)
	90,662	36,556	14,850	27,888	(29,450)	140,506
Share of profit in an associate						846
Income tax expense						(28,784)
Profit for the financial year						112,568
Assets						
Segment assets	349,253	260,893	115,589	151,093	–	876,828
Tax recoverable	301	339	1,060	2,894	–	4,594
Inter-segment assets	11,568	36,923	30,691	267,501	(346,683)	–
Investment in an associate	–	–	–	44,309	–	44,309
Consolidated total assets	361,122	298,155	147,340	465,797	(346,683)	925,731
Liabilities						
Segment liabilities	62,794	41,554	17,015	31,060	–	152,423
Deferred taxation	8,614	3,549	7,582	677	–	20,422
Provision for taxation	13,496	1,113	40	62	–	14,711
Inter-segment liabilities	26,378	196,176	500	183,183	(406,237)	–
Consolidated total liabilities	111,282	242,392	25,137	214,982	(406,237)	187,556
Other segment item						
Addition to non-current assets other than financial instruments:						
- property, plant and equipment	14,336	231	8,222	2,040	–	24,829
- investment in associates	–	–	–	1,687	–	1,687
- investment properties	–	22,031	–	–	–	22,031
- land held for property development	–	1,776	–	–	–	1,776

38. SEGMENT INFORMATION (CONT'D)

GROUP 2010	Power RM'000	Property RM'000	Resources RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	395,038	25,043	74,540	28,702	–	523,323
Inter-segment revenue	–	–	–	64,473	(64,473)	–
Total revenue	395,038	25,043	74,540	93,175	(64,473)	523,323
Results						
Profit from operations	76,373	20,167	13,008	80,348	(62,991)	126,905
Finance costs	(2,372)	(641)	(525)	(2,546)	-	(6,084)
	74,001	19,526	12,483	77,802	(62,991)	120,821
Share of profit in associates						305
Income tax expense						(21,905)
Profit for the financial year						99,221
Assets						
Segment assets	328,531	260,544	103,804	154,767	–	847,646
Tax recoverable	–	2,481	359	1,832	–	4,672
Inter-segment assets	12,955	32,805	30,695	232,132	(308,587)	–
Investment in an associate	–	–	–	43,221	–	43,221
Consolidated total assets	341,486	295,830	134,858	431,952	(308,587)	895,539
Liabilities						
Segment liabilities	89,574	50,088	17,913	34,476	–	192,051
Deferred taxation	9,248	4,139	7,283	1,823	–	22,493
Provision for taxation	5,407	17	(91)	5	–	5,338
Inter-segment liabilities	630	165,834	500	187,126	(354,090)	–
Consolidated total liabilities	104,859	220,078	25,605	223,430	(354,090)	219,882
Other segment item						
Addition to non-current assets other than financial instruments:						
- property, plant and equipment	36,223	403	9,338	3,303	–	49,267
- investment in associates	–	–	–	43,039	–	43,039
- investment properties	–	10,966	–	–	–	10,966
- land held for property development	–	891	–	–	–	891

38. SEGMENT INFORMATION (CONT'D)

Geographical segments

Analysis by geographical segments:-

	Revenue		Non-current assets		Capital additions	
	2011	2010	**2011**	2011	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Malaysia	**232,152**	190,321	**419,553**	458,692	**10,688**	18,321
China	**330,149**	283,253	**118,258**	115,347	**14,141**	30,946
Other ASEAN countries	**20,711**	30,736	**–**	–	**–**	–
India	**26,365**	17,483	**–**	–	**–**	–
Other countries	**1,131**	1,530	**–**	–	**–**	–
	610,508	523,323	**537,811**	574,039	**24,829**	49,267

Major customers

The following are major customers with revenue equal to or more than 10% of Group revenue:-

	Revenue		Division
	2011	2010	
	RM'000	RM'000	
Sabah Electricity Sdn Bhd	**123,429**	110,785	Power
Shaoxing Power Bureau	**94,853**	74,906	Power
	218,282	185,691	

39. 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	
			2011	2010
			%	%
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

39. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
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
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
Greentown Parking Sdn. Bhd.	Car park operator	Malaysia	**100**	100
Rock Chemical Industries (Malaysia) Berhad	Investment holding and provision of management consultancy services	Malaysia	**60.4**	60.4
Batamas Sdn. Bhd.	Manufacture and sale of calcium silicate bricks	Malaysia	**60.4**	60.4

39. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
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
Bloxwich Lighting Sdn. Bhd.	Manufacturing of light emitting diode (LED) for lighting purposes	Malaysia	**100**	100
Bloxwich Industries (Pty) Limited **	In liquidation	South Africa	**100**	100
Hexachase Corporation Sdn. Bhd. ^	Desktop publishing	Malaysia	**52.4**	52.4

39. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
Hexachase Labels Sdn. Bhd. ^ #	Manufacturer of labels and printed products	Malaysia	**47.1**	47.1
Hexachase Marketing & Trading Sdn. Bhd. ^ #	Marketing and trading of labels and printed products	Malaysia	**47.1**	47.1
Hexachase Labels (Kuala Lumpur) Sdn. Bhd. ^ #	Dormant	Malaysia	**37.7**	37.7
Hexachase Packaging Sdn. Bhd. ^ #	Manufacturer of packaging materials	Malaysia	**41.9**	41.9
Hexachase Paper Products Sdn. Bhd. ^ #	Marketing and trading of paper and associated products	Malaysia	**41.9**	41.9
Authentic Excellence Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Bayangan Sutera Sdn. Bhd.	Investment holding	Malaysia	**100**	100
MFFB International Limited	Dormant	British Virgin Islands	**100**	100
Don Sahong Power Company Limited @	Investment holding	British Virgin Islands	**100**	100
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

39. SUBSIDIARIES (CONT'D)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2011 %	Effective Group Interest 2010 %
Mega First Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100
MFCB Marketing Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Properties Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Resources Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Ventures Sdn. Bhd.	Dormant	Malaysia	**100**	100
Propera Sdn. Bhd.	Dormant	Malaysia	100	100

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

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

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

These companies are subsidiaries of HCSB.

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

40. ACQUISITION OF A SUBSIDIARY

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

In the previous financial year, the fair values of the identifiable assets and liabilities as at the date of acquisition were:-

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

The acquired subsidiary has contributed the following results to the Group in the previous financial year:-

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

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

41. DIRECTORS' REMUNERATION

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

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors				
- Salary, bonus and other remuneration, including benefits-in-kind (gross)	**619**	806	**619**	806
Non-Executive Directors				
- Fees	**358**	213	**338**	213
- Other emoluments	**34**	30	**29**	30
	1,011	1,049	**986**	1,049

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

	GROUP/COMPANY	
	2011	2010
	RM'000	RM'000
Executive Directors		
Below RM50,000	**–**	–
RM50,001 – RM100,000	**1**	–
RM100,001 – RM150,000	**–**	–
RM150,001 – RM200,000	**1**	–
RM200,001 – RM250,000	**–**	–
RM250,001 – RM300,000	**–**	–
RM300,001 – RM350,000	**–**	–
RM350,001 – RM400,000	**1**	1
RM400,001 – RM450,000	**–**	1
Non-Executive Directors		
- Below RM50,000	**9**	9

42. RELATED PARTY DISCLOSURES

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

(a) its subsidiaries as disclosed in Note 39 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.

42. 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	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Dividend income received and receivable	**–**	–	**31,138**	62,338
Management fee received and receivable	**–**	–	**1,482**	1,482
Interest income received and receivable	**–**	–	**44**	–
Interest expense paid and payable	**–**	–	**(409)**	–

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Directors' fees	**358**	213	**338**	213
Salary, bonus and other remuneration, including benefits-in-kind (gross)	**3,307**	3,484	**1,355**	1,271
Share options to the Directors	**151**	463	**151**	463

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
At 1 January	**3,300**	2,370	**3,300**	1,100
Granted	**–**	3,300	**–**	3,300
Exercised	**–**	(2,370)	**–**	(1,100)
Lapsed	**(500)**	–	**(500)**	–
At 31 December	**2,800**	3,300	**2,800**	3,300

(d) The details of significant transactions with a related party are as follows:-

	GROUP	
	2011 RM'000	2010 RM'000
Purchase of light emitting diode (LED) lightings components	**1,090**	–

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

There were no significant events during the year.

44. SUBSEQUENT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

(i) The Group completed the following acquisitions on 17 January 2012 via its wholly-owned subsidiary, Mega First Resources Sdn Bhd, for an aggregate cash consideration of RM26.0 million:-

(a) 100% equity interest in Anting Sendirian Berhad;
(b) 100% equity interest in Sri Anting Sdn Bhd; and
(c) a piece of freehold agricultural land in Mukim Sungai Raya, District of Kinta, State of Perak.

