

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

**Interim Financial Report
30 September 2005**

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

Unaudited Condensed Consolidated Income Statements
For the first quarter ended 30 September 2005

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year 1 st Quarter 30.09.2005 RM'000	Preceding Year Corresponding 1 st Quarter 30.09.2004 RM'000	Current Year To date 30.09.2005 RM'000	Preceding Year Corresponding Period 30.09.2004 RM'000
Revenue	137,068	154,657	137,068	154,657
Operating expenses	(115,132)	(142,149)	(115,132)	(142,149)
Other operating income	3,819	5,287	3,819	5,287
Profit from operations	25,755	17,795	25,755	17,795
Finance cost	(3,013)	(3,223)	(3,013)	(3,223)
Share of profit in jointly controlled entity	444	453	444	453
Share of profit/(loss) of associates	(88)	54	(88)	54
Profit before taxation	23,098	15,079	23,098	15,079
Tax expense	(5,313)	(1,601)	(5,313)	(1,601)
Profit after taxation	17,785	13,478	17,785	13,478
Less : Minority interests	(7,124)	(5,882)	(7,124)	(5,882)
Net profit for the period	10,661	7,596	10,661	7,596
EPS - Basic (sen)	4.52	3.22	4.52	3.22
- Diluted (sen)	N/A	N/A	N/A	N/A

The EPS is calculated based on the net profit for the first quarter ended 30 September 2005 divided by 236,000,000 ordinary shares in issue.

The notes set out on pages 5 to 10 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
At 30 September 2005

	30 September 2005 RM'000	Audited 30 June 2005 RM'000
Property, plant and equipment	279,437	282,513
Associate	6,630	6,697
Jointly controlled entity	3,930	3,617
Investments	2,444	904
Investment properties	24,332	24,332
Property development – non-current	87,346	87,092
Intangible assets	7,971	8,157
	<hr/>	<hr/>
	412,090	413,312
Current assets		
Inventories	48,159	48,744
Property development	7,155	3,187
Trade and other receivables	136,847	140,948
Bank balances and deposits	87,687	89,054
	<hr/>	<hr/>
	279,848	281,933
Current liabilities		
Trade and other payables	104,318	103,360
Borrowings	93,936	110,010
Taxation	7,342	6,312
	<hr/>	<hr/>
	205,596	219,682
Net current assets	<hr/>	<hr/>
	74,252	62,251
	<hr/>	<hr/>
	486,342	475,563
Finance by :		
Capital and reserves		
Share capital	236,000	236,000
Reserves	59,172	48,808
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	295,172	284,808
Minority shareholders' interests	108,205	101,093
Long term and deferred liabilities		
Borrowings	51,588	60,021
Deferred taxation	27,913	28,678
Other long term payables	3,464	963
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	82,965	89,662
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	486,342	475,563

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Unaudited Condensed Consolidated Statement Of Changes In Equity
For the first quarter ended 30 September 2005

	Share Capital RM'000	Non- distributable RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 July 2005	236,000	68,377	(19,569)	284,808
Net gains and losses not recognized in the income statement :				
Currency translation differences	-	(297)	-	(297)
Net profit for the period	-	-	10,661	10,661
At 30 September 2005	236,000	68,080	(8,908)	295,172
At 1 July 2004	236,000	69,719	(48,846)	256,873
Deconsolidation adjustment of Mega Fortris	-	-	(1,654)	(1,654)
Equity accounting of Mega Fortris, a jointly controlled entity	-	-	1,654	1,654
Net gains and losses not recognized in the income statement :				
Currency translation differences	-	(1,290)	-	(1,290)
Net profit for the period	-	-	7,596	7,596
At 30 September 2004	236,000	68,429	(41,250)	263,179

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Unaudited Condensed Consolidated Cash Flow Statements
For the first quarter ended 30 September 2005

	30 September 2005 RM'000	30 September 2004 RM'000
Net profit before tax	23,098	15,079
Adjustment for non-cash flow :		
Non-cash items	7,296	8,677
Non-operating items	2,080	8,202
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Operating profit before changes in working capital	32,474	31,958
Changes in working capital :		
Net change in current assets	718	2,159
Net change in current liabilities	958	4,388
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Cash generated from operations	34,150	38,505
Tax paid	(4,194)	(892)
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Net cash inflow from operating activities	29,956	37,613
Net cash inflow/(outflow) from investing activities		
Interest income	556	574
(Increase)/decrease in property development non current	(254)	(764)
Acquisition of associated company	-	(3,500)
Proceeds from disposal of property, plant and equipment	22	78
Increase in investment in subsidiary company	-	(2,025)
Purchase of property, plant and equipment	(6,437)	(5,806)
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Net cash (used in)/from investing activities	(6,113)	(11,443)
Net cash outflow from financing activities		
Increase/(decrease) in short term borrowings excluding overdrafts	(4,602)	2,922
Proceeds from term loans	1,859	-
Repayment of term loans	(2,292)	(4,971)
Repayment of bonds	(8,000)	(8,000)
Interest paid	(3,115)	(4,181)
(Decrease)/Increase in hire purchase payables	2,501	(178)
	<hr/>	<hr/>
Net cash used in financing activities	(13,649)	(14,408)
Net change in cash & cash equivalents	10,194	11,762
Cash & cash equivalents at beginning of period	69,569	70,544
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Cash & cash equivalents at end of period	79,763	82,306
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The notes set out on pages 5 to 10 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 is unaudited and has been prepared in accordance with Financial Reporting Standard 134 (previously MASB 26), Interim Financial Reporting 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 year ended 30 June 2005.

