

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

Interim Financial Report
31 December 2007

Unaudited Condensed Consolidated Income Statements
For the fourth quarter and financial year ended 31 December 2007

| | Note | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|--------------------------------------|------|---|--|---|---|
| | | Current Year 4 th Quarter 31.12.2007 RM'000 | Preceding Year Corresponding 4 th Quarter 31.12.2006 RM'000 | Current Year To date 31.12.2007 RM'000 | Preceding Year Corresponding Period 31.12.2006 RM'000 |
| Revenue | A8 | 122,751 | 128,890 | 471,813 | 478,387 |
| Operating expenses | | (114,505) | (107,558) | (397,369) | (390,926) |
| Other operating income | | 16,166 | 5,861 | 31,797 | 15,428 |
| Profit from operations | | 24,412 | 27,193 | 106,241 | 102,889 |
| Finance cost | | (1,637) | (855) | (6,887) | (7,771) |
| Share of profit/(loss) of associates | | 118 | (355) | (2) | (442) |
| Profit before taxation | A8 | 22,893 | 25,983 | 99,352 | 94,676 |
| Tax expense | | (3,179) | (6,475) | (13,336) | (16,968) |
| Net profit for the period | | 19,714 | 19,508 | 86,016 | 77,708 |
| Attributable to : | | | | | |
| Equity holders of the parent | | 11,324 | 11,745 | 53,992 | 46,120 |
| Minority interest | | 8,390 | 7,763 | 32,024 | 31,588 |
| | | 19,714 | 19,508 | 86,016 | 77,708 |
| EPS - Basic (sen) | B14 | 4.78 | 4.98 | 22.71 | 19.54 |
| - Diluted (sen) | B14 | 4.75 | 4.86 | 22.57 | 19.10 |

The notes set out on pages 5 to 16 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 of 31 December 2007

| | Unaudited | Audited |
|--|-----------------------|-----------------------|
| | As At | As At |
| | 31.12.07 | 31.12.06 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 225,341 | 234,606 |
| Associates | 3,998 | 6,173 |
| Investments | 10,899 | 8,329 |
| Prepaid lease payments | 3,680 | 3,496 |
| Investment properties | 45,259 | 30,918 |
| Land held for property development | 68,684 | 66,792 |
| Goodwill on consolidation | 10,027 | 7,785 |
| | <u>367,888</u> | <u>358,099</u> |
| Current Assets | | |
| Inventories | 40,119 | 37,593 |
| Property development | 14,920 | 17,551 |
| Trade and other receivables | 122,037 | 126,381 |
| Bank balances and deposits | 122,042 | 100,750 |
| | <u>299,118</u> | <u>282,275</u> |
| Non-current asset held for sale | - | 40,196 |
| | <u>299,118</u> | <u>322,471</u> |
| TOTAL ASSETS | <u><u>667,006</u></u> | <u><u>680,570</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Equity Holders Of The Parent | | |
| Share capital | 239,212 | 236,000 |
| Treasury shares | (3,893) | - |
| Reserves | 120,116 | 78,819 |
| | <u>355,435</u> | <u>314,819</u> |
| Minority Interests | <u>110,557</u> | <u>124,913</u> |
| Total Equity | <u>465,992</u> | <u>439,732</u> |
| Non-Current Liabilities | | |
| Long term borrowings | 23,745 | 29,985 |
| Other long term payables | 1,855 | 2,622 |
| Deferred taxation | 27,017 | 27,497 |
| | <u>52,617</u> | <u>60,104</u> |
| Current Liabilities | | |
| Trade and other payables | 85,501 | 98,100 |
| Short term borrowings | 56,561 | 72,392 |
| Taxation | 6,335 | 10,242 |
| | <u>148,397</u> | <u>180,734</u> |
| Total Liabilities | <u>201,014</u> | <u>240,838</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>667,006</u></u> | <u><u>680,570</u></u> |
| Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM) | <u>1.50</u> | <u>1.33</u> |