(ii) On 9 January 2012 and 15 February 2012, RCI Lime entered into Sale and Purchase Agreements to acquire six pieces of land for a total consideration of RM4.5 million.

(iii) On 21 February 2012, Batamas Sdn. Berhad, a wholly-owned subsidiary of the Company acquired 100,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Usaha Takzim Sdn. Bhd. for the total cash consideration of RM1.5 million.

(iv) On 19 March 2012, the Group proposed to undertake a take-over offer to acquire the remaining ordinary shares of RM1.00 each in Rock Chemical Industries (Malaysia) Berhad ("RCI") not already owned by the Group for a cash offer price of RM2.10 per share.

45. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

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

	GROUP		COMPANY	
	2011 RM'000	2010 RM'000	**2011 RM'000**	2010 RM'000
Total retained profits:				
- realised	**116,447**	82,895	**14,871**	12,070
- unrealised	**57,969**	28,101	**13**	(101)
	174,416	110,996	**14,884**	11,969
Total share of retained profits from associated Company:				
- realised	**744**	182	**–**	–
- unrealised	**274**	–	**–**	–
	175,434	111,178	**14,884**	11,969
Consolidation adjustments	**104,010**	106,825	**–**	–
Total Group retained profits	279,444	218,003	**14,884**	11,969

Statement By Directors

The Directors of **MEGA FIRST CORPORATION BERHAD** state that, in their opinion, the accompanying statements of financial position and statements of comprehensive income, cash flows and changes in equity are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2011 and of the results of their businesses and the cash flows of the Group and of the Company for the financial year ended on that date.

The supplementary information set out in Note 45, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance
with a resolution of the Directors,

GOH NAN YANG

KHOO TENG KEAT

Petaling Jaya
16 April 2012

Statutory Declaration

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

Subscribed and solemnly declared by the abovenamed
NEO HONG CHEE at **PETALING JAYA** this
16th day of April 2012

Before me,

COMMISSIONER FOR OATHS

List Of Properties Held

as at 31 December 2011

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
1.	Factory land and building	Qi Yang Gong Lu Qi Xian Town Shaoxing County Zhejiang Province People's Republic of China	14	61,960	Leasehold 22 years (Expire in 2019)	1997	n/a	26,068
2.	Quarry and limestone hill	HS(D) KA 46712 PT 3997 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	193,300	Leasehold 30 years (Expire in 2025)	1996	1996	2,749
3.	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	9	22,600	Freehold	1997	1997	2,289
4.	Integrated lime kiln and hydration plant	Lot 45157 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	18,700	Freehold	1996	1996	163
5.	Stockyard	Lot 21487 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	10,600	Freehold	1996	1996	40
6.	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	n/a	16,415	Freehold	2006	2006	386
7.	Quarry, limestone hill and guardhouse	Lot 45152 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	5	16,010	Freehold	2007	n/a	494
8.	3 storey shophouse	Station 18 170 Jalan Pengkalan Barat 32 Stesyen 18 Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	9	185	Leasehold (Expire in 2096)	2002	n/a	293
9.	Double storey detached house	40 Jalan Mayang 2 Taman Mayang Fasa II 30300 Kuala Kangsar Perak Darul Ridzuan	5	130	Freehold	2006	n/a	118
10.	Vacant land	PT 4728, Jalan Raja Musa Mukim Batang Berjuntai 45600 Batang Berjuntai Selangor Darul Ehsan	n/a	77,118	Freehold	1997	n/a	1,595

