MEGA FIRST CORPORATION BERHAD

Company No.: 6682-V

annual report 2012

MFCB

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
* 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.*
* Dato' Tan Ang Meng, *CPA*
* Dato' Koh Hong Sun, *MA*
\# Tay Kheng Chiong, *B.Eng.(Hons.), MBA, C.Eng. MIET (UK)*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

EMPLOYEES' SHARE OPTION COMMITTEE

Goh Nan Kioh (Chairman)
* Yeow See Yuen
* Dato' Haji Abu Hanifah bin Noordin

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

COMPANY SECRETARIES

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

REGISTERED OFFICE

A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya, Selangor
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
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel : +603-7841 8000
Fax : +603-7841 8151 / 8152
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

PROFILE OF DIRECTORS

Goh Nan Kioh
Executive Chairman
Malaysian

Mr Goh Nan Kioh, age 59, 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 61, 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 Datasonic Group Berhad and Pacific & Orient Berhad (both listed on Bursa Malaysia).

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

Mr Goh Nan Yang, age 49, 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 42, 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 Jadi Imaging Holdings Berhad, an associate company of MFCB which is listed on Bursa Malaysia.

Profile of Directors (cont'd)

Yong Fook Shin
Independent and Non-Executive Director
Malaysian

Mr Yong Fook Shin, age 70, 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 55, 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 45, 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 a 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.

Tay Kheng Chiong
Non-Independent and Non-Executive Director
Malaysian

Mr Tay Kheng Chiong, age 49, joined the Board as a Non-Independent and Non-Executive Director on 1 June 2006. He holds a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics from the University of Sunderland, England. He also holds a Master of Business Administration degree from the University of Stratchclyde, Scotland and is a Chartered Engineer with the Institution of Electrical Engineers, United Kingdom. Mr Tay has more than 20 years experience in the semiconductor industry. He joined a multinational semiconductor company upon graduation in 1989 as a Development Engineer and was promoted to Director of Manufacturing in 1999. During 2001 to 2005, he was the Managing Director of Dominant Opto Technologies Sdn Bhd. He is presently the Group Managing Director of D&O Green Technologies Berhad ("D&O") which is listed on Bursa Malaysia.

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

Profile of Directors (cont'd)

Dato' Tan Ang Meng

Independent and Non-Executive Director
Malaysian

Dato' Tan Ang Meng, age 57, 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 and ICapital.Biz Berhad, both of which are listed on Bursa Malaysia.

Dato' Koh Hong Sun

Independent and Non-Executive Director
Malaysian

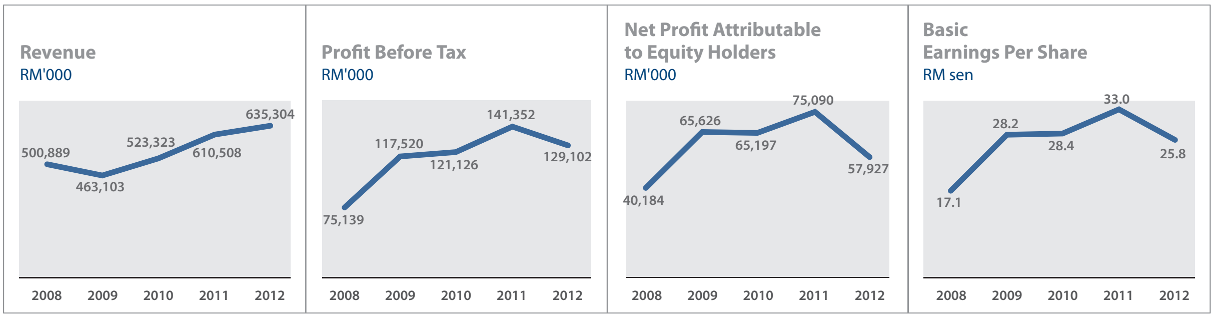
Dato' Koh Hong Sun, age 60, joined the Board as an Independent and Non-Executive Director on 1 December 2010. He holds a Master degree in Strategic and Security Studies from Universiti Kebangsaan Malaysia.

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. Dato' Koh is also a Director of Genting Malaysia Berhad, which is listed on Bursa Malaysia.

Note:

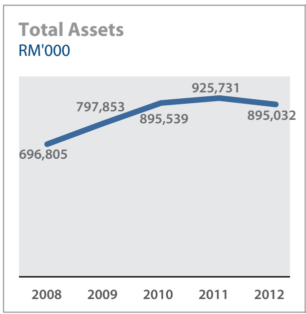
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Mega First Corporation Berhad ("MFCB"), have no conflict of interest with MFCB and have not been convicted for any offence within the past 10 years.

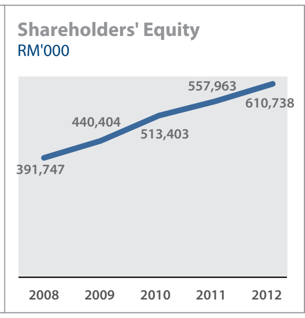
FINANCIAL HIGHLIGHTS

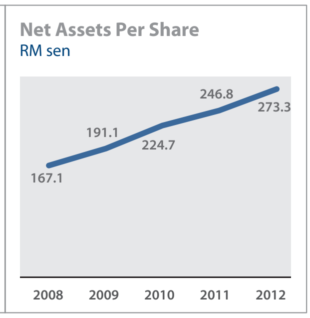


Financial Year Ended 31 December	**2008 RM'000**	**2009 RM'000**	**2010 RM'000**	**2011 RM'000**	**2012 RM'000**
Consolidated Statements of Comprehensive Income					
Revenue	500,889	463,103	523,323	610,508	**635,304**
Earnings before interest, taxes, depreciation and amortisation	104,346	145,770	152,575	173,900	**162,798**
Profit before tax	75,139	117,520	121,126	141,352	**129,102**
Profit after tax	66,073	96,188	99,221	112,568	**93,662**
Net profit attributable to equity holders	40,184	65,626	65,197	75,090	**57,927**

Financial Highlights (cont'd)







Financial Year Ended 31 December	**2008 RM'000**	**2009 RM'000**	**2010 RM'000**	**2011 RM'000**	**2012 RM'000**
Consolidated Statements of Financial Position					
Total assets	696,805	797,853	895,539	925,731	**895,032**
Total borrowings	80,428	114,637	131,952	87,596	**68,712**
Shareholders' equity	391,747	440,404	513,403	557,963	**610,738**
Financial Indicators					
Return on equity	10.3%	14.9%	12.7%	13.5%	**9.5%**
Return on total assets	5.8%	8.2%	7.3%	8.1%	**6.5%**
Gearing ratio	20.5%	26.0%	25.7%	15.7%	**11.3%**
Interest cover (times)	14.5	23.1	20.9	26.6	**30.1**
Basic earnings per share (sen) [1]	17.1	28.2	28.4	33.0	**25.8**
Net asset per share (sen)	167.1	191.1	224.7	246.8	**273.3**
Dividend per share (sen)	5.5	7.0	7.5	9.0	**7.1**
Price earning (PE) ratio	4.7	5.0	6.2	5.1	**6.2**
Gross dividend yield	6.8%	5.0%	4.2%	5.3%	**4.4%**
Share price as at the financial year end (RM)	0.81	1.41	1.77	1.69	**1.60**
Additional Information					
Interest	5,567	5,310	6,084	5,514	**4,435**
Depreciation	23,428	22,713	25,195	26,865	**29,086**
Amortisation	212	227	170	169	**175**

[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

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**
  - 100% Rock Chemical Industries (Malaysia) Berhad
  - 100% RCI Lime Sdn Bhd
  - 100% Batamas Sdn Bhd
  - 100% Usaha Takzim Sdn Bhd
  - 100% Mesrasasi Sdn Bhd
  - 100% RCI Ventures Sdn Bhd
  - 99.6% Cheng Sun Industries Sdn Bhd
  - 99.6% Syarikat Cheng Sun Quarry Sdn Bhd
  - 100% Mega First Resources Sdn Bhd
  - 100% Anting Sendirian Berhad
  - 100% Sri Anting Sdn Bhd
  - Other Subsidiaries
- **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
    - Other Subsidiary
  - 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 2012

OVERVIEW

Divisional Revenue & Pre-tax Profit

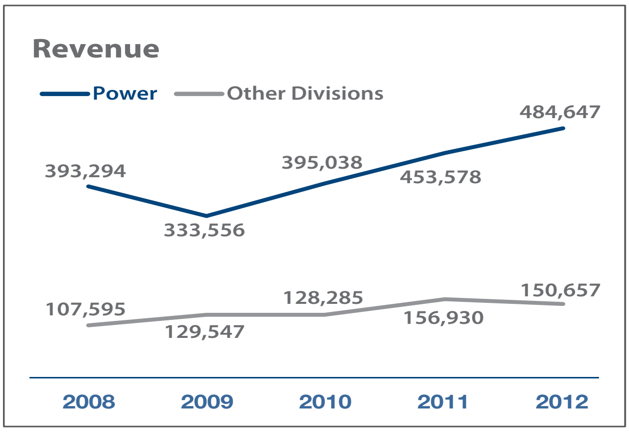
RM'000	2012	2011	% change	Proportion of Total 2012	Proportion of Total 2011
Revenue					
Power	**484,647**	453,578	6.8%	**76.3%**	74.3%
Resources	**85,368**	85,221	0.2%	**13.4%**	14.0%
Property	**34,124**	44,222	-22.8%	**5.4%**	7.2%
Sub-total	**604,139**	583,021	3.6%	**95.1%**	95.5%
Investment and others	**31,165**	27,487	13.4%	**4.9%**	4.5%
Total Revenue	**635,304**	**610,508**	**4.1%**	**100.0%**	**100.0%**
Pre-tax Profit					
Power	**98,429**	90,662	8.6%	**76.2%**	64.1%
Resources	**19,480**	14,850	31.2%	**15.1%**	10.5%
Property	**26,694^**	36,556^	-27.0%	**20.7%**	25.9%
Sub-total	**144,603**	142,068	1.8%	**112.0%**	100.5%
Investment and others	**(15,501)**	(716)	n.m.	**-12.0%**	-0.5%
Total Pre-tax Profit	**129,102**	**141,352**	**-8.7%**	**100.0%**	**100.0%**

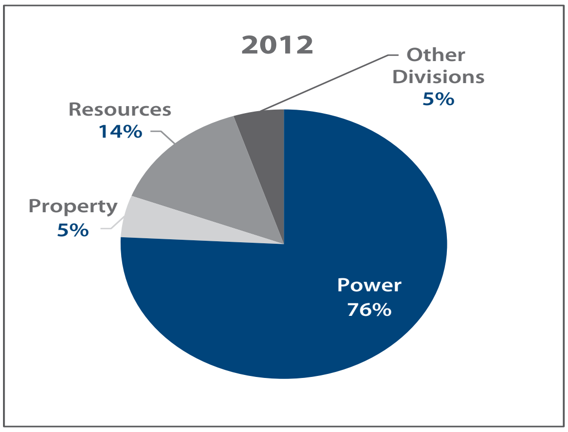
^ *Fair value gain on investment properties of RM13.0 million in 2012 vs RM18.2 million and RM6.1m bad debt recovery in 2011*

The Group's revenue from core operations for 2012 grew 3.6% to RM604.1 million, mainly driven by the 6.8% revenue growth by the Power Division.

The pre-tax profit of the Group's core operating divisions increased slightly to RM144.6 million. This year's results included a RM13.0 million fair value gain of PJ8 and Greentown car park while the 2011 results were boosted by a RM18.2 fair value gain on investment properties and a RM6.1 million bad debt recovery. Excluding non-recurring items, the core operating pre-tax profit grew 11.8% to RM131.6 million in 2012. In addition to the favourable performance of the Power Division, the Group also recorded its first earnings contribution from the newly acquired quarry that helped to boost the Resources Division's pre-tax profit.

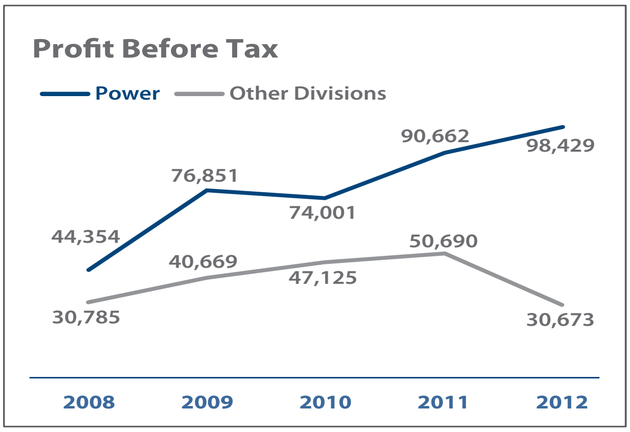
Revenue from "Investment and others" comprising mainly non-core operations and dividends from the Group's investment activities, rose 13.4% to RM31.2 million. This segment reported a loss of RM15.5 million, which included operating pre-tax profit of RM2.7 million (2011 : RM2.4 million) arising from our non-core operations, offset by a net loss of RM8.5 million from quoted investments (2011 : net gain of RM3.0 million)

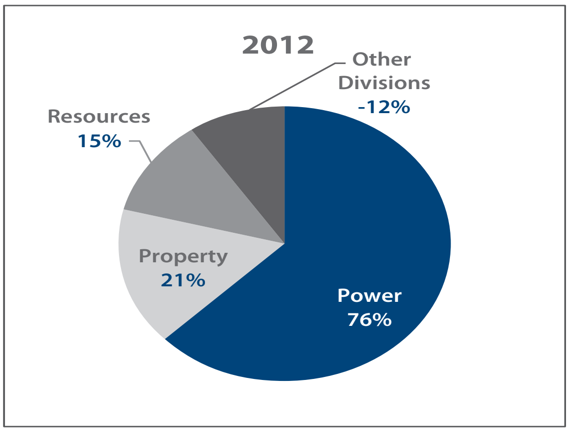




Management's Discussion & Analysis (cont'd)

for the Financial Year Ended 31 December 2012





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.

Sales of steam rose 7.8% to 3,296,324 MT in response to higher customer demand. As a result, energy sales expanded 9.3% to 701,032 MWh. Revenue was further boosted by higher energy tariffs as a result of an increase in tariff rate in China (increase of RMB0.025 per kWh in December 2011) and a 6.5% increase in medium fuel oil prices at the Tawau plant but partially offset by a 11.1% decline in steam prices due to lower coal prices.

Against a backdrop of higher sales as well as significant efficiency and performance improvements in power generation achieved through plant modification exercise, the Power Division remains the main contributor to the Group's results and continues its sterling performance, ending the year with a pre-tax profit of RM98.4 million (2011 : RM90.7 million).

Coal accounted for about 90% of production cost in China. We purchase coal in the spot market and coal price fluctuation would have a significant impact on profit margin. The average coal price in 2012 fell 10.5% to RMB799 per MT compared to RMB893 per MT in 2011. At the same time, the average steam price also dropped 11.1% to RMB163 per MT from RMB184 per MT as a result of the coal-to-steam price linkage mechanism agreed by the local county government in mid-2011. While this development is positive for the plant's profitability, implementation of this mechanism is not as straightforward, which will likely result in steam price adjustment lagging the coal price increase.

Despite higher medium fuel oil prices, the Tawau plant's profitability was not affected in the fuel pass-through mechanism. Indeed, efforts in keeping its generators in good condition, cost reductions and enhancing employee engagement have contributed to the encouraging performance in 2012.

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 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.

Management's Discussion & Analysis (cont'd)

for the Financial Year Ended 31 December 2012

RM'000	Revenue 2012	Revenue 2011	Revenue % Chg	Pre-tax Profit 2012	Pre-tax Profit 2011	Pre-tax Profit % Chg
Limestone products	55,571	54,671	1.6%	12,636	10,298	22.7%
Calcium Silicate bricks	12,672	18,102	-30.0%	1,861	2,944	-36.8%
Calcium Carbonate powder	9,409	9,608	-2.1%	1,375	1,655	-16.9%
Quarrying	10,093	n.a.	n.a.	4,740	n.a.	n.a.
Others	(2,377)	2,840	-183.7%	(1,132)	(47)	%
	85,368	85,221	0.2%	19,480	14,850	31.2%

In order to build up our limestone reserves for the manufacture of lime products and strengthen our supply capabilities, the Group acquired 100% equity interest in Anting in early 2012. Anting owns an operating limestone crushing plant with a monthly production capacity of approximately 50,000 MT and 4 pieces of land (including quarry land) measuring a total of approximately 18 hectares in Sungai Raya, Perak.

Revenue from Resources Division increased slightly to RM85.4 million while pre-tax profit rose 31.2% to RM19.5 million boosted mainly by the maiden contribution from Anting.

The increase in revenue was primarily due to higher sales of limestone products as well as the maiden contribution from the newly acquired quarry, partially offset by lower brick sales and trading of petroleum coke. Revenue from limestone products was RM55.6 million for the year, an increase of 1.6% over 2011 mainly driven by the increased demand for quicklime from local customers. There was softness in demand from overseas markets, principally sales of hydrated lime to Philippines due to intensifying local competition. Sales volume of bricks dropped more than one-third to 40.3 million pieces on slower construction activities.

In line with the Division's policy to relinquish non-core activities, trading revenue dropped almost 100% from RM6.0 million in 2011.

Pre-tax rose 31.2% driven mainly by higher sales of limestone products and limestone. Limestone products' profit grew much higher than revenue growth, primarily due to the upward adjustment in selling prices in both local and export markets. Contribution from brick sales was down as revenue fell.

