

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

**Interim Financial Report
30 June 2008**

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

Unaudited Condensed Consolidated Income Statements
For the second quarter and 6-month period ended 30 June 2008

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2 nd Quarter 30.6.2008 RM'000	Preceding Year Corresponding 2 nd Quarter 30.6.2007 RM'000	Current Year To date 30.6.2008 RM'000	Preceding Year Corresponding Period 30.6.2007 RM'000
Revenue	A8	131,262	119,111	236,954	234,129
Operating expenses		(118,467)	(95,400)	(212,419)	(188,810)
Other operating income		14,783	3,526	30,769	5,772
Profit from operations		27,578	27,237	55,304	51,091
Finance cost		(1,409)	(1,631)	(2,737)	(3,347)
Share of profit/(loss) of an associate		252	203	390	(233)
Profit before tax	A8	26,421	25,809	52,957	47,511
Tax expense		(3,144)	(4,414)	(5,093)	(9,279)
Net profit for the period		23,277	21,395	47,864	38,232
Attributable to :					
Equity holders of the parent		13,757	13,656	28,744	25,098
Minority interest		9,520	7,739	19,120	13,134
		23,277	21,395	47,864	38,232
EPS - Basic (sen)	B14	5.84	5.75	12.21	10.58
- Diluted (sen)	B14	5.80	5.71	12.13	10.50

The notes set out on pages 5 to 12 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 at 30 June 2008

	Unaudited	Audited
	As At	As At
	30.6.08	31.12.07
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	213,897	221,216
Associates	4,388	3,998
Investments	9,399	10,899
Prepaid lease payments	3,577	3,680
Investment properties	71,746	45,259
Land held for property development	65,473	68,684
Goodwill on consolidation	10,027	10,027
	378,507	363,763
Current Assets		
Inventories	44,455	39,891
Property development	16,413	14,920
Trade and other receivables	153,022	122,151
Bank balances and deposits	113,070	121,928
	326,960	298,890
TOTAL ASSETS	705,467	662,653
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share capital	239,283	239,212
Treasury shares	(5,589)	(3,893)
Reserves	149,332	116,587
	383,026	351,906
Minority Interests	130,776	110,557
Total Equity	513,802	462,463
Non-Current Liabilities		
Long term borrowings	22,837	23,745
Hire purchase payables	1,164	1,855
Deferred taxation	25,229	26,193
	49,230	51,793
Current Liabilities		
Trade and other payables	79,533	85,501
Short term borrowings	56,894	56,561
Taxation	6,008	6,335
	142,435	148,397
Total Liabilities	191,665	200,190
TOTAL EQUITY AND LIABILITIES	705,467	662,653
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM)	1.63	1.49

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

Unaudited Condensed Consolidated Statement Of Changes In Equity
For the 6-month period ended 30 June 2008

	← Attributable to equity holders of the parent →							Distributable	Minority Interest	Total Equity
	← Non-distributable reserves →									
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	RM'000	RM'000
Balance at 1 January 2008	239,212	33,380	(3,893)	28	2,633	2,213	78,333	351,906	110,557	462,463
Currency translation differences	-	-	-	-	4,001	-	-	4,001	1,099	5,100
Profit for the period	-	-	-	-	-	-	28,744	28,744	19,120	47,864
Issue of ordinary shares pursuant to ESOS	71	-	-	-	-	-	-	71	-	71
Purchase of treasury shares	-	-	(1,696)	-	-	-	-	(1,696)	-	(1,696)
Balance at 30 June 2008	239,283	33,380	(5,589)	28	6,634	2,213	107,077	383,026	130,776	513,802
Balance at 1 January 2007	236,000	33,380	-	28	6,650	2,213	36,548	314,819	124,913	439,732
Currency translation differences	-	-	-	-	(2,833)	-	-	(2,833)	(1,701)	(4,534)
Profit for the period	-	-	-	-	-	-	25,098	25,098	13,134	38,232
Dividends	-	-	-	-	-	-	(5,210)	(5,210)	(22,785)	(27,995)
Issue of ordinary shares pursuant to ESOS	2,794	-	-	-	-	-	-	2,794	-	2,794
Purchase of treasury shares	-	-	(1,187)	-	-	-	-	(1,187)	-	(1,187)
Balance at 30 June 2007	238,794	33,380	(1,187)	28	3,817	2,213	56,436	333,481	113,561	447,042