List Of Properties Held

as at 31 December 2011

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
11.	Factory buildings	Lot 138321, Jalan Changkat Larang P.O. Box 15 31007 Batu Gajah Perak Darul Ridzuan	29	42,576	Leasehold (Expire in 2045)	1982	1985	1,844
12.	Quarry and limestone hill	PT 1491, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	58,474	Leasehold (Expire in 2037)	2007	n/a	77
13.	Quarry and limestone hill	PT 3962, Mukim Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	28,328	Leasehold (Expire in 2022)	2007	n/a	32
14.	Office and warehouse	Lot 28 Jalan Pengacara U1/48 Temasya Industrial Park Selangor Darul Ehsan	12	892	Freehold	2000	2000	1,002
15.	Double storey terrace house	HS(D) 128830 PT 194343 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	3	121	Leasehold (Expire in 2103)	2009	n/a	125
16.	Vacant land	Geran 58731 Lot 45155 Mukim of Kampar 31600 Gopeng Perak Darul Ridzuan	n/a	22,662	Freehold	2009	n/a	584
17.	Warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	3	864	Freehold	2009	n/a	519
18.	Warehouse	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	2,970	Freehold	2011	n/a	1,326
19.	Double storey shop office	HS(D) 108533 PT 51378 Bandar Amanjaya, Sungai Petani Kedah Darul Aman	2	147	Freehold	2010	2010	133
20.	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	24	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	2,339
21.	Quarrying limestone hill	Lot PT 132 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	n/a	36,422	Leasehold 30 years (Expire in 2041)	1981	n/a	490
22.	Vacant land	Lot PT 1109 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	n/a	8,099	Leasehold 30 years (Expire in 2022)	1992	n/a	2
23.	Vacant land held for development	PT 2388, 2397, 2401 Mukim Setapak Wilayah Persekutuan Kuala Lumpur	n/a	2,298	Leasehold 99 years (Expire in 2086)	1987	n/a	214

List Of Properties Held

as at 31 December 2011

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
24.	Vacant land held for development	PT 134908, 134914 Greentown, Ipoh Perak Darul Ridzuan	n/a	10,072	Leasehold 99 years (Expire in 2094)	1995	n/a	4,567
25.	Vacant land held for development	Lot 277 to 279 Mukim of Paya Rumput Daerah Melaka Tengah, Melaka	n/a	184,990	Freehold	1993	n/a	8,146
26.	Vacant land held for development	Lot 3887-4068, 4070 PT 1135-1166, 1184-1199 Mukim Dengkil, Daerah Sepang Selangor Darul Ehsan	n/a	291,894	Leasehold 99 years (Expire in 2097)	1996	n/a	31,312
27.	Vacant land held for development	PT 134909 Greentown, Ipoh Perak Darul Ridzuan	n/a	8,094	Leasehold 99 years (Expire in 2094)	2005	n/a	5,714
28.	Corporate office tower and office suite	PT 24605 Bandar Petaling Jaya Selangor Darul Ehsan	3	18,806	Leasehold 99 years (Expire in 2106)	2006	n/a	95,725
29.	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	1	14,204	Leasehold 99 years (Expire in 2094)	2010	2010	5,000
30.	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	15	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,666
31.	Factory	Lot 77 Jalan IKS MJ 6 Kawasan Perindustrian Malim Jaya 75250 Melaka	15	711	Leasehold 96 years (Expire in 2096)	2000	2005	433
32.	Factory and office	6 & 8, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	7	596	Leasehold 99 years (Expire in 2077)	2000	2005	443
33.	Factory and office	Lot 4788-4789 Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75260 Melaka	2	3,916	Leasehold 99 years (Expire in 2096)	2009	2009	2,862
34.	Factory	Lot 2233-2234, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	2	603	Leasehold 99 years (Expire in 2077)	2007	2008	443
35.	Factory	104 & 105, Jalan IKS MJ 6 Taman IKS Malim Jaya 75250 Melaka	15	1,760	Leasehold 99 years (Expire in 2096)	2005	2005	1,058

n/a Not applicable

Statistics Of Shareholdings

As at 30 March 2012

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

Size of Shareholdings	No. of Shareholders	No. of Shares Held	% of Shareholdings
1 to 99	724	39,626	0.02
100 to 1,000	4,572	4,283,171	1.91
1,001 to 10,000	6,375	23,652,069	10.53
10,001 to 100,000	796	22,098,580	9.84
100,001 to less than 5% of issued shares	115	89,094,574	39.68
5% and above of issued shares	3	85,354,480	38.02
Total	**12,585**	**224,522,500 ^**	**100.00 ^**

(^) - Excludes 17,682,500 treasury shares retained by the Company as reflected in the Record of Depositors.