Limestone is the main raw material of the Division's limestone-based products. All of the limestone is sourced from our own quarries located within the vicinity of our production plants. In order to remain competitive and to ensure continuous supply of good quality limestone in the longer term, we continue to seek for good quality limestone reserves. There are also plans to invest in new lime kilns and crushers to increase the production capacity to meet potential demand and anticipated demand from our existing customers in the medium to longer term.

Property Division

The main activities of Property Division consist of property investment and property development. The 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 Melaka and Salak Tinggi, a suburb near Putrajaya.

RM'000	Revenue 2012	Revenue 2011	Revenue % Chg	Pre-tax Profit 2012	Pre-tax Profit 2011	Pre-tax Profit % Chg
Property development	27,057	38,294	-29.3%	9,724	10,066	-3.4%
Property investment	7,067	5,928	19.2%	3,198	2,167	47.6%
Pre-tax profit from operations	34,124	44,222	-22.8%	12,922	12,233	5.6%
Non-operating income						
- Fair value gain adjustment on investment properties	–	–	–	12,956	18,154	-28.6%
- Recovery of a long overdue debt partially provided for in 2003 plus interest	–	–	–	–	6,144	-100.0%
- Gain on foreign exchange	–	–	–	1,152	16	n.m.
- Others	–	–	–	(336)	9	n.m.
	34,124	44,222	-22.8%	26,694	36,556	-27.0%

Management's Discussion & Analysis (cont'd)

for the Financial Year Ended 31 December 2012

The Division's revenue for the year was RM34.1 million, a decrease of RM10.1 million or 22.8% from RM44.2 million achieved in 2011. The reduction was mainly attributed to lower development revenue offset by a double-digit rental income growth. Development revenue dropped 29.3% on lower unit sales as a result of delay in new launches. Higher occupancy rate in PJ8 and the Greentown car park operations boosted rental income.

Property sales for the year were RM38.5 million, derived mostly from the sale of residential units. In 2012, 124 units at Taman Mawar and 9 units at Taman Paya Emas were sold. Other property sales covered residential units at Taman Merdeka and 2 commercial units in Greentown.

New property launched in 2012

Taman Mawar – Phase 1C was launched in September 2012 with a good market response. At 31 December 2012, sales accumulated to 37 units or 44% of the 85 units put up for sale.

New property to be launched in 2013

There will be a new launch in 2013 in Melaka. Taman Paya Emas – Phase 6, the Division's first gated and guarded residential development project, comprising superlink houses (46 units), semi-detached houses (10 units) and 1 bungalow unit. Main construction work is in progress and the project is scheduled for completion by the third quarter of 2014.

The Division increased its property investment income by 19.2% to RM7.1 million and corresponding pre-tax profit by 47.6% to RM3.2 million on the back of higher occupancy rates. PJ8 Block A was fully occupied while Block B was 55% leased at satisfactory rental rates.

The Division is constantly on the lookout for opportunities to grow its operations, with the strategic focus on developing good quality properties in Melaka and Salak Tinggi. Another 4-acre land in Greentown is planned for a mixed-use development.

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 2012 ("the Code") throughout the financial year ended 31 December 2012.

BOARD OF DIRECTORS

The Board, led by an experienced Executive Chairman, is made up of eleven members of whom three are Executive Directors, seven are Independent Non-Executive Directors and one 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 Board considers that the executive and non-executive directors collectively bring the range of skills, knowledge and experience necessary to direct the Company. A brief profile of each Director is presented in the Profile of Directors section of this Annual Report.

The Board takes full responsibility for the overall performance of the Company and of the Group. It focuses mainly on the areas of strategic management, financial performance, standards of conduct, critical business issues, sustainability, identifying principal risks and ensuring implementation of appropriate systems to manage these risks, succession planning, reviewing the adequacy and integrity of internal controls system and ensuring the Company communicates effectively with its shareholders. The Board expects to formally adopt the Board Charter and Code of Conduct when finalised.

The Executive Chairman essentially functions as Chief Executive Officer and Chairman of the Board. The Board is mindful that convergence of the two roles is not in compliance with Recommendation 3.4 of the Code, 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 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 2012, five Board meetings were held and the attendance record of each Director is as follows:-

Name of Director	Attendance
Goh Nan Kioh	5 out of 5
Dato' Haji Abu Hanifah bin Noordin	5 out of 5
Goh Nan Yang	4 out of 5
Khoo Teng Keat	4 out of 5
Yong Fook Shin	4 out of 5
Maisuri bin Besri	5 out of 5
Yeow See Yuen	5 out of 5
Dato' Jorgen Bornhoft (resigned: 4.2.2013)	3 out of 5
Tay Kheng Chiong	3 out of 5
Dato' Tan Ang Meng	5 out of 5
Dato' Koh Hong Sun	5 out of 5

Corporate Governance Statement (cont'd)

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 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 qualified and competent 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 approve the remuneration for Executive Directors and senior management staff. The remuneration of the Executive Directors and senior management are structured so as to link rewards to corporate and individual performance. The remuneration package consists of basic salary, annual bonus, contribution to EPF based on statutory rate and other customary benefits-in-kind. The director's fees attributable to the Executive Directors for their directorship in other companies within the Group are paid to the Company.

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

Corporate Governance Statement (cont'd)

The aggregate remuneration of the Directors paid 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	742	–
Benefits-in-kind	–	–
Directors' fees	–	325
Attendance fees	–	32

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

Range of Remuneration bands	Executive Directors	Non-Executive Directors
Below RM50,000	–	7
RM50,001 - RM100,000	–	1
RM250,001 - RM300,000	1	–
RM450,001 - RM500,000	1	–

Board Committees

The Board delegates specific responsibilities to four committees namely 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) 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 controls.

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 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.

2) 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 a majority of Non-Executive Directors. The composition of the RC is set out in the Corporate Information section of this Annual Report.

Corporate Governance Statement (cont'd)

3) 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 wholly of Non-Executive Directors. The composition of the NC is set out in the Corporate Information section of this Annual Report.

4) 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 a majority of 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 the MMLR.

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 Company held a course for Directors and senior management. The training programmes attended by Directors during the year were as follows:-

Title	Duration
• Role of the Audit Committee in assuring audit quality	2.5 hours
• Governance, Risk Management and Compliance - What Directors Should Know	Half Day
• Regulatory Updates, Governance and Current Issues for Directors of Public-Listed Companies and Body Corporate 2012	Full Day
• Corporate Integrity System Malaysia – CEO Dialogue	Half Day
• Malaysian Code on Corporate Governance 2012	Half Day
• Executive Stress Management	2.5 hours
• Innovative Society : Sustaining Business Success	2 Days

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. Directors are required to disclose any actual or potential conflict, or any material personal interests, on appointment as a director and are required to keep these disclosures up to date.

In the event that there is, or may be, a conflict between the personal or other interests of a Director, then the Director with an actual or potential conflict of interest in relation to a matter before the Board shall abstain and take no part in the discussion or decision making process.

Corporate Governance Statement (cont'd)

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 44 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 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 MMLR 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 Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with those risks and opportunities.

The Company's approach to risk management is based on the identification, assessment, monitoring and management of material risks embedded in its business and management systems. The heads of the Group's business units identify and communicate with the Executive Directors of the Company the critical business risks and the management action plan to manage the risks.

The Statement on Internal Control made in pursuance of paragraph 15.26(b) of the MMLR is separately set out in this Annual Report.

Corporate Governance Statement (cont'd)

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 25 February 2013.

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 26 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**

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

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 25 February 2013.

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 2012 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 RM11,000.

EXECUTIVE CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of MFCB, it gives me great pleasure to present the 47th Annual Report incorporating the financial statements of the Group and the Company for the financial year ended 31 December 2012.

OVERVIEW AND FINANCIAL PERFORMANCE

Our focus on improving our fundamentals in recent years has generated strong momentum across our major businesses in 2012. More importantly, all our core businesses continued to show improvement.

- Revenue from the Group's core businesses was RM604.1 million, an increase of 3.6% from RM583.0 million in 2011. The Power Division, which contributed 76.3% of Group revenue, showed revenue growth of 6.8%, while the Property Division recorded a 22.8% decline in 2012. The Resources Division's revenue remained stable at RM85.4 million.

- Group pre-tax profit fell 8.7% year-on-year to RM129.1 million, weighed down by higher losses in non-core activities and lower non-operating income including fair value changes on investment properties and bad debt recovery.

- Excluding the non-recurring income and losses (gains and losses on securities, fair value gain and bad debt recovery), Group Pre-tax profit actually grew 9.3% to RM124.7 million, from RM114.1 million a year ago. The increase principally reflected the improvement in profitability generated from our core business activities.

- Earnings per share were 25.8 sen, compared to 33.0 sen last year.

- The Group continues to practice prudent financial management. Our financial position remains strong, with improved interest coverage of 30.1 times (2011 : 26.6 times) and debt to equity ratio of 11.3% (2011 : 15.7%), highlighting the Group's financial strength.

OPERATIONS REVIEW

The Power Division posted revenue of RM484.6 million and pre-tax profit of RM98.4 million due to higher sales achieved by both of our power plants. The power plant in China contributed 89.7% while the Malaysian operations contributed the remaining 10.3% to the Power Division's pre-tax profit in 2012. The Power business remains the main contributor to the Group, contributing 76.3% and 76.2% to revenue and pre-tax profit, respectively in 2012.

We achieved a 12.6% increase in pre-tax profit from the China plant. This increase was mainly attributable to our ability to increase the plant's energy generation with the same amount of steam output, increased customer demand and continued efforts in cost control. The Tawau plant performed satisfactorily this year as the plant's productive hours improved after 3 major engine overhauls in 2011.

With Anting becoming a subsidiary of the Group, the Resources Division's pre-tax profit reached almost RM20 million for the first time and accounted over 15% of the Group's pre-tax profit in 2012.

To stay in the forefront of the industry, the Resources Division has stepped up its efforts to penetrate into new local and international markets as well as improve operational efficiency to limit cost increases, including the acquisition of a limestone hill with sizable reserves in early 2012 (Anting). This is particularly important given the depleting limestone reserves in the country, which could only translate into higher limestone prices in the foreseeable future.

Revenue from property sales for the year was RM27.1 million. Pre-tax profit from property sales was RM9.7 million, as compared to last year's RM10.1 million. The Division continues to achieve good progress in its residential sales. The sales of our latest project in Salak Tinggi (Taman Mawar – Phase 1C) met an encouraging market response and the sales of ongoing residential projects were also encouraging.

As new leases and renewals concluded during the year achieved higher rentals together with increased contributions from car park operations, the Division continued to record good rental income growth.

For the coming year, development revenue and rental income from our investment properties will continue to bring in steady and consistent income to the Group.

Executive Chairman's Statement (cont'd)

DIVIDEND

A 3.0 sen tax-exempt interim dividend for the financial year ended 31 December 2012 was paid on 10 October 2012.

In keeping with our commitment to regularly return reasonable value to our shareholders, the Board is proposing a 4.1 sen tax-exempt dividend for approval of the shareholders at the forthcoming Annual General Meeting. In addition to the 3.0 sen tax-exempt interim dividend, this brings the total dividend payout for the financial year to 7.1 sen per ordinary share of RM1.00 each.

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. I would also say we are deeply committed to reduce CO2 emissions and waste, as well as energy and water consumption, along the entire production chain.

Above all, we are aware that the vast area of CSR requires constant efforts to understand and actively approach the challenges ahead. With this in mind, the Group has made donations to help the needful and 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

The Power Division had a record year as a result of improvement in production efficiency and increase in sales. We will continue to invest more resources in this Division. With strong financial position and over 17 years of power operation experience, we remain confident that the Power business will continue to deliver consistent earnings and bring good long-term returns to the Group.

The Resources business would likely be the main thrust for growth in the next few years. Performance of this Division in 2012 was slow but encouraging. We expect to increase our current level of capital investment to support plant expansion, and ensure optimal resource utilisation to support our growth and achieve better productivity. With the acquisition of Anting in early 2012, the Division's longer term growth prospects will be enhanced.

Our Power and Resources businesses are moving in the right direction and we intend to ride on the growth momentum while remaining focused on our Property business and other opportunities.

We will focus on efforts to broaden both the Group's customer and product base, while enhancing cost management efforts through improving production efficiency and reducing wastages where possible. At the same time, we continue to encourage staff training so that we remain technologically relevant and competitive.

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

Executive Chairman's Statement (cont'd)

ACKNOWLEDGEMENT AND APPRECIATION

Dato' Jorgen Bornhoft has resigned as Independent and Non-Executive Director on 4 February 2013. On behalf of the Board, I wish to convey our appreciation to him for his services to the Company.

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 improving results.

The Group will continue 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

13 March 2013

AUDIT COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1. COMPOSITION

Chairman : Mr. Yeow See Yuen (Independent & Non-Executive Director)

Members : Dato' Haji Abu Hanifah bin Noordin (Independent & Non-Executive Director)
Dato' Tan Ang Meng (Independent & Non-Executive Director)
Dato' Jorgen Bornhoft (Independent & Non-Executive Director, resigned on 4 February 2013)

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 Main Market 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 Main Market 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 the Malaysian Code on Corporate Governance; and

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

Audit Committee Report (cont'd)

for the Financial Year Ended 31 December 2012

(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 Main Market 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 2012, five (5) 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	5/5
Dato' Haji Abu Hanifah bin Noordin	5/5
Dato' Tan Ang Meng	5/5
Dato' Jorgen Bornhoft (resigned: 4 February 2013)	3/5

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.

During the year, the Audit Committee met with the External Auditors twice without the presence of any executive members of the Board of Directors and management staff on 20 February 2012 and 19 November 2012.

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 2012 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 audit prior to commencement of the annual audit,

Audit Committee Report (cont'd)

for the Financial Year Ended 31 December 2012

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,

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

k) Verified the allocation of options pursuant to the share scheme for employees, for compliance with the criteria for allocation of options disclosed to employees, at the end of the financial period.

5. SUMMARY OF ACTIVITIES OF 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 2012 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 2012 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 2012 was about RM602,449.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound risk management framework and internal control system 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 Risk Management & Internal Control – Guidelines for Directors of Listed Issuers ("the Guidance"), which replaces the Statement on Internal Control – Guidance for Directors of Public Listed Companies issued in December 2000 (issued by the BM's Task Force 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 2012, which has been prepared in accordance with the Guidance.

The Board acknowledges that it is responsible for the overall internal control systems of the Group, and for reviewing its adequacy, integrity and effectiveness. The Group has an established internal audit function that reports to Executive Directors on a day-to-day basis and has direct access to the Chairman of the Audit Committee. The internal audit function works closely with the Chairman of the Audit Committee, it is responsible for undertaking regular review of the internal control to provide the Board, the Audit Committee and the Executive Directors with independent and objective assurance that the internal control systems are adequate and effective in addressing the risks identified. 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 but 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, and the process has been in place during the financial year and up to the date of approval of the Annual Report. This process is an integral part of the Group's system of internal controls.

The other key elements of this internal control system are described below:

(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) Key risks to each business unit are identified and categorised to highlight the source of risk, their financial impacts and the likelihood of occurrence. The risk profiles of the major operating units of the Group are being monitored by senior management of the major operating units on a regular basis.

(e) 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.

(f) Regular internal audits are carried out to review the adequacy, integrity and effectiveness of the internal control systems of the business units based upon the audit plan. The reports outlining all significant audit observations and follow-up actions are submitted to the Audit Committee, which reviews the findings with management at its quarterly meetings and updates the Board on significant issues for the Board's attention and action. These, together with the External Auditors' reports, provide additional assurance that control procedures are in place, and being followed.

The Board believes that the development of the system of risk management and internal control is an ongoing process and continues to take steps to improve the risk management and internal control system. For the financial year under review, some weaknesses in risk management and internal control were identified but were not considered significant to be mentioned in this Statement as none had materially impacted the business operations of the Group. Nevertheless, remedial actions and corrective measures have been or are being taken to address these weaknesses.

The Group has not taken into consideration the risk management and internal control processes of Jadi Imaging Holdings Berhad, an associate company of the Group, as it is deemed to be insignificant to the Group.

Statement on Risk Management and Internal Control (cont'd)

for the Financial Year Ended 31 December 2012

Assurance to the Board

The Executive Directors and Financial Controller are responsible for ensuring that the Group's risk management and internal control processes are systematically assessed and continuous improvements scrutinised by means of independent and objective evaluations. The Board has been assured by the Executive Directors and Financial Controller that these processes are adequately established and effectively implemented, and nothing has come to their attention which may render the financial results presented and information provided to be false and misleading in any material respect.

MFCB

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2012.

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 41 and 14 to the financial statements respectively.

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

SIGNIFICANT CORPORATE EVENT

During the financial year, the Group completed the take-over offer to acquire all the remaining ordinary shares of RM1.00 each in Rock Chemical Industries (Malaysia) Berhad ("RCI"), which resulted in RCI becoming a 100% owned subsidiary of the Group.

Other than as disclosed above, 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	129,102	25,886
Income tax expense	(35,440)	–
Profit for the financial year	93,662	25,886
Attributable to:-		
Owners of the Company	57,927	25,886
Non-controlling interests	35,735	–
	93,662	25,886

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 comprising 4.6 sen less income tax of 25%, and 1.4 sen tax-exempt, per ordinary share of RM1.00 each, in respect of the financial year ended 31 December 2011 on 17 July 2012; and

(b) an interim dividend of 3.0 sen tax-exempt in respect of the financial year ended 31 December 2012 on 10 October 2012.

The Board proposes a final tax-exempt dividend of 4.1 sen per share for the financial year ended 31 December 2012 (2011 : 4.6 sen less income tax of 25%, and 1.4 sen tax-exempt). 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.

