

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

**Interim Financial Report  
30 September 2007**

**Unaudited Condensed Consolidated Income Statements**  
**For the third quarter and nine months ended 30 September 2007**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 3 <sup>rd</sup> Quarter 30.9.2007 RM'000	Preceding Year Corresponding 3 <sup>rd</sup> Quarter 30.9.2006 RM'000	Current Year To date 30.9.2007 RM'000	Preceding Year Corresponding Period 30.9.2006 RM'000
Revenue	A8	114,933	115,709	349,062	349,497
Operating expenses		(94,054)	(91,742)	(282,864)	(283,368)
Other operating income		9,859	4,028	15,631	9,567
Profit from operations		30,738	27,995	81,829	75,696
Finance cost		(1,903)	(2,268)	(5,250)	(6,916)
Share of profit/(loss) of associates		84	88	(120)	(87)
<b>Profit before taxation</b>	A8	28,919	25,815	76,459	68,693
Tax expense		(849)	(1,443)	(10,157)	(10,493)
<b>Net profit for the period</b>		<b>28,070</b>	<b>24,372</b>	<b>66,302</b>	<b>58,200</b>
Attributable to :					
Equity holders of the parent		17,570	15,013	42,668	34,375
Minority interest		10,500	9,359	23,634	23,825
		28,070	24,372	66,302	58,200
EPS - Basic (sen)	B13	7.39	6.36	17.97	14.57
- Diluted (sen)	B13	7.34	N/A	17.85	N/A

The notes set out on pages 6 to 14 form an integral part of and should be read in conjunction with this interim financial report.

**Unaudited Condensed Consolidated Balance Sheets  
As of 30 September 2007**

	<b>As At 30.9.07 RM'000</b>	<b>Audited As At 31.12.06 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	240,964	234,606
Associates	3,911	6,173
Investments	10,920	8,329
Prepaid lease payments	3,350	3,496
Investment properties	35,379	30,918
Land held for property development	68,136	66,792
Goodwill on consolidation	10,772	7,785
	<b>373,432</b>	<b>358,099</b>
<b>Current Assets</b>		
Inventories	44,488	37,593
Property development	13,293	17,551
Trade and other receivables	138,243	126,381
Bank balances and deposits	111,826	100,750
	<b>307,850</b>	<b>282,275</b>
Non-current asset held for sale	39,588	40,196
	<b>347,438</b>	<b>322,471</b>
<b>TOTAL ASSETS</b>	<b>720,870</b>	<b>680,570</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Equity Holders Of The Parent</b>		
Share capital	239,042	236,000
Reserves	113,766	78,819
	<b>352,808</b>	<b>314,819</b>
<b>Minority Interests</b>	122,572	124,913
<b>Total Equity</b>	<b>475,380</b>	<b>439,732</b>
<b>Non-Current Liabilities</b>		
Long term borrowings	24,326	29,985
Other long term payables	2,045	2,622
Deferred taxation	28,493	27,497
	<b>54,864</b>	<b>60,104</b>
<b>Current Liabilities</b>		
Trade and other payables	109,864	98,100
Short term borrowings	74,233	72,392
Taxation	6,529	10,242
	<b>190,626</b>	<b>180,734</b>
<b>Total Liabilities</b>	<b>245,490</b>	<b>240,838</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>720,870</b>	<b>680,570</b>
<b>Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM)</b>	<b>1.48</b>	<b>1.33</b>

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

**Unaudited Condensed Consolidated Statement Of Changes In Equity**  
**For the nine months ended 30 September 2007**

	← Attributable to equity holders of the parent →								Minority Interest RM'000	Total Equity RM'000
	← Non-distributable reserves →				Distributable					
	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		
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	-	-	-	-	77	-	-	77	(3,190)	(3,113)
Net profit for the period	-	-	-	-	-	-	42,668	42,668	23,634	66,302
Dividends	-	-	-	-	-	-	(5,210)	(5,210)	(22,785)	(27,995)
Issue of ordinary shares pursuant to ESOS	3,042	-	-	-	-	-	-	3,042	-	3,042
Purchase of treasury shares	-	-	(2,569)	-	-	-	-	(2,569)	-	(2,569)
Transaction costs	-	-	(19)	-	-	-	-	(19)	-	(19)
<b>Balance at 30 September 2007</b>	<b>239,042</b>	<b>33,380</b>	<b>(2,588)</b>	<b>28</b>	<b>6,727</b>	<b>2,213</b>	<b>74,006</b>	<b>352,808</b>	<b>122,572</b>	<b>475,380</b>