The notes set out on pages 5 to 16 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 financial year ended 31 December 2007

| | ← 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 2006 | 236,000 | 33,380 | - | - | 8,171 | 2,213 | (3,625) | 276,139 | 96,139 | 372,278 |
| Currency translation differences | - | - | - | - | (1,521) | - | - | (1,521) | 476 | (1,045) |
| Profit for the financial year | - | - | - | - | - | - | 46,120 | 46,120 | 31,588 | 77,708 |
| Dividends | - | - | - | - | - | - | (5,947) | (5,947) | (3,313) | (9,260) |
| Dilution of investment in a subsidiary | - | - | - | - | - | - | - | - | 63 | 63 |
| Purchase of additional investment in a subsidiary | - | - | - | - | - | - | - | - | (40) | (40) |
| Share options granted under ESOS | - | - | - | 28 | - | - | - | 28 | - | 28 |
| 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 | - | - | - | - | (4,017) | - | - | (4,017) | (1,646) | (5,663) |
| Profit for the financial year | - | - | - | - | - | - | 53,992 | 53,992 | 32,024 | 86,016 |
| Dividends | - | - | - | - | - | - | (8,678) | (8,678) | (44,734) | (53,412) |
| Issue of ordinary shares pursuant to ESOS | 3,212 | - | - | - | - | - | - | 3,212 | - | 3,212 |
| Purchase of treasury shares | - | - | (3,864) | - | - | - | - | (3,864) | - | (3,864) |
| Transaction costs | - | - | (29) | - | - | - | - | (29) | - | (29) |
| Balance at 31 December 2007 | 239,212 | 33,380 | (3,893) | 28 | 2,633 | 2,213 | 81,862 | 355,435 | 110,557 | 465,992 |

The notes set out on pages 5 to 16 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 Cash Flow Statements
For the financial year ended 31 December 2007

| | 31.12.2007 | 31.12.2006 |
|---|-------------------|-------------------|
| | RM'000 | RM'000 |
| Profit before taxation | 99,352 | 94,676 |
| Adjustments for non-cash flow - Non-cash items | 5,016 | 28,208 |
| - Non-operating items | (3,548) | 8,898 |
| Operating profit before changes in working capital | 100,820 | 131,782 |
| Changes in working capital - Net change in current assets | 1,929 | (26,066) |
| - Net change in current liabilities | 208 | (28,096) |
| Cash generated from operations | 102,957 | 77,620 |
| Income tax paid | (17,328) | (5,665) |
| Net cash from operating activities | 85,629 | 71,955 |
| Cash flows for investing activities | | |
| Interest received | 2,693 | 2,490 |
| Acquisition of subsidiaries | (8,917) | - |
| Cash returned | 213 | - |
| Net cash inflow from deconsolidation of subsidiaries | 3,657 | - |
| (Decrease)/Increase in land held for property development | 2,163 | (1,132) |
| Increase in investment properties | (33) | (6,580) |
| Proceeds from disposal of property, plant and equipment | 585 | 10,220 |
| Proceeds from disposal of property development | - | 4,230 |
| Proceeds from disposal of investment in jointly controlled entity | - | 1,400 |
| Purchase of property, plant and equipment | (18,978) | (18,716) |
| Proceeds from disposal of quoted investments | 9,603 | - |
| Purchase of quoted investments | (7,123) | (8,173) |
| Net cash for investing activities | (16,137) | (16,261) |
| Cash flows for financing activities | | |
| Interest paid | (6,887) | (7,771) |
| Dividends paid to minority shareholders | (25,707) | (3,313) |
| Dividends paid to shareholders | (8,678) | (5,947) |
| Decrease in : | | |
| Short term borrowings, excluding bank overdrafts | (1,700) | (18,863) |
| Hire purchase payables | (843) | (2,672) |
| Net drawdown/(repayment) of term loans | 9,897 | (8,442) |
| Proceeds from issue of shares pursuant to ESOS | 3,212 | - |
| Purchase of treasury shares | (3,893) | - |
| Repayment of bonds | (8,000) | (8,000) |
| Net cash for financing activities | (42,599) | (55,008) |
| Net increase in cash and cash equivalents | 26,893 | 686 |
| Cash and cash equivalents at beginning of the financial year | 88,621 | 88,179 |
| Effect of exchange differences | (937) | (244) |
| Cash and cash equivalents at end of the financial year | 114,577 | 88,621 |

The notes set out on pages 5 to 16 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’s Financial Statements.

