

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

**Interim Financial Report
31 March 2006**

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

Unaudited Condensed Consolidated Income Statements
For the first quarter and three months ended 31 March 2006

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year 1 st Quarter 31.3.2006 RM'000	Preceding Year Corresponding 1 st Quarter 31.3.2005 RM'000	Current Year To date 31.3.2006 RM'000	Preceding Year Corresponding Period 31.3.2005 RM'000
Revenue	112,688	N/A	112,688	N/A
Operating expenses	(93,306)	N/A	(93,306)	N/A
Other operating income	2,729	N/A	2,729	N/A
Profit from operations	22,111	N/A	22,111	N/A
Finance cost	(1,976)	N/A	(1,976)	N/A
Share of profit in jointly controlled entity	-	N/A	-	N/A
Share of profit/(loss) of associates	(87)	N/A	(87)	N/A
Profit before taxation	20,048	N/A	20,048	N/A
Tax expense	(3,937)	N/A	(3,937)	N/A
Net profit for the period	16,111	N/A	16,111	N/A
Attributable to :				
Equity holders of the parent	9,959	N/A	9,959	N/A
Minority interest	6,152	N/A	6,152	N/A
	16,111	N/A	16,111	N/A
EPS - Basic (sen)	4.22	N/A	4.22	N/A
- Diluted (sen)	N/A	N/A	N/A	N/A

The EPS is calculated based on the net profit for the first quarter and three months ended 31 March 2006 divided by 236,000,000 ordinary shares in issue.

The notes set out on pages 5 to 11 form an integral part of and should be read in conjunction with this interim financial report.

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

Unaudited Condensed Consolidated Balance Sheets
As of 31 March 2006

	As at 31.3.06 RM'000	Audited As at 31.12.05 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	285,545	289,232
Associates	6,553	6,641
Jointly controlled entity	4,497	4,497
Investments	1,166	156
Prepaid lease payment	4,326	4,357
Investment properties	24,366	24,338
Land held for property development	82,417	82,254
Goodwill on consolidation	7,785	7,785
	416,655	419,260
Current Assets		
Inventories	34,085	38,677
Property development	7,109	5,517
Trade and other receivables	117,390	106,193
Bank balances and deposits	102,567	95,525
	261,151	245,912
TOTAL ASSETS	677,806	665,172
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders		
Of The Parent		
Share capital	236,000	236,000
Reserves	51,100	40,139
Shareholders' funds	287,100	276,139
Minority Interests	102,741	96,139
Total Equity	389,841	372,278
Deferred And Non Current Liabilities		
Borrowings – non-current	39,964	40,248
Other long term payables	3,193	3,992
Deferred taxation	25,742	26,170
	68,899	70,410
Current Liabilities		
Trade and other payables	116,155	123,513
Short term borrowings	95,984	91,964
Taxation	6,927	7,007
	219,066	222,484
Total Liabilities	287,965	292,894
Total Equity And Liabilities	677,806	665,172
Net Assets Per Share Attributable To Ordinary		
Equity Holders Of The Parent (RM)		
	1.22	1.17

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Unaudited Condensed Consolidated Statement Of Changes In Equity
For the three months ended 31 March 2006

	← Attributable to equity holders of the parent →					Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Translation	Capital	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2006	236,000	33,380	8,171	2,213	(3,625)	276,139	96,139	372,278
Net income recognised directly in equity								
Currency translation differences								
Profit for the period	-	-	-	-	9,959	9,959	6,152	16,111
Total recognised income and expense for the period	-	-	1,002	-	9,959	10,961	6,602	17,563
Balance at 31 March 2006	236,000	33,380	9,173	2,213	6,334	287,100	102,741	389,841

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Unaudited Condensed Consolidated Cash Flow Statements
For the three months ended 31 March 2006