(Forward)

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	← Attributable to equity holders of the parent →					Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits 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								
Statutory reserve fund of a foreign subsidiary	-	-	-	-	-	-	452	452
Currency translation differences	-	-	(1,070)	-	-	(1,070)	-	(1,070)
Net profit for the period	-	-	-	-	34,375	34,375	23,825	58,200
Total recognised income and expense for the period	-	-	(1,070)	-	34,375	33,305	24,277	57,582
Dividends	-	-	-	-	(2,549)	(2,549)	(1,897)	(4,446)
Dilution of investment in a subsidiary	-	-	-	-	-	-	63	63
Purchase of additional investment in a subsidiary	-	-	-	-	-	-	(40)	(40)
Balance at 30 September 2006	236,000	33,380	7,101	2,213	28,201	306,895	118,542	425,437

The notes set out on pages 6 to 14 form an integral part of and should be read in conjunction with this interim financial report.

**Unaudited Condensed Consolidated Cash Flow Statements**  
**For the nine months ended 30 September 2007**

	<b>30.9.2007</b>	<b>30.9.2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	76,459	68,693
Adjustments for non-cash flow :		
Non-cash items	11,792	19,408
Non-operating items	(909)	5,525
Operating profit before changes in working capital	<u>87,342</u>	<u>93,626</u>
Changes in working capital :		
Net change in current assets	(9,599)	(10,372)
Net change in current liabilities	(2,662)	(25,003)
Cash generated from operations	75,081	58,251
Income tax paid	<u>(13,421)</u>	<u>(9,739)</u>
<b>Net cash from operating activities</b>	<b>61,660</b>	<b>48,512</b>
<b>Cash flows for investing activities</b>		
Interest received	2,964	1,477
Acquisition of subsidiaries	(8,910)	-
Cash returned	213	-
Decrease in land held for property development	811	3,743
Increase in investment properties	(34)	(6,592)
Proceeds from disposal of property, plant and equipment	131	7,394
Purchase of property, plant and equipment	(14,843)	(10,663)
Proceeds from disposal of quoted investments	6,233	-
Purchase of quoted investments	<u>(5,316)</u>	<u>(6,397)</u>
<b>Net cash for investing activities</b>	<u>(18,751)</u>	<u>(11,038)</u>
<b>Cash flows for financing activities</b>		
Interest paid	(5,250)	(7,419)
Dividends paid to minority shareholders	(16,824)	-
Dividends paid to shareholders	(5,210)	(4,445)
Decrease in :		
Short term borrowings, excluding bank overdrafts	(4,700)	(16,527)
Hire purchase payables	(681)	(1,427)
Net drawdown/(repayment) of term loans	9,172	(3,301)
Proceeds from issue of shares pursuant to ESOS	3,042	-
Purchase of treasury shares	(2,588)	-
Repayment of bonds	<u>(8,000)</u>	<u>(8,000)</u>
<b>Net cash for financing activities</b>	<u>(31,039)</u>	<u>(41,119)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>11,870</b>	<b>(3,645)</b>
<b>Cash and cash equivalents at beginning of period</b>	<u>88,621</u>	<u>88,179</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>100,491</u></u>	<u><u>84,534</u></u>

The notes set out on pages 6 to 14 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 2006.

In the current financial year, the Group had adopted Financial Reporting Standard (“FRS”) No. 124 Related Party Disclosures effective for the financial period beginning on or after 1 October 2006. The adoption of FRS No. 124 has no significant impact on the Group Financial Statements.

