

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

**Interim Financial Report
31 March 2007**

Unaudited Condensed Consolidated Income Statements
For the first quarter and three months ended 31 March 2007

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 1 st Quarter 31.3.2007 RM'000	Preceding Year Corresponding 1 st Quarter 31.3.2006 RM'000	Current Year To date 31.3.2007 RM'000	Preceding Year Corresponding Period 31.3.2006 RM'000
Revenue	A8	115,018	112,688	115,018	112,688
Operating expenses		(93,410)	(93,306)	(93,410)	(93,306)
Other operating income		2,246	2,729	2,246	2,729
Profit from operations		23,854	22,111	23,854	22,111
Finance cost		(1,716)	(1,976)	(1,716)	(1,976)
Share of loss of associates		(427)	(87)	(427)	(87)
Profit before taxation	A8	21,711	20,048	21,711	20,048
Tax expense		(4,874)	(3,937)	(4,874)	(3,937)
Net profit for the period		16,837	16,111	16,837	16,111
Attributable to :					
Equity holders of the parent		11,442	9,959	11,442	9,959
Minority interest		5,395	6,152	5,395	6,152
		16,837	16,111	16,837	16,111
EPS - Basic (sen)	B13	4.83	4.22	4.83	4.22
- Diluted (sen)	B13	4.78	N/A	4.78	N/A

The notes set out on pages 5 to 13 form an integral part of and should be read in conjunction with this interim financial report.

**Unaudited Condensed Consolidated Balance Sheets
As of 31 March 2007**

	As at 31.3.07 RM'000	Audited As at 31.12.06 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	239,532	234,606
Associates	3,796	6,173
Investments	8,811	8,329
Prepaid lease payments	3,448	3,496
Investment properties	30,924	30,918
Land held for property development	69,107	66,792
Goodwill on consolidation	8,464	7,785
	364,082	358,099
Current Assets		
Inventories	41,580	37,593
Property development	14,757	17,551
Trade and other receivables	142,771	126,381
Bank balances and deposits	97,924	100,750
	297,032	282,275
Non-current asset held for sale	39,186	40,196
	336,218	322,471
TOTAL ASSETS	700,300	680,570
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share capital	237,676	236,000
Reserves	89,807	78,819
Shareholders' funds	327,483	314,819
Minority Interests	130,625	124,913
Total Equity	458,108	439,732
Non Current Liabilities		
Borrowings – non-current	29,545	29,985
Other long term payables	939	2,622
Deferred taxation	28,966	27,497
	59,450	60,104
Current Liabilities		
Trade and other payables	94,787	98,100
Short term borrowings	79,463	72,392
Taxation	8,492	10,242
	182,742	180,734
Total Liabilities	242,192	240,838
TOTAL EQUITY AND LIABILITIES	700,300	680,570
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM)	1.38	1.33

The notes set out on pages 5 to 13 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 Statement Of Changes In Equity
For the three months ended 31 March 2007

	← 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	Treasury Shares RM'000	Share Option Reserves RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits 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	-	-	-	-	(251)	-	-	(251)	-	(251)
Net profit for the period	-	-	-	-	-	-	11,442	11,442	5,395	16,837
Dividends	-	-	-	-	-	-	-	-	-	-
Purchase of subsidiary	-	-	-	-	-	-	-	-	317	317
Issue of ordinary shares pursuant to ESOS	1,676	-	-	-	-	-	-	1,676	-	1,676
Purchase of treasury shares	-	-	(202)	-	-	-	-	(202)	-	(202)
Transaction costs	-	-	(1)	-	-	-	-	(1)	-	(1)
Balance at 31 March 2007	237,676	33,380	(203)	28	(6,399)	2,213	47,990	327,483	130,625	458,108
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										
Net 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

The notes set out on pages 5 to 13 form an integral part of and should be read in conjunction with this interim financial report.

