

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

**Interim Financial Report**  
**31 March 2008**

**Unaudited Condensed Consolidated Income Statements**  
**For the first quarter and 3-month period ended 31 March 2008**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 1 <sup>st</sup> Quarter 31.3.2008 RM'000	Preceding Year Corresponding 1 <sup>st</sup> Quarter 31.3.2007 RM'000	Current Year To date 31.3.2008 RM'000	Preceding Year Corresponding Period 31.3.2007 RM'000
Revenue	A8	105,692	115,018	105,692	115,018
Operating expenses		(93,952)	(93,410)	(93,952)	(93,410)
Other operating income		15,986	2,246	15,986	2,246
Profit from operations		27,726	23,854	27,726	23,854
Finance cost		(1,328)	(1,716)	(1,328)	(1,716)
Share of profit/(loss) of an associate		138	(436)	138	(436)
<b>Profit before tax</b>	A8	26,536	21,702	26,536	21,702
Tax expense		(1,949)	(4,865)	(1,949)	(4,865)
<b>Net profit for the period</b>		24,587	16,837	24,587	16,837
Attributable to :					
Equity holders of the parent		14,987	11,442	14,987	11,442
Minority interest		9,600	5,395	9,600	5,395
		24,587	16,837	24,587	16,837
EPS - Basic (sen)	B14	6.36	4.83	6.36	4.83
- Diluted (sen)	B14	6.32	4.78	6.32	4.78

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.

**Unaudited Condensed Consolidated Balance Sheets  
As at 31 March 2008**

	<b>Unaudited As At 31.3.08 RM'000</b>	<b>Audited As At 31.12.07 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	214,558	221,216
Associates	4,136	3,998
Investments	10,899	10,899
Prepaid lease payments	3,675	3,680
Investment properties	61,797	45,259
Land held for property development	68,370	68,684
Goodwill on consolidation	10,027	10,027
	<b>373,462</b>	<b>363,763</b>
<b>Current Assets</b>		
Inventories	38,610	39,891
Property development	13,888	14,920
Trade and other receivables	146,234	122,151
Bank balances and deposits	103,103	121,928
	<b>301,835</b>	<b>298,890</b>
<b>TOTAL ASSETS</b>	<b>675,297</b>	<b>662,653</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Equity Holders Of The Parent</b>		
Share capital	239,213	239,212
Treasury shares	(4,865)	(3,893)
Reserves	131,426	116,587
	<b>365,774</b>	<b>351,906</b>
<b>Minority Interests</b>	<b>120,324</b>	<b>110,557</b>
<b>Total Equity</b>	<b>486,098</b>	<b>462,463</b>
<b>Non-Current Liabilities</b>		
Long term borrowings	23,158	23,745
Hire purchase payables	1,312	1,855
Deferred taxation	25,387	26,193
	<b>49,857</b>	<b>51,793</b>
<b>Current Liabilities</b>		
Trade and other payables	80,138	85,501
Short term borrowings	53,848	56,561
Taxation	5,356	6,335
	<b>139,342</b>	<b>148,397</b>
<b>Total Liabilities</b>	<b>189,199</b>	<b>200,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>675,297</b>	<b>662,653</b>
<b>Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM)</b>	<b>1.55</b>	<b>1.49</b>

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**Unaudited Condensed Consolidated Statement Of Changes In Equity  
For the 3-month period ended 31 March 2008**