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 financial year ended 31 December 2006.

**A2. Qualification of financial statement**

The audit report of the Group’s annual financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

**A3. Seasonal or cyclical factors**

Our 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 were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and nine months ended 30 September 2007.

**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 1.1.2007	236,000	-	236,000	-
Ordinary shares issued pursuant to ESOS	3,042	-	3,042	-
	239,042	-	239,042	-
Purchase of treasury shares	-	1,750	-	(2,569)
Transaction costs	-	-	-	(19)
As of 30.9.2007	<u>239,042</u>	<u>1,750</u>	<u>239,042</u>	<u>(2,588)</u>

**6.1 Share options exercised during the quarter**

During the nine months ended 30 September 2007, 3,042,000 ordinary shares of RM1 each were issued at the option price of RM1 each pursuant to the exercise of options under the Group's Employee Share Option Scheme. As at 30 September 2007, options over 2,470,000 unissued ordinary shares remained outstanding.

**6.2 Treasury Shares**

On 27 April 2007, the shareholders of the Company renewed their approval for the Company's plan to purchase its own ordinary shares. During the nine months ended 30 September 2007, the Company purchased 1,750,300 of its issued ordinary shares from the open market at an average price of RM1.468 per share for a total consideration of RM2,587,711 comprising purchase price of RM2,568,663 and transaction cost of RM19,048. The purchase transactions were financed by bank borrowings. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 239,042,000 (2006 : 236,000,000) issued and fully paid ordinary shares as at 30 September 2007, 1,750,300 (2006 : Nil) are held as treasury shares by the Company. As at 30 September 2007, the number of outstanding ordinary shares in issue and fully paid is therefore 237,291,700 (2006 : 236,000,000) ordinary shares of RM1 each.

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 3.0%, less income tax, for the financial year ended 31 December 2006 was approved by the shareholders at the Annual General Meeting held on 27 April 2007 and paid on 29 May 2007.

An interim dividend of 2.0% less income tax of 27% (financial year ended 31.12.06 : interim dividend of 2.0% less income tax of 28% and final dividend of 3.0% less income tax of 28%) for the financial year ending 31 December 2007 was paid on 31 October 2007.

**A8. Segment information for the nine months ended 30 September 2007**

<b>2007</b>	<b>Revenue RM'000</b>	<b>Profit/(Loss) Before Tax RM'000</b>
<b>By Activity</b>		
<u>Continuing operations:</u>		
Build, own and operate power plants	243,210	55,979
Property development	19,678	7,361
Quarrying and production of quicklime, hydrated lime and calcium carbonate products	46,877	6,982
Engineering, designing and manufacturing of automotive and transportation components	39,269	2,592
Investment holding	28	3,665
Associates	-	(120)
	<u>349,062</u>	<u>76,459</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**

On 14 November 2007, the Company announced that Administrators were appointed for Bloxwich Engineering Limited (“BEL”) and its wholly owned subsidiaries namely Bloxwich Automotive Limited, Bloxwich Transportation Products Limited, Bloxwich Security Product Limited, Bloxwich Fabrications Limited and APM Advanced Presswork Manufacturer Ltd, with effect from 12 November 2007, by a secured creditor of the aforesaid companies.

BEL is a wholly owned subsidiary of Bloxwich International Sdn. Bhd. (“BISB”) which in turn is a wholly owned subsidiary of the Company.

With effect from 1 October 2005, BISB and the Company have stopped providing financial support and guarantee the present and future liabilities of BEL Group. Accordingly, with effect from the six-month financial period ended 31 December 2005, the financial statements of BEL Group have been prepared on a break-up basis. Mega First Corporation Berhad (“MFCB”) Group has consolidated the losses of BEL Group up to RM36.1 million, which represents the BISB Group’s cost of investment in the BEL Group.