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

Unaudited Condensed Consolidated Cash Flow Statements
For the 6-month period ended 30 June 2008

	30.6.2008	30.6.2007
	RM'000	RM'000
Profit before tax	52,957	47,511
Adjustments for non-cash flow - Non-cash items	(10,988)	10,011
- Non-operating items	2,124	823
Operating profit before changes in working capital	<u>44,093</u>	<u>58,345</u>
Changes in working capital - Net change in current assets	(35,047)	(22,649)
- Net change in current liabilities	<u>(3,522)</u>	<u>16,449</u>
Cash generated from operations	5,524	52,145
Income tax paid	<u>(6,574)</u>	<u>(10,361)</u>
Net cash (for)/from operating activities	(1,050)	41,784
Cash flows from/(for) investing activities		
Interest received	1,287	1,090
Acquisition of subsidiaries	-	(8,910)
Decrease/(Increase) in land held for property development	3,211	(1,789)
Increase in investment properties	(36)	(28)
Proceeds from disposal of property, plant and equipment	114	131
Purchase of property, plant and equipment	(2,844)	(10,738)
Purchase of quoted investments	-	(2,444)
Net cash from/(for) investing activities	<u>1,732</u>	<u>(22,688)</u>
Cash flows for financing activities		
Interest paid	(2,737)	(3,830)
Dividends paid to minority shareholders	(4,755)	(9,440)
Dividends paid to shareholders	-	(5,210)
Decrease in:		
Short-term borrowings, excluding bank overdrafts	(4,000)	(1,886)
Hire purchase payables	(785)	(501)
Net drawdown/(repayment) of mortgage loan and term loans	8,414	(1,538)
Proceeds from issue of shares pursuant to ESOS	71	-
Purchase of treasury shares	<u>(1,696)</u>	<u>(1,187)</u>
Net cash for financing activities	<u>(5,488)</u>	<u>(23,592)</u>
Net decrease in cash and cash equivalents	(4,806)	(4,496)
Cash and cash equivalents at beginning of the period	114,463	88,621
Effect of exchange differences	<u>2,012</u>	<u>-</u>
Cash and cash equivalents at end of the period	<u>111,669</u>	<u>84,125</u>

The notes set out on pages 5 to 12 form an integral part of and should be read in conjunction with this interim financial report.

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those in the financial statements for the financial year ended 31 December 2007.

A2. Qualification of financial statement

The auditors’ report of the Group’s annual financial statements for the financial year ended 31 December 2007 was not subject to any qualification other than a qualified report on the ability of one of its foreign subsidiary, Bloxwich Industries (Pty) Limited, to continue its operations as a going concern.

A3. Seasonal or cyclical factors

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

A4. Unusual item

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

A5. Nature and amount of changes in estimates

There was no change in estimates of amounts reported in prior financial years/periods that have a material effect in the current quarter and 6-month period ended 30 June 2008.

A6. Debt and equity securities

Debt and equity securities

	Number of Ordinary Shares of RM1 Each		Amount	
	Share Capital (Issued and Fully Paid) '000	Treasury Shares '000	Share Capital (Issued and Fully Paid) RM'000	Treasury Shares RM'000
As of 1.1.2008	239,212	2,661	239,212	(3,893)
Ordinary shares issued pursuant to ESOS	71	-	71	-
	239,283	2,661	239,283	(3,893)
Purchase of treasury shares	-	1,346	-	(1,696)
As of 30.6.2008	239,283	4,007	239,283	(5,589)

6.1 Share options exercised

During the 6-month period ended 30 June 2008, 71,000 ordinary shares of RM1 each were issued at par pursuant to the exercise of options under the Company's Employee Share Option Scheme. As at 30 June 2008, options over 2,169,000 unissued ordinary shares remained outstanding.