**Unaudited Condensed Consolidated Cash Flow Statements
For the three months ended 31 March 2007**

	31.3.2007 RM'000	31.3.2006 RM'000
Profit before taxation	21,711	20,048
Adjustment for non-cash flow :		
Non-cash items	6,141	6,902
Non-operating items	(253)	2,498
Operating profit before changes in working capital	<u>27,599</u>	<u>29,448</u>
Changes in working capital :		
Net change in current assets	(17,583)	(8,197)
Net change in current liabilities	<u>(3,313)</u>	<u>(7,358)</u>
Cash generated from operations	6,703	13,893
Tax paid	<u>(5,716)</u>	<u>(4,017)</u>
Net cash inflow from operating activities	987	9,876
Cash for investing activities		
Purchase of a subsidiary	(3,569)	-
Interest income	241	350
Increase land held for property development	(2,315)	(163)
Proceeds from disposal of property, plant and equipment	131	196
Purchase of investment	(147)	(1,010)
Purchase of property, plant and equipment	<u>(2,305)</u>	<u>(3,456)</u>
Net cash for investing activities	<u>(7,964)</u>	<u>(4,083)</u>
Net cash for financing activities		
Increase/(Decrease) in :		
Short term borrowings excluding overdrafts	1,538	(1,705)
Hire purchase payables	(398)	(799)
Proceeds from term loans	-	3,004
Repayment of term loans	(710)	(1,009)
Interest paid	<u>(1,930)</u>	<u>(2,876)</u>
Net cash used in financing activities	<u>(1,500)</u>	<u>(3,385)</u>
Net (decrease)/increase in cash & cash equivalents	(8,477)	2,408
Cash & cash equivalents at beginning of period	<u>88,621</u>	<u>88,179</u>
Cash & cash equivalents at end of period	<u>80,144</u>	<u>90,587</u>

The notes set out on pages 5 to 13 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.

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 under review.

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	<u>1,676</u>	<u>-</u>	<u>1,676</u>	<u>-</u>
	237,676	-	237,676	-
Purchase of treasury shares	-	145.7	-	(202)
Transaction costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
As of 31.3.2007	<u>237,676</u>	<u>145.7</u>	<u>237,676</u>	<u>(203)</u>

6.1 Share options exercised during the quarter

During the first quarter ended 31 March 2007, 1,676,000 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 31 March 2007, options over 3,836,000 unissued ordinary shares remained outstanding.

6.2 Treasury Shares

The Shareholders of the Company, by an ordinary resolution passed in an extraordinary general meeting held on 27 February 2007 approved the Company's plan to repurchase its own ordinary shares. During the first quarter ended 31 March 2007, the Company repurchased 145,700 of its issued ordinary shares from the open market at an average price of RM1.385 per share. The total consideration paid for the repurchase was RM203,314 comprising of consideration paid amounting to RM201,817 and transaction cost of RM1,497. The repurchase transactions were financed by bank borrowings. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 of the total 237,676,000 (2006 : 236,000,000) issued and fully paid ordinary shares as at 31 March 2007, 145,700 (2006 : Nil) are held as treasury shares by the Company. As at 31 March 2007, the number of outstanding ordinary shares in issue after the set off is therefore 237,530,300 (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. The entitlements to the dividend which were determined on the basis of the record of depositors as at 11 May 2007 was paid on 29 May 2007.

A8. Segment information for the three months ended 31 March 2007

2007	Revenue RM'000	Profit/(Loss) Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	75,407	14,959
Property development	8,176	1,926
Quarrying and production of quicklime, hydrated lime and calcium carbonate products	16,306	2,738
Engineering, designing and manufacturing of automotive and transportation components	15,129	1,159
Investment holding	-	1,356
Associates	-	(427)
	<u>115,018</u>	<u>21,711</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

Other than as disclosed in Note A11, there was no material event subsequent to the end of the period reported up to 22 May 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 27 March 2007, Batamas Sdn. Bhd. became a 94.52% subsidiary of Rock Chemical Industries (M) Bhd (“RCI”).
- ii) On 18 April 2007, RCI Minerals Sdn.Bhd. (“RCIM”) a wholly owned subsidiary of RCI which in turn is a 60.4% subsidiary of Mega First Corporation Berhad (“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 (“Proposed Mesrasasi Acquisition”).

Contemporaneously, RCI Lime Sdn. Bhd. (“RCIL”), 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 (“Proposed Plant Acquisition”).

Completion of the Proposed Mesrasasi Acquisition and the Proposed Plant Acquisition are inter-conditional.

- iii) 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 100 fully paid ordinary shares of HKD1 each. The intended principal activity of MFVL is investment holding.

Other than as disclosed above, there was no material change in the composition of the Group for the three months ended 31 March 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 22 May 2007, 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 May 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

For the current quarter under review, the Group registered a pre-tax profit of RM21.7 million whilst revenue achieved was RM115.0 million.

Except for a share of loss in Associates of RM0.4 million, all Divisions registered pre-tax profits led by the Power Division which contributed RM15.0 million or 69% of the total pre-tax profit followed by the Limestone Division which registered a pre-tax profit of RM2.7 million.