Other than as disclosed above, there was no material event subsequent to the end of the period reported up to 20 November 2007, 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**

- i) On 18 April 2007, RCI Minerals Sdn. Bhd. a wholly-owned subsidiary of Rock Chemical Industries (Malaysia) Berhad (“RCI”) which in turn is a 60.4% subsidiary of MFCB entered into a conditional sale and purchase agreement with 13 individuals to acquire the entire issued and paid-up share capital of Mesrasasi Sdn. Bhd. comprising 200,000 fully paid ordinary shares of RM1.00 each for a total cash consideration of RM2,570,000.

Contemporaneously, RCI Lime Sdn. Bhd., a wholly-owned subsidiary of RCI, has entered into a conditional sale and purchase agreement with Syarikat Perusahaan Sri Murni Sdn. Bhd. to acquire the limestone crushing plant and equipment for a cash consideration of RM1,007,260.

These acquisitions were completed on 27 June 2007.

- ii) On 4 May 2007, RCI a 60.4% owned subsidiary of MFCB announced that a new wholly-owned subsidiary, Mega First Venture Limited (“MFVL”), was incorporated in Hong Kong on 2 May 2007. MFVL has an authorized share capital of HKD2,000,000 divided into 2,000,000 shares of HKD1 each. Its issued and paid-up share capital is HKD100 divided into 100 fully paid ordinary shares of HKD1 each. The intended principal activity of MFVL is investment holding.

- iii) On 30 May 2007, Batamas Sdn. Bhd. became a wholly-owned subsidiary of RCI.

Other than as disclosed above, there was no material change in the composition of the Group for the nine months ended 30 September 2007 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 material change in contingent liabilities of the Group from 1 January 2007 to 20 November 2007, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

- b) Contingent assets

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The Group has no contingent asset as at 20 November 2007, 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 recorded a marginal decline in revenue to RM114.9 million. However, pre-tax profit increased by 12.0% to RM28.9 million.

The better pre-tax profit was mainly due to higher contribution from the Property Division, partially offset by lower contribution from the Limestone and Engineering Divisions.

b) For the nine months ended 30 September 2007

For the nine months ended 30 September 2007, the Group's revenue was comparable to the corresponding period last year at RM349.1 million. However, pre-tax profit increased by 11.3% to RM76.5 million.

The improved profit of the Group was largely attributable to higher contribution from the Property and Limestone Divisions, partially offset by lower contribution from the Power and Engineering Divisions.

**B2. Variation of results against preceding quarter**

The Group's pre-tax profit for the third quarter increased to RM28.9 million as compared to RM25.8 million in the preceding quarter despite a 3.5% decline in revenue to RM114.9 million. The improved results were mainly due to higher contribution from the Property Division, partially offset by lower contribution from the Engineering Division.

**B3. Prospects**

The Board is confident that the results for the final quarter will remain satisfactory.

**B4. Profit forecast**

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

**B5. Tax expense**

	<b>Current Quarter ended 30.9.2007 RM'000</b>	<b>Period ended 30.9.2007 RM'000</b>
Current tax expense		
Malaysian	2,238	7,072
Overseas	(1,948)	2,605
Tax expense on share of profit :		
- associate	23	52
	<hr/>	<hr/>
	313	9,729
Deferred tax expense		
Malaysian	536	428
Overseas	-	-
	<hr/>	<hr/>
	536	428
	<hr/>	<hr/>
	849	10,157
	<hr/>	<hr/>

The effective tax rate of the Group for the current quarter and period ended 30 September 2007 was lower than the statutory tax rate due mainly to the income earned in China which is taxed at the rate of 17.5 per cent and a RM4,394,308 refund of income tax (financial year ended 31.12.06 : Nil) previously paid.

**B6. Unquoted investments and properties**

Other than as disclosed in Note A11, there was no sale or purchase of unquoted investment or property during the current quarter and nine months ended 30 September 2007.