Directors' Report (cont'd)

RESERVES AND PROVISIONS

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

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("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) employees' 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:-

Grant date	Exercise price RM	Outstanding as at 1.1.2012 '000	← Movements during the financial year → Granted '000	Exercised '000	Lapsed '000	Outstanding as at 31.12.2012 '000
24.8.2010	1.50	2,800	–	(190)	–	2,610
29.6.2012	1.52	–	600	–	–	600
		2,800	600	(190)	–	3,210

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

Directors' Report (cont'd)

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM242,205,000 to RM242,395,000 by the issuance of 190,000 new ordinary shares of RM1 each for cash pursuant to the ESOS at an issue price of RM1.50 each. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company; and

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

TREASURY SHARES

During the financial year, the Company purchased 2,856,100 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 RM4,829,553. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from equity.

As at 31 December 2012, the Company held as treasury shares a total of 18,942,300 of its 242,395,000 issued and fully paid-up ordinary shares, at a carrying amount of approximately RM27,145,000. 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 26 to the financial statements.

OTHER FINANCIAL INFORMATION

Before the statements of profit or loss and other 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 further 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.

Directors' Report (cont'd)

OTHER FINANCIAL INFORMATION (cont'd)

Other than as disclosed in Note 37 to the financial statements, at the date of this report, there does not exist:-

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

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

In the opinion of the Directors:-

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

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

DIRECTORS

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

- Goh Nan Kioh
- Dato' Haji Abu Hanifah Bin Noordin
- Goh Nan Yang (also alternate to Goh Nan Kioh)
- Yong Fook Shin
- Maisuri Bin Besri
- Yeow See Yuen
- Dato' Jorgen Bornhoft (Resigned on 4 February 2013)
- Tay Kheng Chiong
- Dato' Koh Hong Sun
- Dato' Tan Ang Meng
- Khoo Teng Keat

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 1.1.2012	**Additions**	**Disposal**	**Balance as at 31.12.2012**
SHARES IN THE COMPANY				
Goh Nan Kioh				
- Direct	713,600	–	–	713,600
- Deemed	70,511,800	1,497,700	–	72,009,500
Goh Nan Yang				
- Direct	510,000	–	–	510,000
Yong Fook Shin				
- Direct	470,200	120,000	–	590,200
Maisuri Bin Besri				
- Direct	–	50,000	–	50,000

Directors' Report (cont'd)

DIRECTORS' INTERESTS (cont'd)

	Balance as at 1.1.2012	Number of ordinary shares of RM1 each Additions	Disposal	Balance as at 31.12.2012
SHARES IN THE COMPANY				
Yeow See Yuen				
- Direct	436,500	–	–	436,500
- Deemed	26,000	–	–	26,000
Dato' Jorgen Bornhoft				
- Direct	200,000	–	–	200,000
Tay Kheng Chiong				
- Direct	–	20,000	–	20,000
Dato' Tan Ang Meng				
- Direct	229,000	–	–	229,000
Khoo Teng Keat				
- Direct	200,000	–	–	200,000

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:-

	Exercise price	Balance as at 1.1.2012	Options over ordinary shares of RM1 each Granted	Exercised	Balance as at 31.12.2012
Goh Nan Kioh	RM1.50	500,000	–	–	500,000
Dato' Haji Abu Hanifah Bin Noordin	RM1.50	300,000	–	–	300,000
Goh Nan Yang	RM1.50	500,000	–	–	500,000
Yong Fook Shin	RM1.50	300,000	–	(120,000)	180,000
Maisuri Bin Besri	RM1.50	300,000	–	(50,000)	250,000
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	–	(20,000)	280,000
Dato' Koh Hong Sun	RM1.52	–	300,000	–	300,000
Dato' Tan Ang Meng	RM1.52	–	300,000	–	300,000

Goh Nan Kioh, by virtue of his interest in 32.55% (2011 : 31.50%) 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 43 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.

Directors' Report (cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 45 to the financial statements.

SUBSEQUENT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 46 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
13th day of March 2013

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 2012 of the Group and of the Company, and the statements of profit or loss and other 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 39 to 120.

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 requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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 41 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.

Independent Auditors' Report (cont'd)

to the members of MEGA FIRST CORPORATION BERHAD

Other Reporting Responsibilities

The supplementary information set out in Note 47 on page 121 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 Matter

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: 956/04/14 (J)
Chartered Accountant

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		GROUP		COMPANY	
	Note	**2012 RM'000**	2011 RM'000	**2012 RM'000**	2011 RM'000
Revenue	5	**635,304**	610,508	**34,836**	32,673
Cost Of Sales		**(469,506)**	(464,955)	**–**	–
Gross Profit		**165,798**	145,553	**34,836**	32,673
Distribution Costs		**(8,344)**	(3,283)	**–**	–
Administrative Expenses		**(27,953)**	(27,959)	**(5,019)**	(4,372)
Other Expenses		**(9,616)**	(8,473)	**(11,830)**	(7,082)
Other Income		**13,536**	40,182	**11,650**	107
Profit From Operations	6	**133,421**	146,020	**29,637**	21,326
Finance Costs	7	**(4,435)**	(5,514)	**(3,751)**	(3,613)
Share Of Profit In An Associate	14	**116**	846	**–**	–
Profit Before Tax		**129,102**	141,352	**25,886**	17,713
Income Tax Expense	8	**(35,440)**	(28,784)	**–**	(308)
Profit After Tax For The Financial Year		**93,662**	112,568	**25,886**	17,405
Other Comprehensive Income	9				
Fair value changes of available-for-sale financial assets		**6,089**	(20,826)	**395**	816
Foreign currency translation		**(4,507)**	12,421	**–**	–
Total Other Comprehensive Income/(Expenses)		**1,582**	(8,405)	**395**	816
Total Comprehensive Income For The Financial Year		**95,244**	104,163	**26,281**	18,221

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income (cont'd)

for the Financial Year Ended 31 December 2012

	Note	GROUP		COMPANY	
		2012	2011	**2012**	2011
		RM'000	RM'000	**RM'000**	RM'000
Profit Attributable To:					
- Owners Of The Company		**57,927**	75,090	**25,886**	17,405
- Non-controlling Interests		**35,735**	37,478	**–**	–
		93,662	112,568	**25,886**	17,405
Total Comprehensive Income Attributable To:					
- Owners Of The Company		**61,049**	62,844	**26,281**	18,221
- Non-controlling Interests		**34,195**	41,319	**–**	–
		95,244	104,163	**26,281**	18,221
Earnings Per Share (sen)	10				
- Basic		**25.81**	33.03		
- Diluted		**25.77**	33.00		

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

		GROUP		COMPANY	
		2012	2011	**2012**	2011
	Note	**RM'000**	RM'000	**RM'000**	RM'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	12	**248,251**	233,476	**1,155**	1,123
Subsidiaries	13	**–**	–	**109,335**	107,275
Associate	14	**44,237**	44,309	**19,055**	19,055
Investment In Quoted Shares	15	**70,866**	84,898	**6,085**	7,439
Investment In Unquoted Shares	16	**2,210**	2,210	**–**	–
Land Use Rights	17	**847**	1,048	**–**	–
Investment Properties	18	**121,363**	106,439	**–**	–
Land Held For Property Development	19	**48,216**	54,619	**–**	–
Goodwill On Consolidation	20	**10,812**	10,812	**–**	–
Long-Term Prepayment		**1,056**	–	**–**	–
		547,858	537,811	**135,630**	134,892
Current Assets					
Inventories	21	**69,442**	62,769	**–**	–
Property Development	22	**9,158**	24,496	**–**	–
Receivables	23	**142,466**	141,446	**241,025**	258,517
Bank Balances And Deposits	24	**126,108**	159,209	**3,072**	578
		347,174	387,920	**244,097**	259,095
TOTAL ASSETS		**895,032**	925,731	**379,727**	393,987

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

Statements of Financial Position (cont'd)

as at 31 December 2012

		GROUP		COMPANY	
	Note	**2012 RM'000**	2011 RM'000	**2012 RM'000**	2011 RM'000
EQUITY AND LIABILITIES					
Share Capital	25	**242,395**	242,205	**242,395**	242,205
Treasury Shares	26	**(27,145)**	(22,316)	**(27,145)**	(22,316)
Reserves	27	**395,488**	338,074	**65,375**	56,483
Equity Attributable To Owners Of The Company		**610,738**	557,963	**280,625**	276,372
Non-controlling Interests		**134,763**	180,212	**–**	–
Total Equity		**745,501**	738,175	**280,625**	276,372
Non-Current Liabilities					
Payables	28	**793**	692	**–**	–
Long-Term Borrowings	29	**6,469**	8,772	**–**	–
Deferred Taxation	30	**18,022**	20,422	**–**	–
		25,284	29,886	**–**	–
Current Liabilities					
Payables	31	**51,950**	64,135	**95,602**	104,774
Short-Term Borrowings	32	**62,243**	78,824	**3,500**	12,841
Taxation		**10,054**	14,711	**–**	–
		124,247	157,670	**99,102**	117,615
Total Liabilities		**149,531**	187,556	**99,102**	117,615
TOTAL EQUITY AND LIABILITIES		**895,032**	925,731	**379,727**	393,987
Net Assets Per Ordinary Share (sen)	33	**273**	247		

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

GROUP	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	← 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:-											
Fair value changes of available-for- sale financial assets	–	–	–	–	–	(20,212)	–	–	(20,212)	(614)	(20,826)
Foreign currency translation difference	–	–	–	–	7,966	–	–	–	7,966	4,455	12,421
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 11)	–	–	–	–	–	–	–	(14,490)	(14,490)	–	(14,490)
- subsidiaries' non-controlling interests	–	–	–	–	–	–	–	–	–	(23,385)	(23,385)
Share options to directors	–	–	–	151	–	–	–	–	151	–	151
Purchase of treasury shares	–	(3,789)	–	–	–	–	–	–	(3,789)	–	(3,789)
Total transactions with owners of the Company	–	(3,789)	–	151	–	–	–	(14,490)	(18,128)	(23,385)	(41,513)
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 50 to 120 form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

for the Financial Year Ended 31 December 2012

GROUP	← Non-Distributable						→	Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Employees' Share Option Reserve RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable To Owners Of The Parent RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 1 January 2012	242,205	(22,316)	33,380	642	16,500	6,489	1,619	279,444	557,963	180,212	738,175
Profit after taxation for the financial year	–	–	–	–	–	–	–	57,927	57,927	35,735	93,662
Other comprehensive income for the financial year, net of tax:-											
Fair value changes of available-for-sale financial assets	–	–	–	–	–	6,050	–	–	6,050	39	6,089
Foreign currency translation difference	–	–	–	–	(2,928)	–	–	–	(2,928)	(1,579)	(4,507)
Total comprehensive income for the financial year	–	–	–	–	(2,928)	6,050	–	57,927	61,049	34,195	95,244
Contributions by and distributions to owners of the Company:-											
Dividends paid:											
- shareholders of the Company (Note 11)	–	–	–	–	–	–	–	(17,616)	(17,616)	–	(17,616)
- subsidiaries' non-controlling interests	–	–	–	–	–	–	–	–	–	(30,566)	(30,566)
Share options to directors	–	–	–	132	–	–	–	–	132	–	132
Purchase of treasury shares	–	(4,829)	–	–	–	–	–	–	(4,829)	–	(4,829)
Employees' share options exercised	190	–	95	–	–	–	–	–	285	–	285
	190	(4,829)	95	132	–	–	–	(17,616)	(22,028)	(30,566)	(52,594)
Increase in equity interest in a subsidiary	–	–	–	–	–	–	13,842	–	13,842	(49,021)	(35,179)
Total transactions with owners of the Company	190	(4,829)	95	132	–	–	13,842	(17,616)	(8,186)	(79,587)	(87,773)
Realisation of capital reserves	–	–	–	–	–	–	(371)	283	(88)	(57)	(145)
Balance at 31 December 2012	242,395	(27,145)	33,475	774	13,572	12,539	15,090	320,038	610,738	134,763	745,501

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

Statements of Changes in Equity (cont'd)

for the Financial Year Ended 31 December 2012

	← Non Distributable				→	Distributable	
COMPANY	**Share Capital RM'000**	**Treasury Shares RM'000**	**Share Premium RM'000**	**Employees' Share Option Reserve RM'000**	**Fair Value Reserve RM'000**	**Retained Profits RM'000**	**Total Equity RM'000**
Balance at 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 changes of available-for-sale financial assets	–	–	–	–	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 11)	–	–	–	–	–	(14,490)	(14,490)
Share options to directors	–	–	–	151	–	–	151
Purchase of treasury shares	–	(3,789)	–	–	–	–	(3,789)
Balance at 31 December 2011/ 1 January 2012	242,205	(22,316)	33,380	642	7,577	14,884	276,372
Profit after taxation for the financial year	–	–	–	–	–	25,886	25,886
Other comprehensive income for the financial year, net of tax:-							
Fair value changes of available-for-sale financial assets	–	–	–	–	395	–	395
Total comprehensive income for the financial year	–	–	–	–	395	25,886	26,281
Contributions by and distribution to owners of the Company:-							
Dividends (Note 11)	–	–	–	–	–	(17,616)	(17,616)
Share options to directors	–	–	–	132	–	–	132
Issuance of ordinary shares pursuant to ESOS	190	–	95	–	–	–	285
Purchase of treasury shares	–	(4,829)	–	–	–	–	(4,829)
Balance at 31 December 2012	242,395	(27,145)	33,475	774	7,972	23,154	280,625

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

GROUP	Note	**2012 RM'000**	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**129,102**	141,352
Adjustments for:			
Allowance for impairment losses on:			
- Investment in quoted shares		**8,538**	18,503
- Receivables		**2,788**	936
Amortisation of land use rights		**175**	169
Bad debts written off		**19**	–
Depreciation of property, plant and equipment		**29,086**	26,865
Interest expense		**4,435**	5,514
Inventories written down		**681**	990
Loss on disposal of:			
- Property, plant and equipment		**910**	3,727
- Quoted investments		**1,755**	–
Loss on foreign exchange – unrealised		**53**	94
Provision for retirement benefits		**24**	31
Staff costs - Share options to directors		**132**	151
Write-off of:			
- Inventories		**–**	10
- Property, plant and equipment		**161**	16
- Receivable		**29**	126
Fair value adjustment on investment properties		**(12,956)**	(18,154)
Gain on disposal of:			
- Property, plant and equipment		**(136)**	(56)
- Quoted investments		**–**	(19,111)
Gain on foreign exchange – unrealised		**(1,904)**	(3,365)
Interest income		**(1,985)**	(4,412)
Other dividend income		**(1,495)**	(2,383)
Reversal of:			
- Provisions no longer required		**(3)**	(336)
Share of results of an associate		**(116)**	(846)
Write-back of allowance for:			
- Impairment losses on receivables		**(41)**	(3,615)
Operating Profit Before Working Capital Changes		**159,252**	146,206
(Increase)/Decrease in:			
Inventories		**(3,487)**	(4,820)
Property development		**16,579**	6,714
Receivables		**(786)**	(28,787)
(Decrease)/Increase in payables		**(12,420)**	4,978
Cash From Operations		**159,138**	124,291
Income tax paid		**(43,931)**	(21,404)
Net Cash From Operating Activities		**115,207**	102,887

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

for the Financial Year Ended 31 December 2012

GROUP	Note	2012 RM'000	2011 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES			
Interest received		**1,985**	4,412
Dividend received		**1,799**	2,383
(Increase)/Decrease in land held for property development		**(426)**	2,727
Net cash outflow from acquisition of subsidiaries	42	**(27,562)**	–
Acquisition of additional equity interest in:			
- a subsidiary from non-controlling interests		**(35,179)**	–
- an associate		**(116)**	(1,687)
Proceeds from disposal of:			
- Property, plant and equipment		**645**	570
- Quoted investments		**95,536**	160,073
Purchase of:			
- Property, plant and equipment	36	**(22,791)**	(24,829)
- Quoted shares		**(85,751)**	(118,284)
- Unquoted shares		**–**	(1,875)
Net Cash (For)/From Investing Activities		**(71,860)**	23,490
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest paid		**(4,435)**	(5,514)
Dividends paid:			
- shareholders of the Company		**(17,616)**	(14,490)
- subsidiaries' non-controlling interests		**(30,566)**	(23,385)
Net repayment of:			
- Trust receipts and revolving credits		**(10,183)**	(11,006)
- Hire purchase payables		**(77)**	(183)
- Term loans		**(6,036)**	(25,992)
Proceeds from issue of shares pursuant to ESOS		**285**	–
Purchase of treasury shares		**(4,829)**	(3,789)
Repayment of retirement benefits		**(30)**	(21)
Net Cash For Financing Activities		**(73,487)**	(84,380)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**(296)**	7,825
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(30,436)**	49,822
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**156,144**	106,322
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	38	**125,708**	156,144

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

for the Financial Year Ended 31 December 2012

COMPANY	Note	**2012 RM'000**	2011 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES			
Profit before tax		**25,886**	17,713
Adjustments for:			
Allowance for impairment losses:			
- Amount owing by subsidiaries		**–**	2,342
- Investment in subsidiaries		**–**	4,589
- Receivables		**365**	150
Depreciation of property, plant and equipment		**454**	413
Interest expenses		**3,751**	3,613
Staff costs - Share options to Directors		**132**	151
Write-off of investments in subsidiaries		**10,675**	–
Dividend income		**(32,480)**	(31,138)
Gain on disposal of quoted investment		**(311)**	–
Gain on foreign exchange – Unrealised		**(12)**	(13)
Gain from disposal of property, plant and equipment		**(105)**	(3)
Interest income		**(106)**	(53)
Write-back of:-			
- amounts owing by subsidiaries previously written off		**(10,781)**	–
- impairment loss of amount owing by a subsidiary		**(290)**	–
Operating Loss Before Working Capital Changes		**(2,822)**	(2,236)
Increase in receivables		**(11,600)**	(6,604)
Increase in payables		**62**	3,085
Cash For Operations		**(14,360)**	(5,755)
Income tax paid		**(232)**	(371)
Net Cash For Operating Activities		**(14,592)**	(6,126)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**106**	53
Dividend received		**62,109**	1,138
Acquisition of additional interest in a subsidiary from non-controlling interests		**(2,060)**	–
Repayment from related companies		**–**	4
(Advances to)/Repayment from subsidiaries		**(274)**	11,012
Purchase of property, plant and equipment	36	**(486)**	(125)
Purchase of quoted shares		**–**	(6,623)
Proceeds from disposal of property, plant and equipment		**105**	3
Proceeds from disposal of quoted shares		**2,060**	–
Net Cash From Investing Activities		**61,560**	5,462

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

Statements of Cash Flows (cont'd)

for the Financial Year Ended 31 December 2012

COMPANY	Note	2012 RM'000	2011 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Interest paid		**(3,751)**	(3,613)
Dividends paid		**(17,616)**	(14,490)
(Repayment to)/Advances from subsidiaries		**(9,222)**	30,342
Proceeds from issuance of shares pursuant to ESOS		**285**	–
Purchase of treasury shares		**(4,829)**	(3,789)
Net repayment of short-term borrowings		**(6,500)**	–
Net Cash (For)/From Financing Activities		**(41,633)**	8,450
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**–**	13
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,335**	7,799
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**(2,263)**	(10,062)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	38	**3,072**	(2,263)

The accompanying Notes on pages 50 to 120 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a public company limited by shares, incorporated under the Malaysian Companies Act 1965 and domiciled in Malaysia, and 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 13 March 2013.