Statistics Of Shareholdings

As at 30 March 2012

Top 30 Securities Account Holders

No.	Name of Securities Account Holder	No. of shares held	% of Shareholdings #
1)	Amsec Nominees (Tempatan) Sdn Bhd - Pledged Securities Account - AmBank (M) Berhad for Rubber Thread Industries (M) Sdn Bhd	47,905,000	21.34
2)	Cartaban Nominees (Asing) Sdn Bhd - BBH And Co. Boston for Fidelity Low-Priced Stock Fund	22,662,000	10.09
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.59
4)	HLB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Keen Capital Investments Limited	7,643,000	3.40
5)	Kah Hin Loong Sdn Bhd	6,557,520	2.92
6)	PRT Capital Pte Ltd	5,916,500	2.64
7)	ECML Nominees (Asing) Sdn Bhd - DMG & Partners Securities Pte Ltd for Keen Capital Investments Limited	5,120,100	2.28
8)	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	4,730,000	2.11
9)	Shoptra Jaya (M) Sdn Bhd	3,413,300	1.52
10)	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lim Gaik Bway @ Lim Chiew Ah	3,000,000	1.34
11)	Grand Terrace Sdn Bhd	2,950,600	1.31
12)	Koay Keng Huat	2,397,000	1.07
13)	Koay Keng Teik @ Koay Chia Wah	2,089,500	0.93
14)	Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Keen Capital Investments Limited	2,000,000	0.89
15)	Lanai Etika Sdn Bhd	1,927,200	0.86
16)	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for the Bank of New York Mellon (Mellon Acct)	1,609,800	0.72
17)	Zulkifli bin Hussain	1,515,000	0.67
18)	Zulkifli bin Hussain	1,490,000	0.66
19)	Espoir Investments Pte Ltd	1,360,000	0.60
20)	Omega Semiconductor Sdn Bhd	1,302,700	0.58
21)	Koay Keng Ling	1,261,100	0.56
22)	Lee Sei Fah	1,194,500	0.53
23)	CK Goh Holdings Sdn Bhd	1,130,000	0.50
24)	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,101,700	0.49
25)	Wan Poh Mining Sdn Bhd	1,090,400	0.49
26)	Koay Keng Huat	1,025,000	0.46
27)	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koay Keng Ling	1,000,000	0.45
28)	Koay Keng Teik @ Koay Chia Wah	1,000,000	0.45
29)	Juwitawan Sdn Bhd	974,000	0.43
30)	Goh Chye Keat	950,000	0.42
	Total	151,103,400	67.30

Statistics Of Shareholdings

As at 30 March 2012

Substantial Shareholders according to the Register of Substantial Shareholders

No.	Name of Substantial Shareholder	Direct Interest Shares	Direct Interest % #	Deemed Interest Shares	Deemed Interest % #
1)	Goh Nan Kioh	713,600	0.32	70,511,800 (a)	31.41
2)	Rubber Thread Industries (M) Sdn Bhd	47,905,000	21.34	1,927,200 (b)	0.86
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.59	–	–
4)	Keen Capital Investments Limited	14,763,100	6.58	–	–
5)	Laju Riang Sdn Bhd	–	–	49,832,200 (c)	22.19
6)	Kema Development Sdn Bhd	–	–	49,832,200 (c)	22.19
7)	Cambrew (Malaysia) Sdn Bhd	–	–	49,832,200 (c)	22.19
8)	Dr. Lim Thian Soo	590,000	0.26	49,832,200 (c)	22.19
9)	Lim Thiam Cheok	10,000	**	49,832,200 (c)	22.19
10)	Lim Yam Poh	–	–	49,832,200 (c)	22.19
11)	FMR LLC and FIL Limited (~)	–	–	24,220,500 (d)	10.79

Directors' direct and deemed interests in the Company and its related corporation

		Mega First Corporation Berhad						Rock Chemical Industries (Malaysia) Berhad			
	Director	Direct Interest		Deemed Interest		Employees' Share Options		Direct Interest		Deemed Interest	
		Shares	% #	Shares	% #	Number	Exercise Price	Shares	%	Shares	%
1)	Goh Nan Kioh	713,600	0.32	70,511,800 (a)	31.41	500,000	RM1.50	–	–	25,874,400 (e)	61.08
2)	Dato' Abu Hanifah bin Noordin	–	–	–	–	300,000	RM1.50	–	–	–	–
3)	Goh Nan Yang	510,000	0.23	–	–	500,000	RM1.50	100	**	–	–
4)	Yong Fook Shin	470,200	0.21	–	–	300,000	RM1.50	–	–	–	–
5)	Maisuri bin Besri	–	–	–	–	300,000	RM1.50	–	–	–	–
6)	Yeow See Yuen	436,500	0.19	26,000	0.01	300,000	RM1.50	40,600	0.10	–	–
7)	Dato' Jorgen Bornhoft	200,000	0.09	–	–	300,000	RM1.50	–	–	–	–
8)	Tay Kheng Chiong	–	–	–	–	300,000	RM1.50	–	–	–	–
9)	Dato' Tan Ang Meng	229,000	0.10	–	–	–	–	–	–	–	–
10)	Dato' Koh Hong Sun	–	–	–	–	–	–	–	–	–	–
11)	Khoo Teng Keat	200,000	0.09	–	–	–	–	–	–	–	–