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 year ended 30 June 2005.

2. Qualification of financial statement

The audit report of the Group's annual financial statements for the year ended 30 June 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.

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 paid

There was no dividend paid during the current quarter under review.

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8. Segment information for the first quarter ended 30 September 2005

2005	Revenue RM'000	Profit/(Loss) Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	81,226	21,731
Property development	7,257	1,136
Quarrying and production of quicklime, hydrated lime and calcium carbonate products	6,735	296
Engineering, designing and manufacturing of automotive and transportation components	41,850	735
Investment holding	-	(1,156)
Jointly controlled entity	-	444
Associate	-	(88)
	<u>137,068</u>	<u>23,098</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 22 November 2005, 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 first quarter ended 30 September 2005 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 July 2005 to 22 November 2005, 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 22 November 2005, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

c) Significant related party transaction

Rental of premises from The Trustees For The Time Being Of The Rockingham Trust No. 6660/87, a Trust in which a director of a foreign subsidiary company Harvey Smith is a beneficiary	<u>RM'000</u> <u>253</u>
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13. Review of performance

For the current quarter under review, the Group registered a pre-tax profit of RM23.1 million whilst revenue achieved was RM137.1 million.

The pre-tax profit was mainly derived from the Power and Property Divisions which recorded a pre-tax profit of RM21.7 million and RM1.1 million respectively.

14. Variation of results against preceding quarter

For the first quarter ended 30 September 2005, the Group's revenue was RM137.1 million which is comparable to RM138.1 million in the preceding quarter.

However, the Group pre-tax profit for the first quarter of RM23.1 million was higher than that of the preceding quarter of RM16.5 million. The higher profit was mainly attributable to the Engineering Division which recorded a pre-tax profit of RM0.7 million as compared to a pre-tax loss of RM2.5 million in the preceding quarter. The Power and Property Divisions also recorded improved earnings of RM1.1 million and RM0.7 million respectively.

15. Prospects

With the continuing measures undertaken to strengthen the businesses, the Board expects the results for the next quarter to be better.

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16. Profit forecast

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

17. Tax expense

	Current quarter ended 30 September 2005 RM'000	Period ended 30 September 2005 RM'000
Current tax expense		
Malaysian	1,619	1,619
Overseas	2,790	2,790
	4,409	4,409
Deferred tax expense		
Malaysian	424	424
Overseas	-	-
	424	424
Tax expense on share of profit :		
- jointly controlled entity	131	131
- associated company	(19)	(19)
Under provision in prior years	368	368
	5,313	5,313

The effective tax rates of the Group for the current quarter ended 30 September 2005 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.

18. Unquoted investments and properties

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

19. Quoted investment

a) Purchase and sale of quoted investments

Acquisition of other quoted investments

	Current Quarter ended 30 September 2005 RM'000	Period ended 30 September 2005 RM'000
Purchase consideration	1,540	1,540

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b) Other investments in quoted securities as of 30 September 2005

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	<u>2,444</u>	<u>2,444</u>	<u>2,486</u>

20. Status of corporate proposal

There was no corporate proposal announced but not completed as at 22 November 2005, 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 at 30 September 2005 :

	<u>RM'000</u>
<u>Short term borrowings</u>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	35,961
GBP (GBP 2,704,000)	17,939
RMB (RMB 70,000,000)	32,130
Rand (R 6,124,000)	3,628
<i>Unsecured Denominated in :</i>	
Ringgit Malaysia	4,278
	<u>93,936</u>
<u>Long term borrowings</u>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	38,337
GBP (GBP 1,997,000)	13,251
	<u>51,588</u>
	<u>145,524</u>

22. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 22 November 2005, 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 22 November 2005, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

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24. Dividend

A first and final dividend of 3.0%, less income tax, for the year ended 30 June 2005 was approved by the shareholders at the Annual General Meeting held on 27 October 2005. The entitlements to the dividend were determined on the basis of the record of depositors as at 25 November 2005 and will be payable on 16 December 2005. The said dividend has not been included as a liability in these financial statements.

25. Basic earnings per share

The calculation of basic earnings per share for the first quarter ended 30 September 2005 is based on the net profit attributable to ordinary shareholders of RM10,661,000 and the number of ordinary shares in issue of 236,000,000.

BY ORDER OF THE BOARD

YONG LAI SIM
Group Company Secretary

Kuala Lumpur
29 November 2005