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 41 and 14 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 requirements of 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 124 (Revised) Related Party Disclosures

Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Amendments to FRS 7: Disclosures – Transfers of Financial Assets

Amendments to FRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

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, except as follows:-

(i) FRS 124 (Revised) simplifies the definition of a related party and introduces a partial exemption from the disclosure requirements for government-related entities. The application of this revised standard has resulted in the identification of related parties that were not identified as related parties under the previous standard. Specifically, associates of the holding company are treated as related parties of the Company under the revised standard whilst such entities were not treated as related parties under the previous standard. The adoption of FRS 124 has no impact on the financial statements of the Group upon its initial application.

3. BASIS OF PREPARATION (cont'd)

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

(ii) 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 adoption of FRS 112 is expected to have no impact on the financial statements of the Group upon their initial application.

(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 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): Government Loans	1 January 2013
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 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to FRSs 2009 – 2011 Cycle	1 January 2013

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

FRS 9 & Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures

FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. The effective date of this standard has been deferred from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments.

FRS 10 & Amendments to FRS 10: Transition Guidance

FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 112. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control.

FRS 11 & Amendments to FRS 11: Transition Guidance

FRS 11 replaces FRS 131 and introduces new accounting requirements for joint arrangements. FRS 11 eliminates jointly controlled assets and only differentiates between joint operations and joint ventures, depending on the rights and obligations of the parties to the arrangements. In addition, the option to apply the proportional consolidation method when accounting for jointly controlled entities is removed.

Notes to the Financial Statements (cont'd)

3. BASIS OF PREPARATION (cont'd)

FRS 12 & Amendments to FRS 12: Transition Guidance

FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

FRS 13

FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

FRS 119 (Revised)

FRS 119 (Revised) changes the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of FRS 119 and accelerate the recognition of past service costs. The amendments also require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendments to FRS 10, FRS 12 & FRS 127: Investment Entities

The amendments to FRS 10, FRS 12 and FRS 127 require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. There will be no financial impact on the financial statements of the Group upon its initial application.

Amendments to FRS 101

The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities.

Notes to the Financial Statements (cont'd)

3. BASIS OF PREPARATION (cont'd)

Annual Improvements to FRSs 2009 – 2012 Cycle

The Annual Improvements to FRSs 2009 – 2012 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

(c) On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards.

The MFRSs are 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 that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities").

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to defer the adoption of the MFRSs to annual periods beginning on or after 1 January 2014 after which the MFRSs will become mandatory. The Group/Company falls within the definition of Transitioning Entities and has opted to prepare its first MFRSs financial statements for the financial year ending 31 December 2014.

In representing its first MFRSs financial statements, the Group will quantify the financial effects of the differences between the current FRSs and MFRSs. 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 the ongoing assessment by the management. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ending 31 December 2014.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2012.

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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Consolidation (cont'd)

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 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) 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.

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.

(c) 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.

(i) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- *Held-to-maturity Investments*

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

- *Loans and Receivables Financial Assets*

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

- *Available-for-sale Financial Assets*

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

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

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

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

(ii) 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.

(iii) Equity Instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Financial Instruments (cont'd)

(iv) 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.

(d) Functional and Foreign Currencies

(i) 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.

(ii) 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.

(iii) 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:-

	2012 **RM**	2011 RM
1 Chinese Renminbi	**0.491**	0.503
1 United States Dollar	**3.058**	3.168
1 Singapore Dollar	**2.503**	2.437
1 Hong Kong Dollar	**0.395**	0.408

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Impairment

(i) 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.

(ii) Impairment of Non-Financial Assets

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

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

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

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

(i) Freehold Land and Leasehold Quarry Land

Freehold land is not depreciated.

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 25 to 99 years.

(ii) 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 lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss in the year the asset is derecognised. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Capitalisation of Borrowing Costs

(i) 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.

(ii) 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.

(h) 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.

(i) Subsidiaries

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.

(j) 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 2012. 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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) 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.

(l) 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.

(m) Land Held for Property Development and Property Development

(i) 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, if any. 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.

(ii) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) 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.

(o) 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.

(p) Provisions

(i) 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.

(ii) 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.

(q) 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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue and Other Income 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:-

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

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

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

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

(v) 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.

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

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

(s) 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.

Notes to the Financial Statements (cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee Benefits

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(u) 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:-

(i) 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.

(ii) Income Taxes

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Significant Accounting Estimates and Judgements (cont'd)

(iii) 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.

(iv) Write-down of Inventories

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

(v) 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.

(vi) 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.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Significant Accounting Estimates and Judgements (cont'd)

(viii) 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.

(ix) 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.

(x) 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.

(xi) 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.

(v) 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-
- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

(x) Government Grants

Grants from the government are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss over the periods necessary to match the grants with the related costs which they are intended to compensate on a systematic basis.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the expected useful life of the relevant asset on a systematic basis.

5. REVENUE

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Sale of electricity and steam	**484,647**	453,578	**–**	–
Sale of goods	**116,198**	111,405	**–**	–
Sale of properties	**29,196**	40,530	**–**	–
Dividend income	**298**	1,294	**32,480**	31,138
Interest income	**225**	9	**106**	53
Rental income	**4,740**	3,692	**–**	–
Management fee	**–**	–	**2,250**	1,482
	635,304	610,508	**34,836**	32,673

Notes to the Financial Statements (cont'd)

6. PROFIT FROM OPERATIONS

This is arrived at:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
After crediting:				
Fair value adjustment on investment properties	**12,956**	18,154	–	–
Gain on disposal of:				
- Property, plant and equipment	**136**	58	**105**	3
- Quoted investments	**–**	19,111	**311**	–
Gain on foreign exchange:				
- Realised	**278**	525	**67**	20
- Unrealised	**1,904**	3,365	**12**	13
Gross dividends:				
- Subsidiaries	**–**	–	**32,357**	31,138
- Associate	**–**	–	**123**	–
- Others	**1,495**	2,383	**–**	–
Interest income	**1,985**	4,412	**106**	53
Rental income:				
- Investment properties	**4,689**	3,632	**–**	–
- Others	**1,485**	1,343	**–**	–
Reversal of:				
- Provisions no longer required	**3**	336	**–**	–
Share of results of an associate	**116**	846	**–**	–
Write-back of:				
- Amounts owing by subsidiaries previously written off	**–**	–	**10,781**	–
- Impairment loss on amount owing by a subsidiary	**–**	–	**290**	–
- Impairment losses on receivables	**41**	3,615	**–**	–
After charging:				
Allowance for impairment losses:				
- Amount owing by subsidiaries	**–**	–	**–**	2,342
- Investment in subsidiaries	**–**	–	**–**	4,589
- Investment in quoted shares	**8,538**	18,503	**–**	–
- Receivables	**2,788**	936	**365**	150
Amortisation of land use rights	**175**	169	**–**	–
Auditors' remuneration:				
- For the financial year	**310**	331	**43**	43
- (Over)/Underprovision in the previous financial year	**(5)**	62	–	13
- Others	**11**	15	**11**	10

Notes to the Financial Statements (cont'd)

6. PROFIT FROM OPERATIONS (cont'd)

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
After charging:				
Bad debts written off	**19**	–	**–**	–
Depreciation of property, plant and equipment	**29,086**	26,865	**454**	413
Direct operating expenses arising from investment properties	**2,356**	2,268	**–**	–
Directors' remuneration:				
- Fees	**325**	358	**325**	338
- Share options to Directors	**132**	151	**132**	151
- Other emoluments	**774**	653	**774**	648
Inventories written down	**681**	990	**–**	–
Loss on disposal of:-				
- Property, plant and equipment	**910**	3,727	**–**	–
- Quoted investments	**1,755**	–	**–**	–
Loss on foreign exchange:				
- Realised	**1,193**	863	**–**	–
- Unrealised	**53**	94	**–**	–
Provision for retirement benefits	**24**	31	**–**	–
Rental of:				
- Access road	**8**	26	**–**	–
- Land and buildings	**606**	565	**158**	146
- Motor vehicle	**–**	280	**–**	–
- Plant and machinery	**425**	241	**–**	–
Staff costs:				
- Defined contribution plan	**2,653**	2,367	**207**	187
- Salaries, wages, bonuses and allowances	**22,245**	21,999	**1,714**	1,757
- Other benefits	**1,502**	1,428	**14**	74
Write-off of:				
- Amount owing by subsidiaries	**–**	–	**466**	–
- Inventories	**–**	10	**–**	–
- Investment in subsidiaries	**–**	–	**10,675**	–
- Property, plant and equipment	**161**	16	**–**	–
- Receivables	**29**	126	**–**	–

There was no monetary value of benefits-in-kind received by Directors during the financial year (2011 : RM1,060) for the Group and the Company.

7. FINANCE COSTS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Interest on:				
- Bank overdrafts	**200**	488	**154**	397
- Revolving credits	**2,190**	2,452	**1,427**	1,622
- Term loans	**1,380**	2,225	**–**	–
- Others	**665**	349	**2,170**	1,594
	4,435	5,514	**3,751**	3,613

8. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Current tax:				
- Malaysian taxation	**11,622**	10,749	**–**	308
- Foreign taxation	**25,845**	19,010	**–**	–
- (Over)/Underprovision in previous financial years	**(357)**	1,096	**–**	–
	37,110	30,855	**–**	308
Deferred tax (Note 30):				
- Relating to originating and recognition of temporary differences	**(1,205)**	468	**–**	–
- Overprovision in previous financial years	**(465)**	(2,539)	**–**	–
	(1,670)	(2,071)	**–**	–
	35,440	28,784	**–**	308

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 profit or loss and other comprehensive income as follows:

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Profit before tax	**129,102**	141,352	**25,886**	17,713
Tax at Malaysian statutory rate of 25% (2011 : 25%)	**32,276**	35,338	**6,471**	4,428
Tax effects of:				
- Effect of lower tax rate in:				
- China	**–**	(792)	**–**	–
- Malaysia	**(84)**	(57)	**–**	–
- Income not subject to tax	**(4,606)**	(12,076)	**(10,780)**	(7,415)
- Expenses not deductible	**6,142**	8,323	**4,506**	3,295
- Deferred tax assets not recognised during the financial year	**192**	31	**–**	–
- Utilisation of previously unrecognised:				
- deferred tax assets	**(345)**	(666)	**(197)**	–
- reinvestment allowances	**(893)**	(2,135)	**–**	–
- (Over)/Underprovision in previous financial years:				
- current tax	**(357)**	1,096	**–**	–
- deferred tax	**(465)**	(2,539)	**–**	–
- Withholding tax	**3,701**	2,353	**–**	–
- Others	**(121)**	(92)	**–**	–
Income tax expense	**35,440**	28,784	**–**	308

Notes to the Financial Statements (cont'd)

8. INCOME TAX EXPENSE (cont'd)

Tax saving during the financial year arising from:-

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Utilisation of tax losses:				
- current year	**623**	804	**–**	–
- previously not recognised	**2,688**	2,382	**865**	–
Utilisation of capital allowances:				
- current year	**4,612**	8,958	**118**	–
- previously not recognised	**82**	142	**55**	–
Utilisation of reinvestment allowances:				
- previously not recognised	**3,568**	8,162	**–**	–
Utilisation of industrial building allowances:				
- previously not recognised	**10**	–	**–**	–

No deferred tax assets are recognised in respect of the following items:-

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Unutilised tax losses	**4,033**	5,375	**37**	902
Unabsorbed capital allowances	**479**	557	**–**	55
Provision	**2,442**	2,500	**–**	–
Accelerated capital allowances	**535**	(332)	**(37)**	(171)
	7,489	8,100	**–**	786

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 2012, 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 RM720,000 (2011: RM2,508,000) available to be carried forward to be offset against future taxable income.

Notes to the Financial Statements (cont'd)

9. OTHER COMPREHENSIVE INCOME

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Fair value changes of available-for-sale financial assets:				
- Changes during the financial year	**3,347**	(21,776)	**520**	816
- Reclassification adjustment to profit or loss upon disposal	**(5,796)**	(17,553)	**(125)**	–
- Transfer to profit or loss for an impairment loss	**8,538**	18,503	**–**	–
	6,089	(20,826)	**395**	816
Foreign currency translation:				
- Changes during the financial year	**(4,507)**	12,421	**–**	–
	1,582	(8,405)	**395**	816

10. EARNINGS PER SHARE

	GROUP	
	2012 RM'000	2011 RM'000
Basic earnings per share		
Profit for the financial year attributable to owners of the Company	**57,927**	75,090
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares at 1 January	**242,205**	242,205
Effect of new ordinary shares issued	**72**	–
Effect of treasury shares held	**(17,866)**	(14,884)
Weighted average number of ordinary shares at 31 December	**224,411**	227,321
Basic earnings per share (sen)	**25.81**	33.03
Diluted earnings per share		
Profit for the financial year attributable to owners of the Company #	**57,927**	75,090
Weighted average number of ordinary shares at 31 December ('000)	**224,411**	227,321
Weighted average number of shares under option ('000)	**3,210**	2,800
Weighted average number of shares that would have been issued at average market price ('000) #	**(2,873)**	(2,561)
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	**224,748**	227,560
Diluted earnings per share (sen)	**25.77**	33.00

Notes to the Financial Statements (cont'd)

10. EARNINGS PER SHARE (cont'd)

Earnings have not increased because the total number of shares has increased only by the number of shares of 337,000 (2011 : 239,000) 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. DIVIDENDS

A final dividend comprising 4.6 sen less income tax of 25%, and 1.4 sen tax-exempt, per ordinary share of RM1.00 each, amounting to RM10,891,766 for the financial year ended 31 December 2011 was approved by the shareholders and paid on 17 July 2012.

An interim dividend of 3.0 sen tax-exempt amounting to RM6,724,485 for the financial year ended 31 December 2012 (2011 : interim dividend of 3.0 sen less income tax of 25%) was paid on 10 October 2012.

The Board proposes a final tax-exempt dividend of 4.1 sen per share for the financial year ended 31 December 2012 (2011 : 4.6 sen less income tax of 25% and 1.4 sen tax-exempt). 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.

12. PROPERTY, PLANT AND EQUIPMENT

GROUP 2012	AT COST Beginning of year RM'000	Acquisition of Subsidiaries 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	72,247	3,558	7,055	(5)	425	(1,206)	82,074
Long leasehold land	2,881	1,446	–	–	–	–	4,327
Short leasehold quarry land	11,668	20,221	–	–	–	–	31,889
Plant and machinery, equipment, vehicles and construction -in-progress	394,965	3,626	15,993	(8,854)	(425)	(4,281)	401,024
Total	481,761	28,851	23,048	(8,859)	–	(5,487)	519,314

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP 2012	ACCUMULATED DEPRECIATION						
	Beginning of year RM'000	Acquisition of Subsidiaries 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	28,488	16	2,821	(1)	–	(549)	30,775
Long leasehold land	960	–	43	–	–	–	1,003
Short leasehold quarry land	6,551	47	932	–	–	–	7,530
Plant and machinery, equipment, vehicles and construction -in-progress	212,062	3,447	25,290	(7,278)	–	(1,990)	231,531
Total	248,061	3,510	29,086	(7,279)	–	(2,539)	270,839

GROUP 2012	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 RM'000
Freehold land and buildings	–	–	–	51,299	43,759
Long leasehold land	–	–	–	3,324	1,921
Short leasehold quarry land	224	–	224	24,135	4,893
Plant and machinery, equipment, vehicles and construction -in-progress	–	–	–	169,493	182,903
Total	224	–	224	248,251	233,476

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

Notes to the Financial Statements (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

COMPANY	AT COST Beginning of year RM'000	Additions RM'000	Disposal /Write-off RM'000	End of year RM'000	ACCUMULATED DEPRECIATION Beginning of year RM'000	Charge for the year RM'000	Disposal /Write-off RM'000	End of year RM'000	NET BOOK VALUE End of year RM'000	Beginning of year RM'000
2012										
Equipment and vehicles	3,071	486	(673)	2,884	1,948	454	(673)	1,729	1,155	1,123
2011										
Equipment and vehicles	2,965	125	(19)	3,071	1,554	413	(19)	1,948	1,123	1,411

Notes to the Financial Statements (cont'd)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Plant and machinery, equipment, vehicles and construction-in-progress of the Group include power plant with a carrying value of RM117,213,000 (2011 : RM122,543,000) and power plant construction-in-progress with a carrying value of RM2,052,000 (2011 : RM7,589,000).