Notes:

**** *Less than 0.01%*
# *Based on the issued and paid-up share capital of the Company of RM242,205,000 comprising 242,205,000 fully paid ordinary shares of RM1.00 each minus 17,682,500 treasury shares retained by the Company as per the Record of Depositors*
(~) *and their direct and indirect subsidiaries*
(a) *Deemed interest by virtue of interest in Rubber Thread Industries (M) Sdn Bhd, PRT Capital Pte Ltd and Keen Capital Investments Limited*
(b) *Deemed interest by virtue of interest in Lanai Etika Sdn Bhd*
(c) *Deemed interest by virtue of interest in Rubber Thread Industries (M) Sdn Bhd*
(d) *In respect of Fidelity Northstar Fund Sub B and FID Low - Priced Stock Fund*
(e) *Deemed interest by virtue of interest in Mega First Corporation Berhad, Authentic Excellence Sdn Bhd and Geo-Mobile Asia Sdn Bhd*

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 46th Annual General Meeting ("AGM") of Mega First Corporation Berhad ("MFCB" or "the Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 21 May 2012 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 2011. *(Please refer to Explanatory Note 8 below)*

2) To declare a final dividend comprising 4.6% less 25% income tax and 1.4% tax-exempt in respect of the year ended 31 December 2011. *(Resolution 1)*

3) To approve the aggregate fees payable to Directors of the Company of an amount not exceeding RM500,000.00 per annum for the financial year ended 31 December 2011 and for each financial year thereafter. *(Resolution 2)*

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 Mr Goh Nan Kioh *(Resolution 3)*
   4.2 Mr Yong Fook Shin *(Resolution 4)*

5) To re-elect Mr Khoo Teng Keat who is retiring pursuant to Article 104 of the Company's Articles of Association, and being eligible, offers himself for re-election. *(Resolution 5)*

6) To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

   "THAT, Dato' Jorgen Bornhoft who retires in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next annual general meeting of the Company." *(Resolution 6)*

7) To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Resolution 7)*

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

   8.1 **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 in any one financial year 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, and that such authority shall continue in force until the conclusion of the next annual general meeting."

8.2 **Ordinary Resolution** *(Resolution 9)*
Renewal of Share Buy-Back Authority

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

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

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

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

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

8.3 **Ordinary Resolution** *(Resolution 10)*
Allocation of Options to Dato' Tan Ang Meng

"THAT, approval be and is hereby given for the and Company to offer and to grant to Dato' Tan Ang Meng, being the Independent and Non-Executive Director of MFCB, options to subscribe for such number of new MFCB Shares under the Company's Employees Share Option Scheme ("the ESOS") PROVIDED THAT:

a) not more than 70% of the MFCB Shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the MFCB Group; and

b) not more than 10% of the MFCB Shares available under the ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares);

AND subject always to such terms and conditions of the ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the ESOS."

8.4 **Ordinary Resolution** (Resolution 11)
Allocation of Options to Dato' Koh Hong Sun

"THAT, approval be and is hereby given for the Company to offer and to grant to Dato' Koh Hong Sun, being the Independent and Non-Executive Director of MFCB, options to subscribe for such number of new MFCB Shares under the Company's Employees Share Option Scheme ("the ESOS") PROVIDED THAT:

a) not more than 70% of the MFCB Shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management of the MFCB Group; and

b) not more than 10% of the MFCB Shares available under the ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her, holds 20% or more of the issued and paid-up share capital of the Company (excluding treasury shares);

AND subject always to such terms and conditions of the ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the ESOS."