With effect from 12 November 2007, the financial statements of one of the foreign group of subsidiaries, Bloxwich Engineering Limited (“BEL”) Group have been deconsolidated from the consolidated financial statements following the appointment of administrators for BEL and its subsidiaries.

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

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 financial year ended 31 December 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 | 3,212 | - | 3,212 | - |
| | 239,212 | - | 239,212 | - |
| Purchase of treasury shares | - | 2,661 | - | (3,864) |
| Transaction costs | - | - | - | (29) |
| As of 31.12.2007 | <u>239,212</u> | <u>2,661</u> | <u>239,212</u> | <u>(3,893)</u> |

6.1 Share options exercised

During the financial year ended 31 December 2007, 3,212,000 ordinary shares of RM1 each were issued at the option price of RM1 each pursuant to the exercise of options under the Company's Employee Share Option Scheme. Options granted to subscribe for 2,245,000 ordinary shares of RM1 each remained unexercised as at 31 December 2007.

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 financial year ended 31 December 2007, the Company purchased 2,660,800 of its issued ordinary shares from the open market at an average price of RM1.452 per share for a total consideration of RM3,892,932 comprising purchase price of RM3,864,273 and transaction cost of RM28,659. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 239,212,000 (2006 : 236,000,000) issued and fully paid ordinary shares as at 31 December 2007, 2,660,800 (2006 : Nil) are held as treasury shares by the Company. As at 31 December 2007, the number of outstanding ordinary shares in issue and fully paid is therefore 236,551,200 (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 of 27%, 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%) for the financial year ending 31 December 2007 was paid on 31 October 2007.

A8. Segment information for the financial year ended 31 December 2007

| 2007 | Revenue RM'000 | Profit/(Loss) Before Tax RM'000 |
|--|---------------------------|--|
| By Activity | | |
| <u>Continuing operations:</u> | | |
| Build, own and operate power plants | 332,381 | 70,854 |
| Property development | 29,018 | 19,077 |
| Quarrying and production of quicklime, hydrated lime and calcium carbonate products | 59,295 | 8,412 |
| Engineering, designing and manufacturing of automotive and transportation components | 51,028 | (5,449) |
| Investment holding | 91 | 6,460 |
| Associates | - | (2) |
| | <u>471,813</u> | <u>99,352</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 financial year reported up to 21 February 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

- 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.

- iv) On 14 November 2007, the Company announced that Administrators were appointed for 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., which in turn is a wholly owned subsidiary of the Company.

With effect from 12 November 2007, the financial statements of the BEL Group have been deconsolidated from the consolidated financial statements following the appointment of administrators for BEL and its subsidiaries.

Other than as disclosed above, there was no material change in the composition of the Group for the financial year ended 31 December 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 change in contingent liabilities of the Group from 1 January 2007 to 21 February 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 21 February 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 RM22.9 million on the back of a revenue of RM122.8 million.

The Power Division contributed RM14.9 million of the total pre-tax profit whereas the Property and Limestone Divisions contributed RM11.7 million and RM1.4 million, respectively. The Engineering Division recorded a loss of RM8.0 million due mainly to difficult market conditions and a RM3.9 million write-off for the amount owing by BEL.

b) For the financial year ended 31 December 2007

For the financial year ended 31 December 2007, the Group's revenue was comparable to the previous financial year at RM471.8 million. Pre-tax profit increased by 4.9% to RM99.4 million. The Power Division is the major part of the Group's operations and recorded a pre-tax profit of RM70.9 million. The Property and Limestone recorded better performance with pre-tax profits of RM19.1 million and RM8.4 million, respectively. The Engineering Division suffered a loss of RM5.4 million due mainly to difficult market conditions and a RM3.9 million write-off for the amount owing by BEL.