The Property and Engineering Divisions accounted for RM1.9 million and RM1.2 million of the pre-tax profits respectively whereas the pre-tax profits of the Investment Holding Division resulted from the reversal of allowance for impairment loss no longer required.

B2. Variation of results against preceding quarter

For the first quarter ended 31 March 2007, the Group's revenue and pre-tax profit of RM115.0 million and RM21.7 million was lower than the preceding quarter's revenue and pre-tax profit of RM128.9 million and RM26.0 million respectively. The lower results was principally due to lower sale of steam and energy as a result of the festive season as well as lower off-take from car manufacturers.

However, the higher demand for lime based products resulted in higher revenue and profits for the Limestone Division.

B3. Prospects

The Board is confident that the results for the remaining quarters will remain satisfactory.

B4. Profit forecast

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

B5. Tax expense

	Current quarter ended 31.3.2007 RM'000	Period ended 31.3.2007 RM'000
Current tax expense		
Malaysian	2,717	2,717
Overseas	1,676	1,676
Tax expense on share of profit :		
- associated company	9	9
	<hr/>	<hr/>
	4,402	4,402
Deferred tax expense		
Malaysian	472	472
Overprovision in prior years	-	-
Overseas	-	-
	<hr/>	<hr/>
	472	472
	<hr/>	<hr/>
	4,874	4,874
	<hr/>	<hr/>

The effective tax rate of the Group for the current quarter and period ended 31 March 2007 was lower than the statutory tax rate due mainly to the income earned in China which is taxed at the rate of 15 per cent.

B6. Unquoted investments and properties

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

B7. Quoted investment

a) Purchase and sale of quoted investments

i) Acquisition of quoted investments

	Current Quarter ended 31.3.2007 RM'000	Period ended 31.3.2007 RM'000
Purchase consideration	<hr/>	<hr/>
	147	147
	<hr/>	<hr/>

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 2007

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	<u>8,476</u>	<u>8,476</u>	<u>11,136</u>

B8. Status of corporate proposal

On 6 March 2007, Rock Chemical Industries (Malaysia) Berhad (“RCI” or “Company”) a 60.4% owned subsidiary of Mega First Corporation Berhad announced that the Company is proposing to establish an Employees’ Share Option Scheme (“ESOS” or “Scheme”) for the benefit of the eligible Executive Directors and employees of RCI and its subsidiaries (“RCI Group” or “Group”) (collectively referred to as “Eligible Employees”). The ESOS was approved by the shareholders of RCI on 25 April 2007 and will become effective when a copy of the approved By-Laws is lodged with Bursa Securities.

B9. Borrowing and debt securities

Group borrowings as of 31 March 2007 :

	<u>RM'000</u>
<u>Short term borrowings</u>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	21,418
GBP (GBP 2,504,000)	17,062
RMB (RMB 60,000,000)	27,900
Rand (SAR 13,567,000)	6,450
	<u>72,830</u>
<i>Unsecured Denominated in :</i>	
Ringgit Malaysia	6,633
	<u>79,463</u>
<u>Long term borrowings</u>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	<u>29,545</u>
	<u>109,008</u>

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 22 May 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 22 May 2007, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

B12. Dividend

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

B13. Earnings per share

	Quarter ended 31 March		Cumulative quarter ended 31 March	
	2007	2006	2007	2006
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	11,442	9,959	11,442	9,959
Weighted average number of ordinary shares in issue ('000)	236,780	236,000	236,780	236,000
Basic earnings per share (sen)	<u>4.83</u>	<u>4.22</u>	<u>4.83</u>	<u>4.22</u>
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	11,442	9,959	11,442	9,959
Dilutive effects of outstanding employees' share options	62	-	62	-
Diluted earnings	<u>11,504</u>	<u>9,959</u>	<u>11,504</u>	<u>9,959</u>
Weighted average number of ordinary shares in issue ('000)	236,780	236,000	236,780	236,000
Adjustments for share options ('000)	<u>3,836</u>	<u>-</u>	<u>3,836</u>	<u>-</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>240,616</u>	<u>236,000</u>	<u>240,616</u>	<u>236,000</u>
Diluted earnings per share (sen)	<u>4.78</u>	<u>N/A</u>	<u>4.78</u>	<u>N/A</u>

B14. Significant related party transaction

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

BY ORDER OF THE BOARD

GHEE YOKE PING
Joint Secretary

Kuala Lumpur
29 May 2007