6.2 Treasury Shares

During the 6-month period ended 30 June 2008, the Company purchased 1,345,600 of its issued ordinary shares from the open market at an average price of RM1.251 per share for a total consideration of RM1,695,967 comprising purchase price of RM1,683,410 and the total transaction cost of RM12,557. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 239,283,000 (31.12.2007 : 239,212,000) issued and fully paid ordinary shares as at 30 June 2008, 4,006,400 ordinary shares (31.12.2007 : 2,660,800) were held as treasury shares by the Company. As at 30 June 2008, the number of outstanding ordinary shares in issue and fully paid amounted to 235,276,600 (31.12.2007 : 236,551,200).

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

A7. Dividend paid

A final dividend of 3.5%, less income tax of 26%, for the financial year ended 31 December 2007 was approved by the shareholders at the Annual General Meeting held on 22 May 2008. The entitlements to the dividend which were determined on the basis of the record of depositors as at 27 June 2008 was paid on 11 July 2008.

A8. Segment information for the 6-month period ended 30 June 2008

	Revenue RM'000	Profit/(Loss) Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	190,978	24,909
Property development	12,864	27,154
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	28,953	4,261
Engineering, designing and manufacturing of automotive and transportation components	4,073	(1,288)
Investment holding	86	(2,469)
Associate	-	390
	<u>236,954</u>	<u>52,957</u>

A9. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment in these financial statements.

A10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the period reported up to 14 August 2008, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

A11. Changes in composition of the Group

- a) Mega First Power (HK) Limited (“MFPL”), a wholly-owned subsidiary, was incorporated in Hong Kong on 27 June 2008. MFPL has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. Its issued and paid-up share capital is HK\$10 divided into 10 fully paid ordinary shares of HK\$1 each.
- b) Don Sahong Power Company Limited (“DSPCL”) was incorporated in the British Virgin Islands on 4 July 2008 with an authorised share capital of 300,000,000 shares of USD1.00 each. It will have an initial issued and paid-up share capital of 10,000 shares of USD1.00 each. DSPCL shall be a 70% owned subsidiary of Mega First Corporation Berhad (“MFCB”) pursuant to the Shareholders’ Agreement entered into between MFCB and IJM Corporation Berhad on 10 June 2008.

Other than as disclosed above, there was no material change in the composition of the Group for the 6-month period ended 30 June 2008 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A12. Changes in contingent liabilities and assets

- a) Contingent liabilities

There was no change in contingent liabilities of the Group from 1 January 2008 to 14 August 2008, 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 14 August 2008, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

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

B1. Review of performance

a) Current quarter

For the current quarter under review, the Group registered a pre-tax profit of RM26.4 million on the back of a revenue of RM131.3 million.

The Power Division contributed RM15.7 million of the total pre-tax profit whereas the Property and Limestone Divisions contributed RM10.5 million and RM2.1 million, respectively.

b) For the six-month period ended 30 June 2008

For the six-month period ended 30 June 2008, the Group's revenue of RM237.0 was slightly higher than the corresponding period last year of RM234.1 million. However, pre-tax profit increased by 11.5% to RM53.0 million.

The improved profit of the Group was largely attributable to higher contribution from the Property Division, partially offset by lower contribution from the Power and Limestone Divisions. The Engineering Division recorded a loss of RM1.3 million.

B2. Variation of results against preceding quarter

The Group's pre-tax profit for the current quarter was comparable to the preceding quarter at RM26.4 million, despite a 24.2% increase in revenue to RM131.3 million. The Power Division is the major part of the Group's operations and recorded a pre-tax profit of RM15.7 million. The Property and Limestone Divisions contributed RM10.2 million and RM2.1 million, respectively.