Property, plant and equipment of certain subsidiaries with a total carrying value of RM34,391,000 (2011 : RM60,077,000) have been charged as security for banking facilities granted to those subsidiaries.

Property, plant and equipment of a subsidiary with a total carrying value of RM305,000 (2011 : RM163,000) were acquired under hire purchase arrangements.

13. SUBSIDIARIES

	COMPANY	
	2012	2011
	RM'000	RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	**366,809**	366,809
- Additions ^	**10,675**	–
- Transferred from quoted shares	**27,241**	–
- Write-off	**(10,675)**	–
- At end of financial year	**394,050**	366,809
Less : Accumulated impairment losses		
- At beginning of financial year	**(284,715)**	(280,126)
- Additions	**–**	(4,589)
- At end of financial year	**(284,715)**	(284,715)
	109,335	82,094
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	**109,335**	82,094
Quoted shares in Malaysia, at cost		
At beginning of financial year	**25,181**	25,181
Additions	**2,060**	–
Transferred to unquoted shares	**(27,241)**	–
	–	25,181
Total	**109,335**	107,275
Market value of quoted shares in Malaysia	**–**	29,272

^ The additions are by capitalisation of the amount owing by subsidiaries during the financial year.

Notes to the Financial Statements (cont'd)

13. SUBSIDIARIES (cont'd)

The subsidiaries are listed in Note 41 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.

As disclosed in Note 41 to the financial statements, the Company and certain of its subsidiaries acquired the remaining shareholdings of Rock Chemical Industries (Malaysia) Berhad which had led to the transfer of investment in quoted shares to investment in unquoted shares. Part of the investments of the Group and of the Company with carrying values of RM43,498,000 (2011 : RM43,498,000) and RM24,597,000 (2011 : RM24,597,000) respectively are pledged to a licensed bank as security for a revolving credit facility granted to a subsidiary.

14. ASSOCIATE

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Quoted shares in Malaysia, at cost	**43,396**	43,281	**19,055**	19,055
Share of post-acquisition profits	**1,144**	1,028	**–**	–
Share of dividend received	**(303)**	–	**–**	–
	841	1,028	**–**	–
	44,237	44,309	**19,055**	19,055
Market value of quoted shares in Malaysia	**18,700**	29,395	**7,990**	12,753

(a) Share of results in an associate is based on the unaudited financial statements of the associate.

(b) The details of the associate are as follows:-

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
Jadi Imaging Holdings Berhad	Manufacturing and sale of toner	Malaysia	**21.61**	21.50

14. ASSOCIATE (cont'd)

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

	GROUP	
	2012	2011
	RM'000	RM'000
Assets and liabilities		
Non-current assets	**100,077**	101,814
Current assets	**58,494**	51,888
Total assets	**158,571**	153,702
Non-current liabilities	**10,824**	9,102
Current liabilities	**27,280**	21,948
Total liabilities	**38,104**	31,050
Results		
Revenue	**77,679**	86,679
Profit for the financial year	**33**	4,081

No impairment was recognised as the directors are of the view that the anticipated recoverable amount of the associate would not be lower than the carrying amount.

15. INVESTMENT IN QUOTED SHARES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Carrying value				
- Quoted in Malaysia	**43,135**	42,110	**–**	–
- Quoted outside Malaysia	**27,731**	42,788	**6,085**	7,439
	70,866	84,898	**6,085**	7,439
Market value				
- Quoted in Malaysia	**43,135**	42,110	**–**	–
- Quoted outside Malaysia	**27,731**	42,788	**6,085**	7,439
	70,866	84,898	**6,085**	7,439

Investments in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

Notes to the Financial Statements (cont'd)

16. INVESTMENT IN UNQUOTED SHARES

	GROUP	
	2012	2011
	RM'000	RM'000
Unquoted shares in Malaysia, at cost		
- At beginning of financial year	**5,271**	3,396
- Addition	**–**	1,875
- At end of financial year	**5,271**	5,271
Less : Accumulated impairment losses at beginning/ end of financial year	**(3,061)**	(3,061)
	2,210	2,210

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

17. LAND USE RIGHTS

Land use rights in previous financial years were pledged as security for banking facilities granted to a subsidiary.

18. INVESTMENT PROPERTIES

	GROUP	
	2012	2011
	RM'000	RM'000
Leasehold land and building, at fair value		
- At beginning of financial year	**106,439**	84,408
- Addition	**–**	3,877
- Fair value adjustment	**12,956**	18,154
- Transferred from land held for property development, net of tax (Note 19)	**1,968**	–
- At end of financial year	**121,363**	106,439

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.

19. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP 2012 RM'000	2011 RM'000
At beginning 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
Addition:		
- Development expenditure	**426**	1,776
Transfer to property development costs (Note 22):		
- Freehold land	**–**	(278)
- Development expenditure	**(3,241)**	(4,225)
- Allowance for foreseeable losses	**2,000**	–
	(1,241)	(4,503)
Transferred to investment properties (Note 18)	**(1,968)**	–
Transferred to deferred taxation (Note 30)	**(765)**	–
Transferred to inventories	**(2,855)**	–
At end of financial year:		
- Freehold land	**3,828**	3,828
- Leasehold land	**291**	291
- Development expenditure	**44,597**	53,000
- Allowance for foreseeable losses	**(500)**	(2,500)
	48,216	54,619

In the previous financial year, certain parcels of property of a subsidiary with a total cost of approximately RM1,502,000 were pledged as security for its bank overdraft and bank guarantee facilities. The bank overdraft bore interest at 1.5% per annum above the banker's base lending rate.

20. GOODWILL ON CONSOLIDATION

	GROUP 2012 RM'000	2011 RM'000
Goodwill	**13,802**	13,802
Less: Accumulated impairment losses	**(2,990)**	(2,990)
	10,812	10,812

Notes to the Financial Statements (cont'd)

20. GOODWILL ON CONSOLIDATION (cont'd)

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

	GROUP	
	2012	2011
	RM'000	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		Discount Rate	
	2012	2011	**2012**	2011
Property	**–**	3%	**7%**	8%
Resources	**22%**	1%	**7%**	9%
Printing	**7%**	12%	**7%**	6%

21. INVENTORIES

	GROUP	
	2012	2011
	RM'000	RM'000
At cost:		
- Finished goods and work-in-progress	**3,422**	2,797
- Raw materials and consumables	**32,918**	37,387
- Completed properties for sale	**29,403**	18,868
	65,743	59,052
At net realisable value:		
- Raw materials and consumables	**879**	897
- Completed properties for sale	**2,820**	2,820
	3,699	3,717
	69,442	62,769

A third party first legal charge is applied to a landed property of a subsidiary (completed properties for sale) with a carrying value of approximately RM475,000 (2011 : RM475,000) for a bank guarantee facility granted by a local bank to another subsidiary of the Company.

22. PROPERTY DEVELOPMENT

	GROUP 2012 RM'000	GROUP 2011 RM'000
Cumulative costs at beginning of financial year:		
- Freehold land	**278**	–
- Leasehold land	**5,573**	6,258
- Development costs	**72,912**	74,535
	78,763	80,793
Additional costs incurred:		
- Development costs	**4,892**	16,233
Transferred from land held for property development (Note 19):		
- Freehold land	**–**	278
- Development costs	**1,241**	4,225
	1,241	4,503
Less : Costs for completed projects:		
- Freehold land	**(278)**	–
- Leasehold land	**(3,898)**	(685)
- Development costs	**(63,811)**	(22,081)
	(67,987)	(22,766)
Cumulative costs at end of financial year:		
- Freehold land	**–**	278
- Leasehold land	**1,675**	5,573
- Development costs	**15,234**	72,912
	16,909	78,763
Costs recognised in profit or loss:		
Cumulative costs recognised at beginning of financial year	**(59,161)**	(50,654)
Costs recognised during the financial year	**(8,494)**	(24,952)
Costs recognised for completed projects	**58,296**	16,445
Cumulative costs recognised at end of financial year	**(9,359)**	(59,161)
Property development costs at end of financial year	**7,550**	19,602
Cumulative revenue recognised in statements of profit or loss and other comprehensive income	**15,819**	87,872
Less : Cumulative billings to purchasers	**(14,211)**	(82,978)
Progress billings recognised as revenue but not yet raised	**1,608**	4,894
Net balance at end of financial year	**9,158**	24,496

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.

Notes to the Financial Statements (cont'd)

23. RECEIVABLES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**93,961**	102,099	**–**	-
Accrued billings	**3,808**	–	**–**	-
Retention sum	**1,711**	1,097	**–**	-
	99,480	103,196	**–**	-
Less : Allowance for impairment losses				
- At beginning of financial year	**(13,299)**	(16,203)	**–**	-
- Addition	**(177)**	(786)	**–**	-
- Write-back	**41**	3,615	**–**	-
- Write-off	**29**	75	**–**	-
- At end of financial year	**(13,406)**	(13,299)	**–**	-
	86,074	89,897	**–**	-
Other receivables				
Sundry receivables	**15,033**	20,802	**3,603**	2,860
Less : Allowance for impairment losses				
- At beginning of financial year	**(4,505)**	(4,355)	**(250)**	(100)
- Addition	**(2,611)**	(150)	**(365)**	(150)
- At end of financial year	**(7,116)**	(4,505)	**(615)**	(250)
	7,917	16,297	**2,988**	2,610
Advances for Don Sahong Project	**27,824**	23,941	**27,824**	23,941
Advances for Plantation Project and long-term lease land in Cambodia	**6,972**	–	**6,972**	–
Refundable deposits	**2,421**	1,649	**172**	172
Prepaid expenses	**3,846**	2,808	**44**	42
Tax recoverable	**6,529**	4,594	**3,078**	2,846
Progress payments to contractors	**883**	2,260	**–**	–
	48,475	35,252	**38,090**	27,001
Amount owing by subsidiaries	**–**	–	**220,316**	250,031
Less : Allowance for impairment losses				
- At beginning of financial year	**–**	–	**(21,125)**	(18,783)
- Addition	**–**	–	**–**	(2,342)
- Write-back	**–**	–	**290**	–
- Write-off	**–**	–	**466**	–
- At end of financial year	**–**	–	**(20,369)**	(21,125)
	–	–	**199,947**	228,906
	142,466	141,446	**241,025**	258,517

Notes to the Financial Statements (cont'd)

23. RECEIVABLES (cont'd)

Trade receivables of the Group represent amounts receivable for the sale of goods and services rendered less discounts and returns, sale of electricity and steam, and progress billings for property development. The credit periods granted for trade receivables range from 21 to 120 days (2011 : 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.

24. BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed financial institutions	**22,795**	72,668	**–**	–
Cash and bank balances	**88,211**	67,148	**3,072**	578
Housing Development Accounts	**15,102**	19,393	**–**	–
	126,108	159,209	**3,072**	578

The fixed deposits with licensed financial institutions of the Group and of the Company earn interest at rates ranging from 0.05% to 3.05% (2011 : 0.20% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 1 to 365 days (2011 : 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.

Included in bank balances and deposits of the Group is an amount of RM52,141,000 (2011 : RM86,267,000) held in Chinese Renminbi ("RMB"). The RMB is not freely convertible to other foreign currencies. Under The People's Republic of China's ("PRC") Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

25. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	COMPANY			
	Number of Shares		Amount	
	2012	2011	**2012**	2011
	'000	'000	**RM'000**	RM'000
Authorised				
Ordinary 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 1 January	**242,205**	242,205	**242,205**	242,205
New shares issued under the employees' share option scheme	**190**	–	**190**	–
At 31 December	**242,395**	242,205	**242,395**	242,205

Notes to the Financial Statements (cont'd)

25. SHARE CAPITAL (cont'd)

(a) During the financial year, the Company increased its issued and paid-up ordinary shares from RM242,205,000 to RM242,395,000 by the issuance of 190,000 ordinary shares at the issue price of RM1.50 each.

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

(b) On 29 June 2012, the Company granted 600,000 share options under the Employees' Share Option Scheme to eligible Directors of the Company with the exercise price of RM1.52 per share.

(c) As at 31 December 2012, options over 3,210,000 (2011 : 2,800,000) unissued ordinary shares remained outstanding.

(d) Of the total 242,395,000 (2011 : 242,205,000) issued and fully paid-up ordinary shares of RM1.00 each as at 31 December 2012, 18,942,300 (2011 : 16,086,200) ordinary shares were held as treasury shares by the Company.

26. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2012	2011	**2012**	2011
	'000	'000	**RM'000**	RM'000
At beginning of financial year	**16,086**	13,728	**22,316**	18,527
Purchase of shares	**2,856**	2,358	**4,829**	3,789
At end of financial year	**18,942**	16,086	**27,145**	22,316

During the financial year, the Company purchased 2,856,100 of its issued ordinary shares of RM1.00 each from the open market at an average price of approximately RM1.69 per share for a total consideration of RM4,829,553. 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	1,121,400	1.64	1.75	1.71	1,914,214
February	173,100	1.69	1.76	1.75	302,449
March	301,800	1.66	1.71	1.70	512,719
April	–	–	–	–	–
May	–	–	–	–	–
June	–	–	–	–	–
July	195,000	1.66	1.73	1.71	333,710
August	251,000	1.67	1.71	1.70	427,317
September	258,900	1.62	1.69	1.67	432,327
October	146,400	1.61	1.65	1.65	241,088
November	267,500	1.59	1.65	1.64	438,279
December	141,000	1.58	1.63	1.61	227,450
Total	2,856,100				4,829,553

Notes to the Financial Statements (cont'd)

27. RESERVES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable reserves				
Share premium	**33,475**	33,380	**33,475**	33,380
Employees' share option reserve	**774**	642	**774**	642
Translation reserve	**13,572**	16,500	**–**	–
Fair value reserve	**12,539**	6,489	**7,972**	7,577
Capital reserve	**15,090**	1,619	**–**	–
	75,450	58,630	**42,221**	41,599
Distributable reserves				
Retained profits	**320,038**	279,444	**23,154**	14,884
	395,488	338,074	**65,375**	56,483

(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) Employees' share option reserve

The employees' 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 Employees' 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) employees' 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;

Notes to the Financial Statements (cont'd)

27. RESERVES (cont'd)

(b) Employees' share option reserve (cont'd)

The main features of the ESOS are as follows:- (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:-

Grant date	Exercise price RM	Outstanding as at 1.1.2012 '000	Movements during the financial year Granted '000	Movements during the financial year Exercised '000	Movements during the financial year Lapsed '000	Outstanding as at 31.12.2012 '000
24.8.2010	1.50	2,800	–	(190)	–	2,610
29.6.2012	1.52	–	600	–	–	600
		2,800	600	(190)	–	3,210

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

The fair values of the share options granted were estimated using the Black-Scholes 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	
Grant date	24.8.2010	29.6.2012
Fair value of share options at the grant date (RM)	1.70	1.65
Weighted average share price (RM)	1.67	1.54
Exercise price (RM)	1.50	1.52
Expected volatility (%)	20.54	16.20
Expected life (years)	5	5
Risk free rate (%)	3.87	3.55
Expected dividend yield (%)	4.41	5.45

(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.

27. RESERVES (cont'd)

(e) Capital reserve

The capital reserve mainly represents amounts transferred from profit after taxation of the subsidiaries incorporated in 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.

28. PAYABLES (NON-CURRENT)

	GROUP	
	2012	2011
	RM'000	RM'000
Hire purchase payables (non-current portion)	**120**	13
Provision	**673**	679
	793	692
The hire purchase is payable as follows:-		
Minimum hire purchase payments:		
- not later than one year	**150**	68
- later than one year and not later than five years	**123**	13
- later than five years	**–**	–
	273	81
Less: Future finance charges	**(15)**	(3)
Present value of hire purchase payables	**258**	78
Current portion:		
- not later than one year (Note 31)	**138**	65
Non-current portion:		
- later than one year and not later than five years	**120**	13
	258	78

The hire purchase payables of the Group bear effective interest ranging from 6.03% to 6.30% (2011 : 5.46% to 8.80%) per annum.

Notes to the Financial Statements (cont'd)

29. LONG-TERM BORROWINGS

	GROUP	
	2012	2011
	RM'000	RM'000
Term loans	**27,739**	33,775
Less : Portion payable within 12 months (Note 32)	**(21,270)**	(25,003)
Non-current portion (secured)	**6,469**	8,772
The non-current portion is repayable as follows:-		
Between 1 – 2 years	**2,568**	2,379
Between 2 – 5 years	**2,775**	4,505
After 5 years	**1,126**	1,888
	6,469	8,772

Term Loans

The term loans of the Group bear interest at rates ranging from 5.35% to 6.16% (2011 : 2.66% to 8.26%) 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.