**B7. Quoted investment**

a) Purchase and sale of quoted investments for the current quarter and nine months ended 30 September 2007 are as follows :

i) Acquisition of quoted investments

	<b>Current Quarter ended 30.9.2007 RM'000</b>	<b>Period ended 30.9.2007 RM'000</b>
Purchase consideration	<hr/>	<hr/>
	2,872	5,316
	<hr/>	<hr/>

**B7. Quoted investment (Cont'd)**

ii) Disposal of quoted investments

	<b>Current Quarter ended 30.9.2007 RM'000</b>	<b>Period ended 30.9.2007 RM'000</b>
Sale consideration	3,713	6,233
Less : Cost of sale	<u>(1,793)</u>	<u>(2,847)</u>
Gain on disposal	<u>1,920</u>	<u>3,386</u>

b) Investments in quoted securities as of 30 September 2007

	<b>Cost RM'000</b>	<b>Book Value RM'000</b>	<b>Market Value RM'000</b>
Quoted in Malaysia	<u>10,585</u>	<u>10,585</u>	<u>13,372</u>

**B8. Status of corporate proposal**

- i) 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.
- ii) On 12 October 2007, RCI announced that the Securities Commission ("SC") has approved the change in utilisation of RM15,000,000 from the proceeds arising from the disposal of equity interest in Aalborg White Asia Sdn. Bhd. (formerly known as Aalborg-RCI White Cement Sdn. Bhd.), from expansion of kiln capacity to working capital.

The status of the utilization as of 30 September 2007 is as follows:

<b>Purpose</b>	<b>Proposed Utilisation /Amount Approved RM'000</b>	<b>Amount Utilised RM'000</b>	<b>Amount Outstanding RM'000</b>	<b>Explanation /Intended Timeframe for Utilisation Year(s)</b>
Improvement/Upgrade of existing plant, machinery, office and warehouse	7,200	800	6,400	1
Purchase of land	750	250	500	1
Working capital	-	-	15,000*	2
Expansion of kiln capacity	15,000	-	-	-
	<u>22,950</u>	<u>1,050</u>	<u>21,900</u>	

\* - Utilisation approved by SC on 12 October 2007.

**B9. Borrowing and debt securities**

Group borrowings as of 30 September 2007 :

	<b><u>RM'000</u></b>
<b><u>Short term borrowings</u></b>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	14,294
GBP (GBP3,095,000)	21,309
RMB (RMB60,000,000)	27,708
Rand (ZAR9,869,000)	4,783
	68,094
<i>Unsecured Denominated in :</i>	
Ringgit Malaysia	6,139
	74,233
<b><u>Long term borrowings</u></b>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	20,146
Rand (ZAR8,625,000)	4,180
	24,326
	98,559

**B10. Off balance sheet financial instruments**

There was no financial instrument with off balance sheet risk as at 20 November 2007, 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 20 November 2007, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

**B12. Dividend**

No dividend was declared for the current quarter under review.

The total dividend for the current financial year-to-date (nine months ended 30 September 2007) is 2.0% less income tax at 27% (previous corresponding period : 2.0% less income tax at 28%).

**B13. Earnings per share**

	Quarter ended 30 September		Cumulative quarter ended 30 September	
	2007	2006	2007	2006
<b>Basic earnings per share</b>				
Profit for the period attributable to ordinary equity holders of the Company	17,570	15,013	42,668	34,375
Weighted average number of ordinary shares in issue ('000)	237,775	236,000	237,454	236,000
Basic earnings per share (sen)	7.39	6.36	17.97	14.57
<b>Diluted earnings per share</b>				
Profit for the period attributable to ordinary equity holders of the Company	17,570	15,013	42,668	34,375
Dilutive effects of outstanding employees' share options	54	-	159	-
Diluted earnings	17,624	15,013	42,827	34,375
Weighted average number of ordinary shares in issue ('000)	237,775	236,000	237,454	236,000
Adjustments for share options ('000)	2,470	-	2,470	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	240,245	236,000	239,924	236,000
Diluted earnings per share (sen)	7.34	N/A	17.85	N/A

**B14. Significant related party transaction**

There was no significant related party transaction during the current quarter and nine months ended 30 September 2007.

**BY ORDER OF THE BOARD**

**Yong Lai Sim**  
**Ghee Yoke Ping**  
Secretaries

Kuala Lumpur  
27 November 2007