B3. Prospects

The Board is confident that the results for the remaining quarters will continue to be profitable.

B4. Profit forecast

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

B5. Tax expense

	Current Quarter ended 30.6.2008 RM'000	Period ended 30.6.2008 RM'000
Current tax expense		
Malaysian	1,305	2,352
Overseas	1,839	2,741
	3,144	5,093
	3,144	5,093

The effective tax rate of the Group for the current quarter and 6-month period ended 30 June 2008 was lower than the statutory tax rate due mainly to the fair value gain adjustment of the Group's investment property, which is non-taxable, and the income earned in China which is taxed at a rate of 18 per cent.

B6. Unquoted investments and properties

There was no material sale or purchase of unquoted investment or property during the current quarter and 6-month period ended 30 June 2008.

B7. Quoted investment

- a) There was no sale or purchase of quoted investment during the current quarter and 6-month period ended 30 June 2008.
- b) Investments in quoted securities as at 30 June 2008

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	10,564	9,064	5,984

B8. Status of corporate proposal

On 6 March 2007, RCI announced that the company was proposing to establish an Employees' Share Option Scheme ("ESOS") for the benefit of the eligible Executive Directors and employees of RCI and its subsidiaries. The ESOS was approved by the shareholders of RCI on 25 April 2007 and has yet to become effective.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 14 August 2008, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

B9. Borrowing and debt securities

Group borrowings as of 30 June 2008:

	<u>RM'000</u>
<u>Short term borrowings</u>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	32,823
Rand (ZAR1,421,000)	586
	<u>33,409</u>
<i>Unsecured Denominated in :</i>	
Renminbi (RMB43,000,000)	20,485
Ringgit Malaysia	3,000
	56,894
<u>Long term borrowings</u>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	19,492
Rand (ZAR8,110,000)	3,345
	<u>22,837</u>
	<u><u>79,731</u></u>

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 14 August 2008, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B11. Changes in material litigation

There was no pending material litigation as at 14 August 2008, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B12. Capital commitments

As at 30 June 2008, the Group has the following commitments:

	<u>RM'000</u>
Property, plant and equipment and investment	
Authorised and contracted but not provided for	1,700
Authorised but not contracted for	90,172
	<u>91,872</u>

B13. Dividend

The Board has declared an interim dividend of 2.0% less income tax of 26% (financial year ended 31.12.07 : interim dividend of 2.0% less income tax of 27% and final dividend of 3.5% less income tax of 26%) for the financial year ending 31 December 2008. The interim dividend will be paid on 16 October 2008 to the Depositors registered in the Record of Depositors at the close of business on 30 September 2008. This dividend has not been included as a liability in these Financial Statements.

B14. Earnings per share

	Quarter ended 30 June		Period ended 30 June	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	13,757	13,656	28,744	25,098
Weighted average number of ordinary shares in issue ('000)	235,469	237,292	235,469	237,292
Basic earnings per share (sen)	<u>5.84</u>	<u>5.75</u>	<u>12.21</u>	<u>10.58</u>
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	13,757	13,656	28,744	25,098
Dilutive effects of outstanding employees' share options	<u>34</u>	<u>43</u>	<u>70</u>	<u>105</u>
Diluted earnings	<u>13,791</u>	<u>13,699</u>	<u>28,814</u>	<u>25,203</u>
Weighted average number of ordinary shares in issue ('000)	235,469	237,292	235,469	237,292
Adjustments for share options ('000)	<u>2,169</u>	<u>2,718</u>	<u>2,169</u>	<u>2,718</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>237,638</u>	<u>240,010</u>	<u>237,638</u>	<u>240,010</u>
Diluted earnings per share (sen)	<u>5.80</u>	<u>5.71</u>	<u>12.13</u>	<u>10.50</u>

B15. Significant related party transaction

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2008.

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Kuala Lumpur
21 August 2008