The repayment terms of long-term loans are as follows:-

Term loan 1	Repayable in 96 monthly instalments of RM45,371, effective from April 2008.
Term loan 2	Repayable in 96 monthly instalments of RM23,773, effective from April 2008.
Term loan 3	Repayable in 96 monthly instalments of RM94,545, effective from April 2008.
Term loan 4	Repayable in 180 monthly instalments of RM5,880, effective from February 2010.
Term loan 5	Repayable in 180 monthly instalments of RM11,441, effective from February 2010.
Term loan 6	Repayable in 66 monthly instalments of RM13,887, effective from November 2009.
Term loan 7	Repayable in 96 monthly instalments of RM8,226, effective from January 2008.
Term loan 8	Repayable in 180 monthly instalments, RM3,811 for first 12 months, RM4,196 for second 12 months, RM4,444 for third 12 months and thereafter RM4,624 per month, effective from January 2006.
Term loan 9	Repayable in 180 monthly instalments, RM4,043 for first 12 months, RM4,451 for second 12 months, RM4,715 for third 12 months and thereafter RM4,866 per month, effective from January 2006.
Term loan 10	Repayable in 96 monthly instalments of RM13,535, effective from April 2011.

Notes to the Financial Statements (cont'd)

30. DEFERRED TAXATION

	GROUP	
	2012	2011
	RM'000	RM'000
At beginning of financial year	**20,422**	22,493
Acquisition of subsidiaries (Note 42)	**35**	–
Recognised in profit or loss (Note 8)	**(1,670)**	(2,071)
Reversal due to reclassification of assets (Note 19)	**(765)**	–
At end of financial year	**18,022**	20,422
The deferred taxation represents the tax effects of:		
- Temporary differences of capital allowances and depreciation	**13,961**	15,596
- Revaluation surplus	**4,258**	5,023
- Others	**(197)**	(197)
	18,022	20,422

31. PAYABLES (CURRENT)

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**21,311**	31,752	**–**	–
Other payables and accruals				
Accrued expenses	**13,667**	19,311	**1,000**	1,100
Hire purchase payables due within 12 months (Note 28)	**138**	65	**–**	–
Sundry payables	**16,834**	13,007	**6,115**	5,965
Amount owing to subsidiaries	**–**	–	**88,487**	97,709
	30,639	32,383	**95,602**	104,774
	51,950	64,135	**95,602**	104,774

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 (2011 : 30 to 120 days).

Included in sundry payables is a total of RM5,986,485 (2011 : RM5,986,485) Feasibility Study Grant received from Malaysia External Trade Development Corporation for the Company's power project. This was approved with reimbursement of actual expenses and there are no unfulfilled conditions or contingencies relating to this grant.

Included in the amount owing to subsidiaries is a total (principal) of RM56,662,000 (2011 : RM42,600,000) which is non-trade in nature, unsecured, bears interest at an interest rate of 3.70% (2011 : 3.40% to 3.50%) per annum and is repayable on demand. The total amount owing is to be settled in cash.

Notes to the Financial Statements (cont'd)

32. SHORT-TERM BORROWINGS

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Bank overdrafts (Note 38)				
- secured	**400**	224	**–**	–
- unsecured	**–**	2,841	**–**	2,841
	400	3,065	**–**	2,841
Trust receipts				
- secured	**2,573**	2,256	**–**	–
Revolving credits				
- secured	**34,500**	38,500	**–**	–
- unsecured	**3,500**	10,000	**3,500**	10,000
	38,000	48,500	**3,500**	10,000
Term loans (Note 29)				
- secured	**2,472**	14,935	**–**	–
- unsecured	**18,798**	10,068	**–**	–
	21,270	25,003	**–**	–
	62,243	78,824	**3,500**	12,841

The interest rates of the short-term borrowing are as follows:-

(a) The bank overdrafts of the Group and of the Company bear interest at rate of 1.00% (2011 : 0.50% to 1.75%) per annum above the bankers' base lending rate.

(b) The trust receipts of the Group bear interest at rates ranging from 2.04% to 5.15% (2011 : 3.41% to 5.70%).

(c) The revolving credits of the Group and of the Company bear interest at rates ranging from 0.80% to 1.50% (2011 : 1.00% to 1.50%) per annum above the bankers' cost of funds.

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

Notes to the Financial Statements (cont'd)

33. NET ASSETS PER ORDINARY SHARE

Net assets per ordinary share has been calculated based on the Group's shareholders' funds as of 31 December 2012 of RM610,738,000 (2011 : RM557,963,000) on 223,452,700 (2011 : 226,118,800) ordinary shares of RM1.00 each in issue (net of treasury shares).

34. CAPITAL COMMITMENTS

	GROUP	
	2012	2011
	RM'000	RM'000
Property, plant and equipment		
Authorised but not provided for:		
- Contracted	**7,222**	10,429
- Not contracted	**–**	2,697
	7,222	13,126

Included in capital commitments is a balance of fee for applying for economic concession rights over a long-term lease land in Cambodia amounting to approximately RM3,060,000.

35. OPERATING LEASE COMMITMENTS

LEASES AS LESSEE

A subsidiary of the Group leased a land under an operating lease. The lease period is 21 years with an option to renew after that date. The lease payments are constant throughout the lease period.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	GROUP	
	2012	2011
	RM'000	RM'000
Not more than one year	**20**	20
Later than one year and not later than five years	**80**	80
Later than five years	**20**	40
	120	140

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Cost of property, plant and equipment purchased	**23,048**	24,829	**486**	125
Amount financed through hire purchase	**(257)**	–	**–**	–
Cash disbursed for purchase of property, plant and equipment	**22,791**	24,829	**486**	125

Notes to the Financial Statements (cont'd)

37. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	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 ^	**1,411**	1,915	**–**	–
Claim by a third party against a subsidiary	*****	–	**–**	–
Corporate guarantees given to financial institutions for facilities extended to subsidiaries	**–**	–	**–**	2,500

^ The local authority in the State of Sabah has reduced the assessment from approximately RM2.3 million to RM2.1 million for the period from 1998 to 2012, of which RM445,000 has been agreed and paid during the financial year and accrual of RM293,000 had been made. The basis of assessment for the remaining balance of approximately RM1.4 million is disputed and therefore, no accrual has been made.

* A claim has been filed against a subsidiary by a third party in the Malacca High Court for breach of contract, relating to the sale and purchase of 40% of the undivided share of a piece of land in Melaka. The subsidiary has been ordered vide judgement made on 6 January 2005 to pay damages to the third party. This matter was fixed for assessment of damages and is now pending a decision as the damages claimed by the third party have yet to be proven at the hearing.

38. 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	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Bank balances and deposits (Note 24)	**126,108**	159,209	**3,072**	578
Bank overdrafts (Note 32)	**(400)**	(3,065)	**–**	(2,841)
	125,708	156,144	**3,072**	(2,263)

Notes to the Financial Statements (cont'd)

39. 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, United States Dollar, Singapore Dollar and Hong Kong 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 2012	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	43,135	–	–	7,883	19,848	–	70,866
Investment in unquoted shares	335	–	–	–	–	1,875	2,210
Receivables	81,416	46,890	2,812	960	–	13	132,091
Bank balances and deposits	65,142	52,141	7,873	443	209	300	126,108
	190,028	99,031	10,685	9,286	20,057	2,188	331,275
Financial liabilities							
Payables (non-current)	793	–	–	–	–	–	793
Long-term borrowings	6,469	–	–	–	–	–	6,469
Payables (current)	47,248	4,331	314	16	41	–	51,950
Short-term borrowings	43,445	18,798	–	–	–	–	62,243
	97,955	23,129	314	16	41	–	121,455
Net financial assets	92,073	75,902	10,371	9,270	20,016	2,188	209,820
Less: Net financial assets denominated in the respective entities' functional currencies	(92,073)	(49,072)	–	–	(106)	–	(141,251)
Currency exposure	–	26,830	10,371	9,270	19,910	2,188	68,569

Notes to the Financial Statements (cont'd)

39. 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 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
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

39. FINANCIAL INSTRUMENTS (cont'd)

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

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

COMPANY 2012	RINGGIT MALAYSIA RM'000	UNITED STATES DOLLAR RM'000	HONG KONG DOLLAR RM'000	OTHERS RM'000	TOTAL RM'000
Financial assets					
Investment in quoted shares	–	–	6,085	–	6,085
Receivables	237,903	–	–	–	237,903
Bank balances and deposits	502	2,459	103	8	3,072
	238,405	2,459	6,188	8	247,060
Financial liabilities					
Payables (current)	95,602	–	–	–	95,602
Short-term borrowings	3,500	–	–	–	3,500
	99,102	–	–	–	99,102
Net financial assets	139,303	2,459	6,188	8	147,958
Less: Net financial assets denominated in the entity's functional currency	(139,303)	–	–	–	(139,303)
Currency exposure	–	2,459	6,188	8	8,655

Notes to the Financial Statements (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

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

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

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 entity's functional currency	(138,542)	–	–	(138,542)
Currency exposure	–	7,439	50	7,489

39. FINANCIAL INSTRUMENTS (cont'd)

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

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign currency risk sensitivity analysis

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

	GROUP		COMPANY	
	2012 Increase/ (Decrease) RM'000	2011 Increase/ (Decrease) RM'000	**2012 Increase/ (Decrease) RM'000**	2011 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Chinese Renminbi:-				
- strengthened by 5%	**1,006**	1,954	**–**	–
- weakened by 5%	**(1,006)**	(1,954)	**–**	–
United States Dollar:-				
- strengthened by 5%	**389**	235	**92**	2
- weakened by 5%	**(389)**	(235)	**(92)**	(2)
Singapore Dollar:-				
- strengthened by 5%	**348**	264	**–**	–
- weakened by 5%	**(348)**	(264)	**–**	–
Hong Kong Dollar:-				
- strengthened by 5%	**747**	1,401	**232**	279
- weakened by 5%	**(747)**	(1,401)	**(232)**	(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.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Notes 28, 29 and 32 to the financial statements.

Notes to the Financial Statements (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

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

(i) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

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	
	2012 Increase/ (Decrease) RM'000	2011 Increase/ (Decrease) RM'000	**2012 Increase/ (Decrease) RM'000**	2011 Increase/ (Decrease) RM'000
Effects on profit after taxation and equity				
Increase of 25 basis points (bp)	**(86)**	(28)	**(7)**	(24)
Decrease of 25 bp	**86**	28	**7**	24

(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	
	2012 Increase/ (Decrease) RM'000	2011 Increase/ (Decrease) RM'000	**2012 Increase/ (Decrease) RM'000**	2011 Increase/ (Decrease) RM'000
Effects on profit after taxation				
Increase of 5%	**–**	–	**–**	–
Decrease of 5%	**–**	–	**–**	–
Effects on equity				
Increase of 5%	**3,543**	4,245	**304**	372
Decrease of 5%	**(3,543)**	(4,245)	**(304)**	(372)

Notes to the Financial Statements (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

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

(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 14% 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.

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

	GROUP		**COMPANY**	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Malaysia	**37,946**	40,926	**–**	–
China	**45,990**	45,557	**–**	–
Others	**2,138**	3,414	**–**	–
	86,074	89,897	**–**	–

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**
2012				
Not past due	69,801	–	–	69,801
Past due:				
- less than 3 months	10,271	–	–	10,271
- 3 to 6 months	3,918	–	–	3,918
- over 6 months	15,490	(13,406)	–	2,084
	99,480	(13,406)	–	86,074

Notes to the Financial Statements (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

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

(ii) Credit Risk (cont'd)

Ageing analysis (cont'd)

GROUP 2011	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
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

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.

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.

39. FINANCIAL INSTRUMENTS (cont'd)

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

(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
2012						
Payables:						
- Non-current	–	673	673	–	–	673
- Current	–	51,812	51,812	51,812	–	–
Hire purchase payables	6.03%-6.30%	258	273	150	123	–
Term loans	5.35%-6.16%	27,739	29,959	21,570	6,232	2,157
Bank overdrafts	7.60%	400	430	430	–	–
Trust receipts	2.04%-5.15%	2,573	2,608	2,608	–	–
Revolving credits	4.28%-4.48%	38,000	38,133	38,133	–	–
		121,455	123,888	114,703	6,355	2,830
2011						
Payables:						
- Non-current	–	679	679	–	–	679
- Current	–	64,070	64,070	64,070	–	–
Hire purchase payables	5.46% 8.80%	78	81	68	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	3.41%-5.70%	2,256	2,289	2,289	–	–
Revolving credits	4.47%-4.81%	48,500	48,689	48,689	–	–
		152,423	153,904	144,197	7,656	2,051

Notes to the Financial Statements (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

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

(iii) Liquidity Risk (cont'd)

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
2012						
Payables:						
- Current	-	95,602	95,602	95,602	–	–
Revolving credits	4.48%	3,500	3,513	3,513	–	–
		99,102	99,115	99,115	–	–
2011						
Payables:						
- Current	–	104,774	104,774	104,774	–	–
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	117,891	–	–

39. 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 is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

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

	GROUP	
	2012	2011
	RM'000	RM'000
Payables:		
- Non-current	**673**	679
- Current	**51,812**	64,070
Hire purchase payables	**258**	78
Term loans	**27,739**	33,775
Bank overdrafts	**400**	3,065
Trust receipts	**2,573**	2,256
Revolving credits	**38,000**	48,500
	121,455	152,423
Less: Bank balances and deposits	**(126,108)**	(159,209)
Net assets	**(4,653)**	(6,786)
Equity attributable to equity holders of the Company	**610,738**	557,963
Debt-to-equity ratio	**#**	#

\# - The debt-to-equity ratio of the Group as at the end of the reporting period is not presented as its bank balances and deposits 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.

Notes to the Financial Statements (cont'd)

39. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification Of Financial Instruments

	GROUP		COMPANY	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Financial assets				
Available-for-sale financial assets				
Investment in quoted shares, at fair value	**70,866**	84,898	**6,085**	7,439
Investment in unquoted shares, at cost	**2,210**	2,210	**–**	–
	73,076	87,108	**6,085**	7,439
Loans and receivables financial assets				
Receivables	**132,091**	134,044	**237,903**	255,629
Bank balances and deposits	**126,108**	159,209	**3,072**	578
	258,199	293,253	**240,975**	256,207
Financial liabilities				
Other financial liabilities				
Payables:				
- Non-current	**673**	679	**–**	–
- Current	**51,812**	64,070	**7,115**	7,065
Hire purchase payables	**258**	78	**–**	–
Term loans	**27,739**	33,775	**–**	–
Bank overdrafts	**400**	3,065	**–**	2,841
Trust receipts	**2,573**	2,256	**–**	–
Revolving credits	**38,000**	48,500	**3,500**	10,000
Amount owing to subsidiaries	**–**	–	**88,487**	97,709
	121,455	152,423	**99,102**	117,615

Notes to the Financial Statements (cont'd)

39. 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 closing bid 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.

Notes to the Financial Statements (cont'd)

40. OPERATING SEGMENTS

Operating 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 business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

Business segments	Description
Power	Build, own and operate power plants.
Resources	Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks.
Property	Property development and property investment.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
BUSINESS SEGMENTS						
Revenue						
External revenue	484,647	85,368	34,124	31,165	–	635,304
Inter-segment revenue	–	–	–	35,936	(35,936)	–
Consolidated revenue	484,647	85,368	34,124	67,101	(35,936)	635,304
Results						
Profit from operations	99,247	19,974	27,484	33,900	(47,184)	133,421
Finance costs						(4,435)
Share of profit in an associate						116
Income tax expense						(35,440)
Profit for the financial year						93,662

Notes to the Financial Statements (cont'd)

40. OPERATING SEGMENTS (cont'd)

Included in the profit for the financial year are the following items:-

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	–	–	–	1,495	–	1,495
Fair value adjustment on investment properties	–	–	12,956	–	–	12,956
Interest income	1,452	1,598	709	192	(1,966)	1,985
Rental income	–	369	5,794	11	–	6,174
Unrealised gain/(loss) on foreign exchange	416	324	1,152	(41)	–	1,851
Expense						
Allowance for impairment losses:						
- Investment in quoted shares	–	–	–	8,538	–	8,538
- Receivables	–	176	–	2,612	–	2,788
Depreciation of property, plant and equipment	21,713	5,271	291	1,811	–	29,086
Interest expense	818	494	790	4,299	(1,966)	4,435
Loss on disposal of quoted investments	–	–	–	1,755	–	1,755
Realised loss on foreign exchange	1,193	–	–	–	–	1,193

	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Assets						
Segment assets	296,909	137,019	262,126	148,212	–	844,266
Inter-segment assets	25,869	45,318	36,175	220,530	(327,892)	–
	322,778	182,337	298,301	368,742	(327,892)	844,266
Tax recoverable						6,529
Investment in an associate						44,237
Consolidated total assets						895,032
Liabilities						
Segment liabilities	43,901	15,118	40,550	21,886	–	121,455
Inter-segment liabilities	2,670	25,737	150,895	196,410	(375,712)	–
	46,571	40,855	191,445	218,296	(375,712)	121,455
Deferred taxation						18,022
Provision for taxation						10,054
Consolidated total liabilities						149,531

Notes to the Financial Statements (cont'd)

40. OPERATING SEGMENTS (cont'd)

GROUP 2012	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Other segment items						
Addition to non-current assets other than financial instruments:						
- property, plant and equipment	12,000	9,475	289	1,284	–	23,048
- land held for property development	–	–	426	–	–	426

GROUP 2011	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	453,578	85,221	44,222	27,487	–	610,508
Inter-segment revenue	–	–	–	33,318	(33,318)	–
Consolidated revenue	453,578	85,221	44,222	60,805	(33,318)	610,508
Results						
Profit from operations	92,190	15,395	37,433	31,977	(30,975)	146,020
Finance costs						(5,514)
Share of profit in an associate						846
Income tax expense						(28,784)
Profit for the financial year						112,568