	← Attributable to equity holders of the parent →							Distributable	Minority Interest	Total Equity
	← Non-distributable reserves →			Share	Translation	Capital	Retained			
	Share Capital	Share Premium	Treasury Shares	Option Reserve	Reserve	Reserve	Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	(148)	-	-	(148)	167	19
Profit for the period	-	-	-	-	-	-	14,987	14,987	9,600	24,587
Issue of ordinary shares pursuant to ESOS	1	-	-	-	-	-	-	1	-	1
Purchase of treasury shares	-	-	(972)	-	-	-	-	(972)	-	(972)
<b>Balance at 31 March 2008</b>	<b>239,213</b>	<b>33,380</b>	<b>(4,865)</b>	<b>28</b>	<b>2,485</b>	<b>2,213</b>	<b>93,320</b>	<b>365,774</b>	<b>120,324</b>	<b>486,098</b>
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)
Profit for the period	-	-	-	-	-	-	11,442	11,442	5,395	16,837
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	317	317
Issue of ordinary shares pursuant to ESOS	1,676	-	-	-	-	-	-	1,676	-	1,676
Purchase of treasury shares	-	-	(203)	-	-	-	-	(203)	-	(203)
<b>Balance at 31 March 2007</b>	<b>237,676</b>	<b>33,380</b>	<b>(203)</b>	<b>28</b>	<b>6,399</b>	<b>2,213</b>	<b>47,990</b>	<b>327,483</b>	<b>130,625</b>	<b>458,108</b>

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.

**Unaudited Condensed Consolidated Cash Flow Statements  
For the 3-month period ended 31 March 2008**

	<b>31.3.2008</b>	<b>31.3.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	26,536	21,702
Adjustments for non-cash flow - Non-cash items	(10,580)	6,141
- Non-operating items	1,908	(244)
Operating profit before changes in working capital	<u>17,864</u>	<u>27,599</u>
Changes in working capital - Net change in current assets	(21,775)	(17,583)
- Net change in current liabilities	<u>(5,294)</u>	<u>(3,313)</u>
Cash (used for)/generated from operations	(9,205)	6,703
Income tax paid	<u>(3,734)</u>	<u>(5,716)</u>
<b>Net cash (for)/from operating activities</b>	<b>(12,939)</b>	<b>987</b>
<b>Cash flows from/(for) investing activities</b>		
Interest received	639	241
Acquisition of a subsidiary	-	(3,569)
Decrease/(Increase) in land held for property development	314	(2,315)
Increase in investment properties	(6)	-
Proceeds from disposal of property, plant and equipment	76	131
Purchase of property, plant and equipment	(618)	(2,305)
Purchase of quoted investments	-	(147)
<b>Net cash from/(for) investing activities</b>	<u>405</u>	<u>(7,964)</u>
<b>Cash flows for financing activities</b>		
Interest paid	(1,328)	(1,930)
(Decrease)/Increase in:		
Short-term borrowings, excluding bank overdrafts	(4,000)	1,538
Hire purchase payables	(692)	(398)
Net drawdown/(repayment) of mortgage loan and term loans	3,275	(710)
Proceeds from issue of shares pursuant to ESOS	1	-
Purchase of treasury shares	<u>(972)</u>	<u>-</u>
<b>Net cash for financing activities</b>	<u>(3,716)</u>	<u>(1,500)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(16,250)</b>	<b>(8,477)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<u>114,463</u>	<u>88,621</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>98,213</u></u>	<u><u>80,144</u></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 3-month period ended 31 March 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	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
	239,213	2,661	239,213	(3,893)
Purchase of treasury shares	<u>-</u>	<u>766</u>	<u>-</u>	<u>(972)</u>
As of 31.3.2008	<u>239,213</u>	<u>3,427</u>	<u>239,213</u>	<u>(4,865)</u>

**6.1 Share options exercised**

During the 3-month period ended 31 March 2008, 1,000 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 31 March 2008, options over 2,244,000 unissued ordinary shares remained outstanding.

**6.2 Treasury Shares**

During the 3-month period ended 31 March 2008, the Company purchased 765,700 of its issued ordinary shares from the open market at an average price of RM 1.261 per share for a total consideration of RM 972,396 comprising purchase price of RM 965,206 and the total transaction cost of RM 7,190. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 239,213,000 (31.12.2007 : 239,212,000) issued and fully paid ordinary shares as at 31 March 2008, 3,426,500 ordinary shares (31.12.2007 : 2,660,800) were held as treasury shares by the Company. As at 31 March 2008, the number of outstanding ordinary shares in issue and fully paid amounted to 235,786,500 (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. This dividend is payable on 11 July 2008 to entitled shareholders as at 27 June 2008.