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 46th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 59A (b) of the Company's Article of Association and Section 34 (1) of the Securities Industry (Central Depositories) Act, 1991, to issue a General Meeting Record of Depositors as at 14 May 2012. Only a depositor whose name appears on the Record of Depositors as at 14 May 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders for the payment of the final dividend comprising 4.6% less 25% income tax and 1.4% tax exempt ("Dividend") in respect of the financial year ended 31 December 2011 under **Resolution 1** at the 46th AGM, the Dividend will be paid to the shareholders on 17 July 2012. The entitlement for the Dividend shall be 29 June 2012.

Shareholders of the Company will only be entitled to the Dividend in respect of :-

a) Securities transferred into their securities account before 4:00 p.m. on 29 June 2012; and
b) Securities 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
26 April 2012

Notice Of Annual General Meeting

NOTES:

Proxy

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) In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its Common Seal or (b) under the hand of its attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.

3) A member shall, subject to Paragraph (4) below, be entitled to appoint no more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.

4) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5) Any alteration to the instrument appointing a proxy must be initialised. 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.

Abstention from Voting

6) All those Directors of the Company who are shareholders of the Company will abstain from voting on **Resolution 2** above concerning payment of fees to Directors.

7) Dato' Tan Ang Meng and Dato' Koh Hong Sun will abstain from voting in respect of their direct and indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective allocations under **Resolutions No. 10 and 11** above.

Explanatory Notes

8) Item 1 of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

9) The re-appointment of Dato' Jorgen Bornhoft, a person over the age of 70 years, as Director of the Company to hold office until the conclusion of the next AGM of the Company, shall take effect if the proposed **Resolution 6** has been passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at the 46th AGM.

10) **Resolution 8**, if passed, will give authority to the Directors of the Company, from the date of the 46th 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 45th AGM held on 20 May 2011 and which will lapse at the conclusion of the 46th AGM. A renewal of this authority is being sought at the 46th 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.

11) **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 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 26 April 2012 which is circulated together with the Company's Annual Report for the financial year ended 31 December 2011.

Statement Accompanying Notice of the 46th Annual General Meeting

12) The Profile of the Directors who are standing for re-election and re-appointment (as per Ordinary Resolutions 3 to 6 as stated above) at the 46th Annual General Meeting of Mega First Corporation Berhad which will be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 21 May 2012 at 10:00 a.m. are stated on pages 3 and 4 of the Annual Report 2011.

    The details of any interest in the shares of MFCB and its subsidiaries (if any) held by the said Directors are stated on page 119 of the Annual Report 2011.

Group Of Companies Directory

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
1.	Mega First Power Industries Sdn. Bhd. **mfcb@mega-first.com**	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Khoo Teng Keat
2.	Shaoxing Mega Heat And Power Co., Limited **smhp@mail.sxptt.zj.cn**	Qi Yang Gong Lu, Qi Xian Town, Shaoxing County, Zhejiang Province, 312065 China.	0086-575-85181025	0086-575-85182287	Mr. Liew Leong Ting
3.	Serudong Power Sdn. Bhd. **s-powert@streamyx.com**	KM 6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Jeff Fernandez
4.	Mega First Power Services Sdn. Bhd. **s-powert@streamyx.com**	KM 6, Jalan Kuhara-Muhibbah Raya, 91000 Tawau, Sabah.	089-711568/569	089-711576	Mr. Jeff Fernandez
5.	Rock Chemical Industries (Malaysia) Berhad **info@rci.com.my**	Lot 45157 & 45158, Gunung Panjang, 31600 Gopeng, Perak Darul Ridzuan.	05-3593188	05-3593228	Mr. John Chu
6.	Syarikat Cheng Sun Quarry Sdn. Bhd. **csquarry@tm.net.my**	Lot 67887, Mukim Sg. Raia, 31300 Keramat Pulai, Perak Darul Ridzuan.	05-3571502/3	05-3571504	Mr. John Chu
7.	Gombak Land Sdn. Bhd. **mfcb.property@mega-first.com**	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Tan Pee Giak
8.	Gombak Land Sdn. Bhd. **mfcb.property@mega-first.com**	No. 12-1, Persiaran Greentown 10, Pusat Perdagangan Greentown, 30450 Ipoh, Perak Darul Ridzuan.	05-2433093/92	05-2433094	Mr. Tan Pee Giak
9.	Gombak Land Sdn. Bhd. **mfcb.property@mega-first.com**	A-12-01, Level 12, Block A, PJ8, No. 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan.	03-79608818	03-79607818	Mr. Steven Chu
10.	Mega First Housing Development Sdn. Bhd. **mfcb.property@mega-first.com**	No. 34 & 36, Jalan Mawar 1B, Taman Mawar, Bandar Baru Salak Tinggi, 43900 Selangor Darul Ehsan.	03-87060088/8800	03-87060808	Mr. Tan Pee Giak
11.	Paya Emas Sdn. Bhd. **mfcb.property@mega-first.com**	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Tan Pee Giak
12.	Community Consortium Sdn. Bhd. **mfcb.property@mega-first.com**	No. 52 & 52-1, Jalan PE 1, Taman Paya Emas, 76450 Melaka.	06-3122288	06-3124288	Mr. Tan Pee Giak