Included in the profit for the financial year are the following items:-

	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Income						
Dividend income	–	–	–	2,383	–	2,383
Fair value adjustment on investment properties	–	–	18,154	–	–	18,154
Gain on disposal of quoted investments	–	–	–	19,111	–	19,111
Interest income	1,613	1,399	2,857	78	(1,525)	4,412
Rental income	–	4,600	348	27	–	4,975
Unrealised gain on foreign exchange	2,251	1,085	16	13	–	3,365

40. OPERATING SEGMENTS (cont'd)

Included in the profit for the financial year are the following items:- (cont'd)

GROUP 2011	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Expense						
Allowance for impairment losses:						
- Investment in quoted shares	–	–	–	18,503	–	18,503
- Receivables	570	188	–	178	–	936
Depreciation of property, plant and equipment	20,746	4,107	227	1,785	–	26,865
Interest expense	1,528	545	877	4,089	(1,525)	5,514
Loss on disposal of property, plant and equipment	3,727	–	–	–	–	3,727
Realised loss on foreign exchange	725	–	–	138	–	863
Assets						
Segment assets	349,253	115,589	260,893	151,093	–	876,828
Inter-segment assets	11,568	30,691	36,923	267,501	(346,683)	–
	360,821	146,280	297,816	418,594	(346,683)	876,828
Tax recoverable						4,594
Investment in an associate						44,309
Consolidated total assets						925,731
Liabilities						
Segment liabilities	62,794	17,015	41,554	31,060	–	152,423
Inter-segment liabilities	26,378	500	196,176	183,183	(406,237)	–
	89,172	17,515	237,730	214,243	(406,237)	152,423
Deferred taxation						20,422
Provision for taxation						14,711
Consolidated total liabilities						187,556

Notes to the Financial Statements (cont'd)

40. OPERATING SEGMENTS (cont'd)

GROUP 2011	Power RM'000	Resources RM'000	Property RM'000	Investment Holding & Others RM'000	Eliminations RM'000	Consolidated RM'000
Other segment items						
Addition to non-current assets other than financial instruments:						
- property, plant and equipment	14,336	8,222	231	2,040	–	24,829
- investment properties	–	–	3,877	–	–	3,877
- land held for property development	–	–	1,776	–	–	1,776

Geographical information

Analysis by geographical information:-

	Revenue		Non-current assets	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Malaysia	**261,078**	232,152	**437,465**	419,553
China	**340,903**	330,149	**110,393**	118,258
Other ASEAN countries	**11,732**	20,711	**–**	–
India	**21,350**	26,365	**–**	–
Other countries	**241**	1,131	**–**	–
	635,304	610,508	**547,858**	537,811

Major customers

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

	Revenue		Division
	2012 RM'000	2011 RM'000	
Customer A	**139,969**	123,429	Power
Customer B	**110,794**	94,853	Power
	250,763	218,282	

Notes to the Financial Statements (cont'd)

41. 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 2012 %	2011 %
Mega First Power Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Power (HK) Limited *	Investment holding	Hong Kong	**100**	100
Mega First Power Services Sdn. Bhd.	Contractor for operation and maintenance of power plants	Malaysia	**100**	100
Serudong Power Sdn. Bhd.	Build, own and operate a power plant	Malaysia	**51**	51
Shaoxing Mega Heat And Power Co. Limited *	Own and operate a power plant	The People's Republic of China	**60**	60
Mega First Housing Development Sdn. Bhd.	Property development	Malaysia	**100**	100
Gombak Land Sdn. Bhd.	Property development	Malaysia	**100**	100
Community Consortium Sdn. Bhd.	Property development	Malaysia	**100**	100
Empayar Permai Sdn. Bhd.	Dormant	Malaysia	**100**	100
Highland Resources Sdn. Bhd. ^4	Dormant	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

Notes to the Financial Statements (cont'd)

41. SUBSIDIARIES (cont'd)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
Megah Harmonik Property Management Sdn. Bhd.	Property management	Malaysia	**100**	100
Greentown Parking Sdn. Bhd.	Investment holding and car park operator	Malaysia	**100**	100
Rock Chemical Industries (Malaysia) Berhad @	Investment holding and provision of management consultancy services	Malaysia	**100**	60.4
Batamas Sdn. Berhad @	Investment holding and manufacture and sale of calcium silicate bricks	Malaysia	**100**	60.4
Usaha Takzim Sdn. Bhd. @ ^2	Property investment	Malaysia	**100**	–
Mega First Ventures Limited * @	Dormant	Hong Kong	**100**	60.4
Mesrasasi Sdn. Bhd. @	Limestone quarry operator	Malaysia	**100**	60.4
RCI Lime Sdn. Bhd. @	Manufacture and sale of lime products and limestone quarry operator	Malaysia	**100**	60.4
RCI Marketing Sdn. Bhd. @	Dormant	Malaysia	**100**	60.4
RCI Minerals Sdn. Bhd. @	Investment holding	Malaysia	**100**	60.4
RCI Ventures Sdn. Bhd. @	Investment holding	Malaysia	**100**	60.4
Cheng Sun Industries Sdn. Bhd.	Investment holding	Malaysia	**99.6**	99.6

41. SUBSIDIARIES (cont'd)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
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.	Consultation for and trading 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
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	**47.1**	47.1
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

Notes to the Financial Statements (cont'd)

41. SUBSIDIARIES (cont'd)

Company	Principal Activities	Country of Incorporation	Effective Group Interest 2012 %	Effective Group Interest 2011 %
Bayangan Sutera Sdn. Bhd.	Dormant	Malaysia	**100**	100
MFFB International Limited ^5	Dormant	British Virgin Islands	**100**	100
Don Sahong Power Company Limited	Dormant	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.	Dormant	Malaysia	**100**	100
Mega First Development Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Industries Sdn. Bhd.	Investment holding	Malaysia	**100**	100
MFCB Marketing Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Mining Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Mega First Properties Sdn. Bhd.	Dormant	Malaysia	**100**	100
Mega First Resources Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Anting Sendirian Berhad ^1	Quarry operator	Malaysia	**100**	–
Sri Anting Sdn. Bhd. ^1	Investment holding	Malaysia	**100**	–
Mega First Ventures Sdn. Bhd.	Dormant	Malaysia	**100**	100
Propera Sdn. Bhd.	Dormant	Malaysia	**100**	100
Goleman Limited ^3	Dormant	British Virgin Islands	**100**	–

41. SUBSIDIARIES (cont'd)

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

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

These companies are subsidiaries of Hexachase Corporation Sdn. Bhd..

@ On 27 July 2012, the Group completed the take-over offer to acquire all the remaining ordinary shares of RM1.00 each in Rock Chemical Industries (Malaysia) Berhad ("RCI"), which resulted in RCI becoming a 100% owned subsidiary of the Group.

^1 On 17 January 2012, Mega First Resources Sdn. Bhd. completed its acquisition of the following companies:-

(i) 100% equity interest in Anting Sendirian Berhad; and
(ii) 100% equity interest in Sri Anting Sdn. Bhd..

^2 On 21 February 2012, Batamas Sdn. Berhad acquired 100% equity interest in Usaha Takzim Sdn. Bhd..

^3 On 20 June 2012, the Group subscribed at par value for cash one (1) registered share of US$1.00 representing 100% equity interest in Goleman Limited.

^4 On 10 January 2013, Highland Resources Sdn. Bhd. ("HRSB") passed a special resolution to be wound-up voluntarily pursuant to Section 254(1)(b) of the Malaysian Companies Act 1965.

^5 On 24 December 2012, MFFB International Limited ("MFFB") passed a special resolution to be wound-up voluntarily. The liquidation was completed and MFFB was subsequently dissolved on 6 February 2013.

Notes to the Financial Statements (cont'd)

42. ACQUISITION OF SUBSIDIARIES

On 17 January 2012, Mega First Resources Sdn. Bhd. completed its acquisition of the following companies:-

(i) 100% equity interest in Anting Sendirian Berhad; and
(ii) 100% equity interest in Sri Anting Sdn. Bhd..

On 21 February 2012, Batamas Sdn. Berhad acquired 100% equity interest in Usaha Takzim Sdn. Bhd..

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

	AT DATE OF ACQUISITION	
	CARRYING AMOUNT RM'000	FAIR VALUE RECOGNISED RM'000
Property, plant and equipment	2,172	25,341
Inventories	1,012	1,012
Receivables	1,638	1,638
Bank balances and deposits	2,681	2,681
Deferred tax liabilities (Note 30)	(35)	(35)
Payables	(165)	(165)
Provision for taxation	(229)	(229)
Net identifiable assets	7,074	30,243
Add: Goodwill on acquisition		–
Total purchase consideration		30,243
Less: Cash and cash equivalents of the subsidiaries acquired		(2,681)
Net cash outflow from acquisition of the subsidiaries		27,562

The acquired subsidiaries have contributed the following results to the Group:-

	2012 RM'000
Revenue	**10,055**
Profit after taxation	**3,438**

If the acquisitions had taken place at the beginning of the financial year, the Group's revenue and profit after taxation from continuing operations would have been RM635,382,000 and RM93,779,000 respectively.

43. 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	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Executive Directors				
- Salary, bonus and other remuneration, including benefits-in-kind (gross)	**742**	619	**742**	619
Non-Executive Directors				
- Fees	**325**	358	**325**	338
- Other emoluments	**32**	34	**32**	29
	1,099	1,011	**1,099**	986

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

	GROUP/COMPANY	
	2012	2011
	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	**1**	–
RM300,001 – RM350,000	**–**	–
RM350,001 – RM400,000	**–**	1
RM400,001 – RM450,000	**–**	–
RM450,001 – RM500,000	**1**	–
Non-Executive Directors		
Below RM50,000	**7**	9
RM50,001 – RM100,000	**1**	–

Notes to the Financial Statements (cont'd)

44. RELATED PARTY DISCLOSURES

For the purpose of the financial statements, the Group and the Company have related party relationships with its subsidiaries as disclosed in Note 41 to the financial statements and key management personnel.

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	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Dividend income received and receivable				
- subsidiaries	**–**	–	**32,357**	31,138
- associate	**–**	–	**123**	–
Management fee received and receivable	**–**	–	**2,250**	1,482
Interest income received and receivable	**–**	–	**73**	44
Interest expense paid and payable	**–**	–	**(2,764)**	(2,633)

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

	GROUP		COMPANY	
	2012	2011	**2012**	2011
	RM'000	RM'000	**RM'000**	RM'000
Directors' fees	**325**	358	**325**	338
Salary, bonus and other remuneration, including benefits-in-kind (gross)	**3,042**	3,307	**1,467**	1,355
Share options to the Directors	**132**	151	**132**	151

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

	GROUP/COMPANY	
	2012	2011
	RM'000	RM'000
At 1 January	**2,800**	3,300
Granted	**600**	–
Exercised	**(190)**	–
Lapsed	**–**	(500)
At 31 December	**3,210**	2,800

Notes to the Financial Statements (cont'd)

44. RELATED PARTY DISCLOSURES (CONT'D)

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

	GROUP	
	2012	2011
	RM'000	RM'000
Purchase of light emitting diode (LED) lightings components	**1,048**	1,090
Sale of LED lightings	**486**	–

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 27 July 2012, the Group completed the take-over offer to acquire all the remaining ordinary shares of RM1.00 each in Rock Chemical Industries (Malaysia) Berhad ("RCI"), which resulted in RCI becoming a 100% owned subsidiary of the Group.

(b) On 17 January 2012, Mega First Resources Sdn. Bhd., a subsidiary of the Company completed its acquisition of the following companies and a piece of freehold agricultural land:-

(i) 100% equity interest in Anting Sendirian Berhad; and
(ii) 100% equity interest in Sri Anting Sdn. Bhd..

Other than as disclosed above, there were no other significant events during the financial year.

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

(i) On 4 January 2013, Rock Chemical Industries (Malaysia) Berhad, a wholly-owned subsidiary of the Company, acquired 778 fully paid-up ordinary shares of RM1.00 each representing 77.8% of the issued and paid-up share capital of Teratai Kembara Sdn. Bhd. for an aggregate cash consideration of RM3.89 million.

(ii) On 8 January 2013, RCI Lime Sdn. Bhd., a wholly-owned subsidiary of Rock Chemical Industries (Malaysia) Berhad, which in turn is a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement to buy two lime kilns and 1 hydrating plant for a total consideration of EUR2.2 million.

(iii) On 10 January 2013, Highland Resources Sdn. Bhd., a wholly-owned subsidiary of Gombak Land Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, passed a special resolution to be wound-up voluntarily pursuant to Section 254(1)(b) of the Companies Act 1965 of Malaysia.

(iv) On 6 February 2013, MFFB International Limited, a wholly-owned subsidiary of Bayangan Sutera Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, was dissolved following completion of its liquidation.

(v) On 1 March 2013, Teratai ANR Sdn. Bhd. ("TASB") was incorporated with a paid-up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each. TASB is a wholly-owned subsidiary of Teratai Kembara Sdn. Bhd., a 77.8% owned subsidiary of Rock Chemical Industries (Malaysia) Berhad, which in turn is a wholly-owned subsidiary of the Company.

Notes to the Financial Statements (cont'd)

47. 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	
	2012 RM'000	2011 RM'000	**2012 RM'000**	2011 RM'000
Total retained profits:				
- realised	**141,248**	116,447	**23,129**	14,871
- unrealised	**60,521**	57,969	**25**	13
	201,769	174,416	**23,154**	14,884
Total share of retained profits from associated Company:				
- realised	**381**	744	**–**	–
- unrealised	**518**	274	**–**	–
	202,668	175,434	**23,154**	14,884
Consolidation adjustments	**117,370**	104,010	**–**	–
Total Group retained profits	**320,038**	279,444	**23,154**	14,884

STATEMENT BY DIRECTORS

The Directors of **MEGA FIRST CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2012 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 47, 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
13th day of March 2013

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 financial statements, 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
13th day of March 2013

Before me,

SELVARAJAH A/L SIVALINGAM B.103
COMMISSIONER FOR OATHS

LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2012

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	15	61,960	Leasehold 22 years (Expire in 2019)	1997	n/a	23,537
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	2,538
3.	Building, office, guardhouse and warehouse	Lot 45158 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	10	22,600	Freehold	1997	1997	2,203
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	6	16,010	Freehold	2007	n/a	492
8.	3 storey shophouse	Station 18 170 Jalan Pengkalan Barat 32 Stesyen 18 Pasir Puteh 31650 Ipoh Perak Darul Ridzuan	10	185	Leasehold (Expire in 2096)	2002	n/a	227
9.	Double storey detached house	40 Jalan Mayang 2 Taman Mayang Fasa II 30300 Kuala Kangsar Perak Darul Ridzuan	6	130	Freehold	2006	n/a	115
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 (cont'd)

as at 31 December 2012

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	30	42,576	Leasehold (Expire in 2045)	1982	1985	1,732
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	73
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	13	892	Freehold	2000	2000	946
15.	Double storey terrace house	HS(D) 128830 PT 194343 Mukim Hulu Kinta, Daerah Kinta Perak Darul Ridzuan	4	121	Leasehold (Expire in 2103)	2009	n/a	124
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	4	864	Freehold	2009	n/a	489
18.	Warehouse	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	2	2,970	Freehold	2011	n/a	1,408
19.	Double storey shop office	HS(D) 108533 PT 51378 Bandar Amanjaya, Sungai Petani Kedah Darul Aman	3	147	Freehold	2010	2010	130
20	Road access	Lot 6252, 6671, 6251, 6738, 13693 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	25,040	Freehold	2012	n/a	3,564
21	Stockyard	Lot 45156 Gunung Panjang 31600 Gopeng Perak Darul Ridzuan	1	56,504	Freehold	2012	n/a	1,201
22	Industrial land	HS (D) 198575 PT 37292 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	n/a	8,237	Leasehold 60 years (Expire in 2071)	2012	n/a	505
23	Agricultural land	HS (D) 198576 PT 37293 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	n/a	15,070	Leasehold 60 years (Expire in 2071)	2012	n/a	925

List of Properties Held (cont'd)

as at 31 December 2012

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
24	Industrial land	HS (D) 198577 PT 37294 Mukim Sungai Terap Kinta District, Perak Darul Ridzuan	n/a	254	Leasehold 60 years (Expire in 2071)	2012	n/a	16
25	Factory land and buildings	Lot PT 839 Mukim of Sg. Raia Kinta District, Perak Darul Ridzuan	25	28,850	Leasehold 60 years (Expire in 2047)	1987	n/a	2,303
26	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	473
27	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
28	Quarry land	HS (D) 3238 PT 1008 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	40,467	Leasehold (Expire in 2020)	2012	2011	6,345
29	Quarry land	PN 283888 Lot 303752 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	60,710	Leasehold (Expire in 2033)	2012	2011	9,728
30	Agricultural land	GRN 11527 Lot 15588 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	68,796	Freehold	2012	2011	3,187
31	Agricultural land	GRN 49450 Lot 22993 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	7,664	Freehold	2012	2011	355
32.	Industries Land	PN 70403 Lot 158432 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	7,522	Leasehold60 years (Expire in 2050)	2012	2011	718
33	Industrial land	PN 71751 Lot 187404 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	16,180	Leasehold 60 years (Expire in 2051)	2012	2011	1,545
34	Industrial land	PN 71752 Lot 197220 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	12,132	Leasehold 60 years (Expire in 2052)	2012	2011	1,159
35	Agricultural land	GRN 46180 Lot 22974 Mukim of Sg. Raya Kinta District, Perak Darul Ridzuan	n/a	33,336	Freehold	2012	2011	2,160
36	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	227
37	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	4,693

List of Properties Held (cont'd)

as at 31 December 2012

No.	Description	Location	Approximate Age (years)	Total Area (sq. metre)	Tenure	Year of Acquisition	Year of Last Valuation	Net Book Value RM'000
38	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	8,807
39	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	30,991
40	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	7,715
41	Corporate office tower and office suite	PT 24605 Bandar Petaling Jaya Selangor Darul Ehsan	4	18,806	Leasehold 99 years (Expire in 2106)	2006	n/a	105,298
42	Car park	PT 147622 Greentown, Ipoh Perak Darul Ridzuan	2	14,204	Leasehold 99 years (Expire in 2094)	2010	2010	8,350
43	Factory land and building	PT 2620 & PT 2621 Lot 31 Seri Iskandar Technology Park Mukim Bota Daerah Perak Tengah 32600 Bota, Perak Darul Ridzuan	16	12,565	Leasehold 99 years (Expire in 2095)	1996	n/a	2,615
44	Factory	Lot 77 Jalan IKS MJ 6 Kawasan Perindustrian Malim Jaya 75250 Melaka	16	711	Leasehold 96 years (Expire in 2096)	2000	2005	422
45	Factory and office	6 & 8, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	8	596	Leasehold 99 years (Expire in 2077)	2000	2005	435
46	Factory and office	Lot 4788-4789 Jalan TTC 29 Taman Perindustrian Cheng Taman Teknologi Cheng 75260 Melaka	3	3,916	Leasehold 99 years (Expire in 2096)	2009	2009	2,811
47	Factory	Lot 2233-2234, Jalan Berkat 12 Taman Malim Jaya 75250 Melaka	3	603	Leasehold 99 years (Expire in 2077)	2007	2008	435
48	Factory	104 & 105, Jalan IKS MJ 6 Taman IKS Malim Jaya 75250 Melaka	16	1,760	Leasehold 99 years (Expire in 2096)	2005	2005	1,040

n/a Not applicable

STATISTICS OF SHAREHOLDINGS

AS AT 29 MARCH 2013

Authorised Capital	:	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each.
Issued and Paid-up Capital	:	RM242,455,000 divided into 242,455,000 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^**
Less than 100	701	38,329	0.02
100 to 1,000	4,288	4,006,747	1.80
1,001 to 10,000	5,938	22,053,970	9.89
10,001 to 100,000	758	20,811,720	9.34
100,001 to less than 5% of issued shares	113	90,622,254	40.66
5% and above of issued shares	3	85,354,480	38.29
Total	**11,801**	**222,887,500 ^**	**100.00**

(^) Excludes 19,567,500 treasury shares retained by the Company as reflected in the Record of Depositors.