	31 March 2006 RM'000	31 March 2005 RM'000
Net profit before tax	20,048	N/A
Adjustment for non-cash flow :		
Non-cash items	6,902	N/A
Non-operating items	2,498	N/A
Operating profit before changes in working capital	<u>29,448</u>	<u>N/A</u>
Changes in working capital :		
Net change in current assets	(8,197)	N/A
Net change in current liabilities	<u>(7,358)</u>	<u>N/A</u>
Cash generated from operations	13,893	N/A
Tax paid	<u>(4,017)</u>	<u>N/A</u>
Net cash inflow from operating activities	9,876	N/A
Net cash inflow/(outflow) from investing activities		
(Increase)/Decrease in :		
Interest income	350	N/A
(Increase)/decrease in property development non current	(163)	N/A
Proceeds from disposal of property, plant and equipment	196	N/A
Purchase of investment	(1,010)	N/A
Purchase of property, plant and equipment	<u>(3,456)</u>	<u>N/A</u>
Net cash (used in)/from investing activities	<u>(4,083)</u>	<u>N/A</u>
Net cash outflow from financing activities		
Increase/(Decrease) in :		
Increase/(decrease) in short term borrowings excluding overdrafts	(1,705)	N/A
Proceeds from term loans	3,004	N/A
Repayment of term loans	(1,009)	N/A
Interest paid	(2,876)	N/A
(Decrease)/Increase in hire purchase payables	<u>(799)</u>	<u>N/A</u>
Net cash used in financing activities	<u>(3,385)</u>	<u>N/A</u>
Net change in cash & cash equivalents	2,408	N/A
Cash & cash equivalents at beginning of period	<u>88,179</u>	<u>N/A</u>
Cash & cash equivalents at end of period	<u><u>90,587</u></u>	<u><u>N/A</u></u>

The notes set out on pages 5 to 11 form an integral part of and should be read in conjunction with this interim financial report.

Notes to the interim financial report

1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the six-month financial period ended 31 December 2005.

The MASB issued a total of 21 new and amended FRS and other interpretations effective for financial statements commencing 1 January 2006 for 18 Financial Reporting Standards and 1 October 2006 for 2 other Standards. The effective date of FRS 139 Financial Instruments : Recognition and Measurement has been deferred to a date to be announced by MASB. The Group has decided for the early adoption of FRS 117 which will only be effective 1 October 2006.

The adoption of the FRS 117 has no significant impact on the Group financial statements except as noted below :

Restatement of prior year’s Balance Sheet

	31 December 2005		31 December 2005
Non-current assets	As previously reported RM’000	Reclassification RM’000	Restated RM’000
Property, plant and equipment	293,589	(4,357)	289,232
Prepaid lease payment	-	4,357	4,357

Other than as disclosed in the foregoing paragraph, the accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those in the financial statements for the six-month financial period ended 31 December 2005.

2. Qualification of financial statement

The audit report of the Group’s annual financial statements for the six-month financial period ended 31 December 2005 was not subject to any qualification.

3. Seasonal or cyclical factors

Our principal business operations are not significantly affected by seasonal or cyclical factors.

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4. Unusual item

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

5. Nature and amount of changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter under review.

6. Debt and equity securities

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

7. Dividend payable

A first and final dividend of 1.5%, less income tax, for the six-month financial period ended 31 December 2005 was approved by the shareholders at the Annual General Meeting held on 28 April 2006. The entitlements to the dividend which were determined on the basis of the record of depositors as at 11 May 2006 is payable on 26 May 2006.

8. Segment information for the three months ended 31 March 2006

2006	Revenue RM'000	Profit/(Loss) Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	79,825	16,691
Property development	4,633	1,051
Quarrying and production of quicklime, hydrated lime and calcium carbonate products	8,892	1,302
Engineering, designing and manufacturing of automotive and transportation components	19,338	2,125
Investment holding	-	(1,034)
Jointly controlled entity	-	-
Associate	-	(87)
	<u>112,688</u>	<u>20,048</u>

9. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment in these financial statements.

10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported up to 18 May 2006, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

11. Changes in composition of the Group

There was no material change in the composition of the Group for the three months ended 31 March 2006 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

12. Changes in contingent liabilities and assets

a) Contingent liabilities

There was no material change in contingent liabilities of the Group from 1 January 2006 to 18 May 2006, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

b) Contingent assets

The Group has no contingent asset as at 18 May 2006, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

13. Review of performance

For the current quarter under review, the Group registered a pre-tax profit of RM20.0 million whilst revenue achieved was RM112.7 million.

The Power Division contributed about RM16.7 million or 83% of the total pre-tax profit followed by Engineering Division which registered a pre-tax profit of RM2.1 million. The good performance of the Power Division was boosted by stronger demand for steam and power.

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14. Variation of results against preceding quarter

For the first quarter ended 31 March 2006, the Group's revenue was RM112.7 million compared to RM117.5 million in the preceding quarter.