Group Of Companies Directory

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
13.	Greentown Parking Sdn. Bhd. **mfcb.property@mega-first.com**	GA-D-15 Ground Floor, No. 15 Persiaran Greentown, Greentown Avenue, 30450 Ipoh, Perak Darul Ridzuan.	05-2433033	05-2433033	Mr. Tan Pee Giak
14.	Bloxwich (Malaysia) Sdn. Bhd. **admin@bloxwich.com.my**	Seri Iskandar Technology Park, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
15.	Bloxwich Lighting Sdn. Bhd. **admin@bloxwich.com.my**	Seri Iskandar Technology Park, 32600 Bota, Perak Darul Ridzuan.	05-3711516/17/18	05-3711520	Mr. Ong Hock Kheng
16.	Hexachase Labels Sdn. Bhd. **info@hexachase.com**	No. 6 & 8, Jalan Berkat 12, Taman Malim Jaya, 75250 Melaka.	06-3357461/72	06-3357429	Mr. Danny Yeo
17.	Hexachase Packaging Sdn. Bhd. **info@hexachase.com**	Lot 4788 & 4789 Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75260 Melaka.	06-3371201/02	06-3371200	Mr. Deric Sim

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MFCB

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

FORM OF PROXY
(To be completed in capital letters)

No. of MFCB shares held:	
CDS Account Number:	

I/We ....
(Full Name as per NRIC/certificate of Incorporation in capital letters)

Company No. / NRIC No. ....

of ....
(Full address)

being a member of MEGA FIRST CORPORATION BERHAD ("the Company" or "MFCB") hereby appoint:-

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of MFCB Shares	%
Address:			

And / Or

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of MFCB Shares	%
Address:			

as my/our proxy/proxies to attend and, on a poll, to vote for me/us on my/our behalf at the 46th Annual General Meeting of the Company, to be held at Dewan Berjaya, Bukit Kiara Equestrian and Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 21 May 2012 at 10:00 a.m. and at any adjournment thereof, in the manner indicated below.

RESOLUTIONS		For	Against	Abstain
1.	Declaration of the final dividend of 4.6% less 25% income tax and 1.4% tax exempt.			
2.	Approve the payment of Directors' fees not exceeding RM500,000.00 per annum.			
3.	Re-elect Goh Nan Kioh as Director.			
4.	Re-elect Yong Fook Shin as Director.			
5.	Re-elect Khoo Teng Keat as Director.			
6.	Re-appoint Dato' Jorgen Bornhoft as Director.			
7.	Re-appoint Messrs Crowe Horwath as auditors and authorise the Board of Directors to fix their remuneration.			
8.	Special Business - Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.			
9.	Special Business - Ordinary Resolution Renewal of Share Buy-Back Authority.			
10.	Special Business - Ordinary Resolution Allocation of Options to Dato' Tan Ang Meng.			
11.	Special Business - Ordinary Resolution Allocation of Options to Dato' Koh Hong Sun.			

(Please indicate with an (X) in the space provided as to how you wish your vote to be cast. If no indication is given, my/our proxy shall vote or abstain as he/she thinks fit.)

Date:	
Telephone No:	

....
Signature/Common Seal of Shareholder

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) *In the case of a corporate member, the instrument appointing a proxy or proxies shall be (a) under its Common Seal or (b) under the hand of its attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.*
3) *A member shall, subject to Paragraph (4) below, be entitled to appoint no more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.*
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5) *Any alteration to the instrument appointing a proxy must be initialised. 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.*
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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

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