Statistics of Shareholdings (cont'd)

as at 29 March 2013

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 Berhad	47,905,000	21.49
2)	Cartaban Nominees (Asing) Sdn Bhd - BBH And Co. Boston for Fidelity Low-Priced Stock Fund	22,662,000	10.17
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.63
4)	Kah Hin Loong Sdn Bhd	8,113,520	3.64
5)	HLB Nominees (Asing) Sdn Bhd - Pledged Securities Account for Keen Capital Investments Limited	7,643,000	3.43
6)	ECML Nominees (Asing) Sdn Bhd - DMG & Partners Securities Pte Ltd for Keen Capital Investments Limited	6,617,800	2.97
7)	PRT Capital Pte Ltd	5,916,500	2.65
8)	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	4,730,000	2.12
9)	Shoptra Jaya (M) Sdn Bhd	3,413,300	1.53
10)	Grand Terrace Sdn Bhd	2,950,600	1.32
11)	Koay Keng Huat	2,400,000	1.08
12)	Koay Keng Teik @ Koay Chia Wah	2,089,500	0.94
13)	Citigroup Nominees (Asing) Sdn Bhd - UBS AG Singapore for Keen Capital Investments Limited	2,000,000	0.90
14)	Lanai Etika Sdn Bhd	1,927,200	0.86
15)	Lim Gaik Bway @ Lim Chiew Ah	1,682,400	0.75
16)	Wan Poh Mining Company Sdn Bhd	1,569,300	0.70
17)	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund F9EX for Fidelity Northstar Fund	1,558,500	0.70
18)	Zulkifli bin Hussain	1,515,000	0.68
19)	Zulkifli bin Hussain	1,490,000	0.67
20)	Espoir Investments Pte Ltd	1,360,000	0.61
21)	Andrew Lim Cheong Seng	1,300,000	0.58
22)	Lee Sei Fah	1,275,600	0.57
23)	Koay Keng Ling	1,261,100	0.57
24)	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,154,600	0.52
25)	CK Goh Holdings Sdn Bhd	1,130,000	0.51
26)	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koay Keng Ling	1,000,000	0.45
27)	Juwitawan Sdn Bhd	974,000	0.44
28)	Goh Chye Keat	950,000	0.43
29)	Koay Keng Teik @ Koay Chia Wah	800,000	0.36
30)	Kumpulan Y R Sdn Bhd	791,600	0.36
	Total	**152,968,000**	**68.63**

Statistics of Shareholdings (cont'd)

as at 29 March 2013

Substantial Shareholders according to the Register of Substantial Shareholders

		Direct Interest		Deemed Interest	
No.	**Name of Substantial Shareholder**	**Shares**	**% ^**	**Shares**	**% ^**
1)	Goh Nan Kioh	713,600	0.32	72,009,500 [a]	32.31
2)	Rubber Thread Industries (M) Sdn Berhad	47,905,000	21.49	1,927,200 [b]	0.86
3)	Perbadanan Pembangunan Ekonomi Sabah (SEDCO)	14,787,480	6.63	–	–
4)	Keen Capital Investments Limited	16,260,800	7.30	–	–
5)	Laju Riang Sdn Bhd	–	–	49,832,200 [c]	22.36
6)	Kema Development Sdn Bhd	–	–	49,832,200 [c]	22.36
7)	Cambrew (Malaysia) Sdn Bhd	–	–	49,832,200 [c]	22.36
8)	Dr. Lim Thian Soo	590,000	0.26	49,832,200 [c]	22.36
9)	Lim Thiam Cheok	10,000	*	49,832,200 [c]	22.36
10)	Lim Yam Poh	–	–	49,832,200 [c]	22.36
11)	FMR LLC and FIL Limited (~)	–	–	24,220,500 [d]	10.87

Directors' direct and deemed interests in the Company

		Direct Interest		Deemed Interest		Employees' Share Options	
No.	**Director**	**Shares**	**% ^**	**Shares**	**% ^**	**Number**	**Exercise Price**
1)	Goh Nan Kioh	713,600	0.32	72,009,500 [a]	32.31	500,000	RM1.50
2)	Dato' Abu Hanifah bin Noordin	–	–	–	–	300,000	RM1.50
3)	Goh Nan Yang	510,000	0.23	–	–	500,000	RM1.50
4)	Khoo Teng Keat	200,000	0.09	–	–	–	–
5)	Yong Fook Shin	650,200	0.29	–	–	120,000	RM1.50
6)	Maisuri bin Besri	50,000	0.02	–	–	250,000	RM1.50
7)	Yeow See Yuen	436,500	0.20	26,000	0.01	300,000	RM1.50
8)	Tay Kheng Chiong	20,000	0.01	–	–	280,000	RM1.50
9)	Dato' Tan Ang Meng	229,000	0.10	–	–	300,000	RM1.52
10)	Dato' Koh Hong Sun	–	–	–	–	300,000	RM1.52
	Total	2,809,300	1.26	72,035,500	32.32	2,850,000	–

Notes:

- * *Less than 0.01%.*
- ^ *Based on the issued and paid-up share capital of the Company of RM242,455,000 comprising 242,455,000 fully paid ordinary shares of RM1.00 each minus 19,567,500 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 Berhad, 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 Berhad.*
- (d) *In respect of Fidelity Northstar Fund Sub B and FID Low Priced Stock Fund.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th 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 Tuesday, 21 May 2013 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 2012. *(Please refer to Note 7 below)*

2) To declare a tax-exempt final dividend of 4.1 sen per ordinary share of RM1.00 each in respect of the year ended 31 December 2012. *(Resolution 1)*

3) 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:-

   3.1 Dato' Haji Abu Hanifah bin Noordin *(Resolution 2)*
   3.2 Encik Maisuri bin Besri *(Resolution 3)*
   3.3 Mr Yeow See Yuen *(Resolution 4)*

   Mr Yong Fook Shin who retires in accordance with Section 129(1) of the Companies Act, 1965 has expressed his intention not to seek re-appointment. Hence, he will retain office until the close of the 47th AGM.

4) To re-appoint Messrs Crowe Horwath as auditors of the Company and to authorise the Board of Directors to fix their remuneration. *(Resolution 5)*

As Special Business

To consider and if thought fit, to pass the following Special and Ordinary Resolutions with or without modifications:-

5) **Special Resolution**
Proposed Amendments to the Articles of Association of the Company

"THAT, the proposed amendments to the Articles of Association of the Company as contained in Appendix I attached to the Company's Annual Report 2012 be and are hereby approved and adopted." *(Resolution 6)*

6) **Ordinary Resolution**
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." *(Resolution 7)*

Notice of Annual General Meeting (cont'd)

7) **Ordinary Resolution**
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 :- *(Resolution 8)*

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) **Ordinary Resolution**
Allocation of Options to Mr Khoo Teng Keat

"THAT, approval be and is hereby given for the Company to offer and to grant to Mr Khoo Teng Keat, being an 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: *(Resolution 9)*

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."

Notice of Annual General Meeting (cont'd)

9) **Ordinary Resolution**
Retention of Independent Director

"THAT, subject to passing of the Resolution 2, approval be and is hereby given to Dato' Haji Abu Hanifah bin Noordin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent and Non-Executive Director of the Company AND THAT the Board of Directors be authorised henceforth to determine on a year to year basis the continuation in office of Dato' Haji Abu Hanifah bin Noordin as an Independent Non-Executive Director until such authority is revoked at a general meeting of the Company." *(Resolution 10)*

10) 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders for the payment of the tax-exempt final dividend of 4.1 sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2012 under Resolution 1 at the 47th AGM, the dividend will be paid to the shareholders on 16 July 2013. The entitlement for the dividend shall be 28 June 2013.

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 28 June 2013; 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 2013

Notice of Annual General Meeting (cont'd)

NOTES:

Record of Depositors

1) *Only Depositors whose names appear in the Record of Depositors as at 14 May 2013 shall be regarded as members of the Company entitled to attend the 47th AGM or appoint proxies to attend and vote on their behalf.*

Proxy

2) *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.*

3) *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.*

4) *A member shall, subject to Paragraph (5) 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.*

5) *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (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.*

6) *The original instrument for 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, Selangor 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 will not be treated as valid.*

Directors' Report and Audited Financial Statements

7) *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.*

Explanatory Notes to Special Business

8) *Resolution 6 will allow the Company's Articles of Association to be streamlined so as to be in line with the amendments to the Bursa Malaysia Securities Berhad Main Market Listing Requirements which took effect on 3 January 2012.*

Please refer to the Appendix I attached to the Company's Annual Report 2012 for more information.

9) *Resolution 7, if passed, will give authority to the Directors of the Company, from the date of the 47th 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 46th AGM held on 21 May 2012 and which authority will lapse at the conclusion of the 47th AGM. A renewal of this authority is being sought at the 47th AGM under the proposed Resolution 7.

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.

Notice of Annual General Meeting (cont'd)

10) *Resolution 8, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the issued and paid-up share capital of the Company for the time being ("Share Buy-Back"). This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.*

    For further information, please refer to the Share Buy-back Statement dated 26 April 2013 which is circulated together with the Company's Annual Report 2012.

11) *Resolution 9, if passed, will allow Mr Khoo Teng Keat, an Executive Director of the Company, to participate in the Employees' Share Option Scheme of the Company. Mr Khoo Teng Keat will abstain from voting on this resolution in respect of his direct and indirect shareholdings in the Company, if any.*

12) *Resolution 10, if passed, will allow Dato' Haji Abu Hanifah bin Noordin to continue to serve the Company in the capacity as Independent Non-Executive Director. Dato' Hanifah has served as an Independent Non-Executive Director for a cumulative term of more than 9 years. As at the date of this notice of the AGM, Dato' Hanifah has served the Company in a non-executive capacity for 22 years. Dato' Hanifah has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. He does not have any conflict of interest with the Company and has not entered/is not expected to enter into any contract with the Company or its subsidiaries. The Board, therefore, considers Dato' Hanifah to be independent and believes that Dato' Hanifah should be retained as Independent Non-Executive Director.*

Statement Accompanying Notice of the 47th AGM

13) *The profile of the Directors who are standing for re-election under Resolutions 2, 3 and 4 stated above are stated in the Profile of Directors section of the Company's Annual Report 2012. The details of interest in the shares of MFCB and its subsidiaries (if any) held by the said Directors are stated in the Statistics of Shareholdings section of the Annual Report 2012.*

APPENDIX I

(Notice of 47th AGM)

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The existing Articles are proposed to be amended by the following alterations, modifications or additions (in bold), and the affected existing Articles and the amended Articles are reproduced in the table below:-

Article No.	Existing Article	Amended Article
2	(New Definition)	**Exempt Authorised Nominee** – **an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.**
60(a)	Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him, and that a proxy need not be a Member of the Company and that Section 149(1)(b) of the Act shall not apply to the Company.	Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member, **including an Exempt Authorised Nominee**, entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him, and that a proxy need not be a Member of the Company and that Section 149(1)(b) of the Act shall not apply to the Company.
74	Subject to these Articles and to any special rights or restrictions as to voting attached to any class of shares hereinafter issued on a show of hands every Member who is present in person or by proxy or attorney or in the case of a corporation by a representative shall have one vote and on a poll every such Member shall have one vote for every share of which he is the holder. Where the capital of the Company consists of shares of different monetary denominations, voting rights attached to a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.	(a) Subject to these Articles and to any special rights or restrictions as to voting attached to any class of shares hereinafter issued on a show of hands every Member who is present in person or by proxy or attorney or in the case of a corporation by a representative shall have one vote and on a poll every such Member shall have one vote for every share of which he is the holder. Where the capital of the Company consists of shares of different monetary denominations, voting rights attached to a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable. **(b) A proxy appointed to attend and vote at the meeting of the Company shall have the same rights as the Member to speak at the meeting.**

Appendix I (cont'd)

(Notice of 47th AGM)

Article No.	Existing Article	Amended Article
80	An instrument appointing a proxy shall be in writing and:- (a) in the case of an individual shall be signed by the appointor or by his attorney; (b) in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation; (c) where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account; and (d) where a Member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.	An instrument appointing a proxy shall be in writing and:- (a) in the case of an individual shall be signed by the appointor or by his attorney; (b) in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation; (c) where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account; (d) where a Member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy; **and** **(e) Where a Member is an Exempt Authorised Nominee which holds Securities for multiple beneficial owners in one (1) 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. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall not be valid unless the Exempt Authorised Nominee specifies the proportion of the shareholding to be represented by each of the proxy.** The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

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) Sdn. Bhd. **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.	05-3571502/3/5	05-3571504	Mr. John Chu
7.	Batamas Sdn. Berhad **batamasmy@yahoo.com**	Lot 138321, Jalan Changkat Larang, P.O. Box 15, 31007 Batu Gajah, Perak Darul Ridzuan.	05-3661654/3500	05-3663555	Mr. John Chu
8.	Anting Sendirian Berhad **antingsb@hotmail.com**	Lot 15588, Mukim Sungai Raya, 31300 Simpang Pulai Ipoh, Perak Darul Ridzuan.	05-3574105	05-3576472	Mr. John Chu
9.	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. Steven Chu
10.	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. Steven Chu
11.	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
12.	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. Steven Chu

Group of Companies Directory (cont'd)

No.	Company Name & Email Address	Address	Telephone No.	Facsimile No.	Person-to-Contact
13.	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. Steven Chu
14.	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. Steven Chu
15.	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. Steven Chu
16.	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
17.	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
18.	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
19.	Hexachase Packaging Sdn. Bhd. **hexapkg@streamyx.com**	Lot 4788 & 4789 Jalan TTC 29, Kawasan Perindustrian Cheng, Taman Teknologi Cheng, 75260 Melaka.	06-3371201/02	06-3371200	Mr. Deric Sim

MFCB

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

FORM OF PROXY
(To be completed in block letters)

No. of MFCB shares held:	
CDS Account Number:	

I/We ....
(Full Name as per NRIC/certificate of Incorporation in block 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 47th 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 21 May 2013 at 10:00 a.m. and at any adjournment thereof, in the manner indicated below.

RESOLUTIONS		For	Against	Abstain
1.	Declaration of the tax-exempt final dividend of 4.1 sen per share.			
2.	Re-elect Dato' Haji Abu Hanifah bin Noordin as Director.			
3.	Re-elect Maisuri bin Besri as Director.			
4.	Re-elect Yeow See Yuen as Director.			
5.	Re-appoint Messrs Crowe Horwath as auditors and authorise the Board of Directors to fix their remuneration.			
6.	Proposed Amendments to the Articles of Association of the Company.			
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.			
8.	Renewal of Share Buy-Back Authority.			
9.	Allocation of Options to Khoo Teng Keat.			
10.	Retention of Dato' Haji Abu Hanifah bin Noordin as Independent Director			

(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) Only Depositors whose names appear in the Record of Depositors as at 14 May 2013 shall be regarded as members of the Company entitled to attend the 47th AGM or appoint proxies to attend and vote on their behalf.

2) 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.

3) 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.

4) A member shall, subject to Paragraph (5) 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.

5) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (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.

6) The original 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, Selangor 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 will not be treated as valid.

Please fold here

60 sen
Postage
Stamp

The Company Secretaries
MEGA FIRST CORPORATION BERHAD
A-12-01, Level 12
Block A, PJ8
23 Jalan Barat
Seksyen 8
46050 Petaling Jaya, Selangor, MALAYSIA

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