**A8. Segment information for the 3-month period ended 31 March 2008**

	<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	84,703	9,163
Property development	4,956	16,999
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	14,037	2,211
Engineering, designing and manufacturing of automotive and transportation components	1,938	(1,518)
Investment holding	58	(457)
Associate	-	138
	<u>105,692</u>	<u>26,536</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 15 May 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**

There was no material change in the composition of the Group for the 3-month period ended 31 March 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 15 May 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 15 May 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**

For the current quarter under review, the Group registered a pre-tax profit of RM26.5 million on the back of a revenue of RM105.7 million.

The Property Division contributed RM17.0 million of the total pre-tax profit whereas the Power and Limestone Divisions contributed RM9.2 million and RM 2.2 million, respectively. The Engineering Division recorded a loss of RM 1.5 million.

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

The Group's pre-tax profit for the first quarter increased to RM26.5 million as compared to RM19.4 million in the preceding quarter, despite a 13.9% decrease in revenue to RM105.7 million. The higher pre-tax profit was mainly attributable to higher contribution from the Property and Limestone Divisions and comparatively lower losses suffered by the Engineering Division, partially offset by lower contribution from the Power Division.

**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**

	<b>Current Quarter ended 31.3.2008 RM'000</b>	<b>Period ended 31.3.2008 RM'000</b>
Current tax expense		
Malaysian	1,047	1,047
Overseas	902	902
	1,949	1,949
	1,949	1,949

The effective tax rate of the Group for the current quarter and 3-month period ended 31 March 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 3-month period ended 31 March 2008.

**B7. Quoted investment**

- a) There was no sale or purchase of quoted investment during the current quarter and 3-month period ended 31 March 2008.
- b) Investments in quoted securities as at 31 March 2008

	<b>Cost RM'000</b>	<b>Book Value RM'000</b>	<b>Market Value RM'000</b>
Quoted in Malaysia	10,564	10,564	6,896

**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 15 May 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 31 March 2008:

	<u>RM'000</u>
<b><u>Short term borrowings</u></b>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	28,441
Rand (ZAR7,211,000)	2,839
	<u>31,280</u>
<i>Unsecured Denominated in :</i>	
Ringgit Malaysia	22,568
	53,848
<b><u>Long term borrowings</u></b>	
<i>Secured Denominated in :</i>	
Ringgit Malaysia	19,907
Rand (ZAR8,257,000)	3,251
	<u>23,158</u>
	<u><u>77,006</u></u>

**B10. Off balance sheet financial instruments**

There was no financial instrument with off balance sheet risk as at 15 May 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 15 May 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 31 March 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**

No interim dividend was declared for the current quarter under review.

**B14. Earnings per share**

	Quarter ended 31 March		Period ended 31 March	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Basic earnings per share</b>				
Profit for the period attributable to ordinary equity holders of the Company	14,987	11,442	14,987	11,442
Weighted average number of ordinary shares in issue ('000)	235,465	236,780	235,465	236,780
Basic earnings per share (sen)	<u>6.36</u>	<u>4.83</u>	<u>6.36</u>	<u>4.83</u>
<b>Diluted earnings per share</b>				
Profit for the period attributable to ordinary equity holders of the Company	14,987	11,442	14,987	11,442
Dilutive effects of outstanding employees' share options	<u>36</u>	<u>62</u>	<u>36</u>	<u>62</u>
Diluted earnings	<u>15,023</u>	<u>11,504</u>	<u>15,023</u>	<u>11,504</u>
Weighted average number of ordinary shares in issue ('000)	235,465	236,780	235,465	236,780
Adjustments for share options ('000)	<u>2,244</u>	<u>3,836</u>	<u>2,244</u>	<u>3,836</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>237,709</u>	<u>240,616</u>	<u>237,709</u>	<u>240,616</u>
Diluted earnings per share (sen)	<u>6.32</u>	<u>4.78</u>	<u>6.32</u>	<u>4.78</u>

**B15. Significant related party transaction**

There was no significant related party transaction during the current quarter and 3-month period ended 31 March 2008.

**BY ORDER OF THE BOARD**

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

Kuala Lumpur  
22 May 2008