The marginally lower revenue was mainly due to the lower off-take of steam during the Chinese festivities. Consequently, pre-tax profit was also lower. However, the Limestone Division recorded higher profit due to improved demand for lime products and lower production cost arising from increase in plant efficiency.

15. Prospects

With the continuing measures undertaken to strengthen the businesses and barring unforeseen circumstances, the Board expects the results for the next quarter to be satisfactory.

16. Profit forecast

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

17. Tax expense

	Current quarter ended 31 March 2006 RM'000	Period ended 31 March 2006 RM'000
Current tax expense		
Malaysian	2,259	2,259
Overseas	2,204	2,204
	<hr/>	<hr/>
	4,463	4,463
Deferred tax expense		
Malaysian	(424)	(424)
Overprovision in prior years	-	-
Overseas	-	-
	<hr/>	<hr/>
	(424)	(424)
Tax expense on share of profit :		
- jointly controlled entity	-	-
- associated company	-	-
Over provision in prior years	(102)	(102)
	<hr/>	<hr/>
	3,937	3,937
	<hr/>	<hr/>

The effective tax rate of the Group for the current quarter and period ended 31 March 2006 were lower than the statutory tax rate due mainly to the income earned in China which is taxed at the rate of 15 per cent.

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18. Unquoted investments and properties

There was no sale or purchase of unquoted investment or property during the three months under review.

19. Quoted investment

a) Purchase and sale of quoted investments

i) Acquisition of quoted investments

	Current Quarter ended 31 March 2006 RM'000	Period ended 31 March 2006 RM'000
Purchase consideration	<u>1,010</u>	<u>1,010</u>

ii) Disposal of quoted investment

There was no sale of quoted investment during the three months under review.

b) Investments in quoted securities as of 31 March 2006

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	<u>1,166</u>	<u>1,166</u>	<u>1.173</u>

20. Status of corporate proposal

On 23 March 2006, Mega First Corporation Berhad (“MFCB”) signed an agreement (“Agreement”) with the Government of the Lao People’s Democratic Republic (“GOL”) on 23 March 2006 with a view to develop and implement on a build, operate and transfer (“BOT”) basis a hydroelectric power project in Don Sahong, Khong District, Champasak Province, Laos PDR (“Don Sahong Project”).

Under the agreement, MFCB is conferred the exclusive mandate to carry out studies on the feasibility of the Don Sahong Project over a period of eighteen (18) months from the signing of the Agreement or such extended period as the parties may mutually agree (“Mandate Period”). During the Mandate Period, MFCB shall, inter-alia, carry out Feasibility and Environmental Impact Assessment and Social Impact Assessment studies on the Don Sahong Project and conduct necessary field investigations in relation thereto.

The Don Sahong Project has an expected generation capacity of 240 MW, and the development cost would be ascertained on completion of the feasibility studies.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 18 May 2006, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

21. Borrowing and debt securities

Group borrowings as of 31 March 2006 :

RM'000

Short term borrowings

Secured Denominated in :

Ringgit Malaysia
 GBP (GBP2,967,000)
 RMB (RMB60,000,000)
 Rand (R10,478,000)

36,914
19,075
27,900
6,233

Unsecured Denominated in :

Ringgit Malaysia

5,862
95,984

Long term borrowings

Secured Denominated in :

Ringgit Malaysia

39,964

135,948

22. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 18 May 2006, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

23. Changes in material litigation

There was no pending material litigation as at 18 May 2006, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

24. Dividend

No interim dividend was declared for the three months under review.

25. Basic earnings per share

The calculation of basic earnings per share for the first quarter and period ended 31 March 2006 is based on the net profit attributable to ordinary shareholders of RM9,959,000 and the number of ordinary shares in issue of 236,000,000.

26. Comparative figures

Effective 1 July 2005, the Group changed its financial year end from 30 June to 31 December as announced to the Exchange on 26 May 2005 (Ref. No. : MF-050526-35730). Consequently no comparative figures are available. The financial report for the first quarter (July 05 – September 05) in respect of the six-month financial period ended 31 December 2005 is attached herewith for reference.

27. Significant related party transaction

There were no significant related party transactions during the current quarter under review.

BY ORDER OF THE BOARD

YONG LAI SIM
Group Company Secretary

Kuala Lumpur
25 May 2006