B2. Variation of results against preceding quarter

The Group's pre-tax profit for the fourth quarter decreased to RM22.9 million as compared to RM28.9 million in the preceding quarter, despite a 6.8% increase in revenue to RM122.8 million. The lower pre-tax profit was mainly caused by lower contribution from the Power and Limestone Divisions and losses suffered by the Engineering Division, partially offset by higher contribution from the Property Division.

B3. Prospects

The Board is confident that the results for the next financial year 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 31.12.2007 RM'000 | Current Year ended 31.12.2007 RM'000 |
|---------------------------------|--|---|
| Current tax expense | | |
| Malaysian | 663 | 7,735 |
| Overseas | 1,847 | 4,452 |
| Tax expense on share of profit: | | |
| - associate | 32 | 84 |
| Overprovision in prior years | | |
| Malaysia | (168) | (168) |
| | <u>2,374</u> | <u>12,103</u> |
| Deferred tax expense | | |
| Malaysian | 884 | 1,312 |
| Overprovision in prior years | (79) | (79) |
| | <u>805</u> | <u>1,233</u> |
| | <u><u>3,179</u></u> | <u><u>13,336</u></u> |

The effective tax rate of the Group for the current quarter and financial year ended 31 December 2007 was lower than the statutory tax rate due mainly to the fair value gain adjustment of the Group's investment property and the income earned in China which is taxed at a rate of 17.5 per cent as well as a RM4,394,308 refund of income tax (financial year ended 31.12.06 : Nil) previously paid.

B6. Unquoted investments and properties

There was no material sale or purchase of unquoted investment or property during the current quarter and financial year ended 31 December 2007.

B7. Quoted investment

a) Purchase and sale of quoted investments for the current quarter and financial year ended 31 December 2007 are as follows :

i) Acquisition of quoted investments

| | Current Quarter ended 31.12.2007 RM'000 | Current Year ended 31.12.2007 RM'000 |
|------------------------|--|---|
| Purchase consideration | <u>1,807</u> | <u>7,123</u> |

B7. Quoted investment (Cont'd)

ii) Disposal of quoted investments

| | Current Quarter ended 31.12.2007 RM'000 | Current Year ended 31.12.2007 RM'000 |
|---------------------|--|---|
| Sale consideration | 3,370 | 9,603 |
| Less : Cost of sale | <u>(1,828)</u> | <u>(4,675)</u> |
| Gain on disposal | <u>1,542</u> | <u>4,928</u> |

b) Investments in quoted securities as of 31 December 2007

| | Cost RM'000 | Book Value RM'000 | Market Value RM'000 |
|--------------------|------------------------|----------------------------------|------------------------------------|
| Quoted in Malaysia | <u>10,564</u> | <u>10,564</u> | <u>10,753</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 31 December 2007 is as follows:

| Purpose | Proposed Utilisation /Amount Approved RM'000 | Amount Utilised RM'000 | Amount Outstanding RM'000 | Intended Timeframe for Utilisation Year(s) |
|---|---|---------------------------------------|--|---|
| 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 | 2,000 | 13,000 | 2 |
| | <u>22,950</u> | <u>3,050</u> | <u>19,900</u> | |

* Utilization approved by SC on 12 October 2007.

- iii) On 29 October 2007, the Government of the Lao People's Democratic Republic ("GOL") granted a renewal and extension of the term and validity of the Memorandum of Understanding on the hydroelectric power project in Don Sahong ("Don Sahong project"), Khong District, Champasak Province, Lao People's Democratic Republic ("Lao PDR"), to 22 February 2008.

On 13 February 2007, the Company signed the Project Development Agreement ("PDA") with GOL in Vientiane, Capital of Lao PDR to develop, build, own and operate the Don Sahong project.

The Don Sahong project is located on the Sahong River in the south-western corner of the Lao PDR, directly north of the international border with Cambodia. By road it is 150km south of Pakse, the provincial capital of Champasak Province.

The Don Sahong project comprises a run-of-river dam and a head pond located on Sahong channel, a powerhouse, a dedicated transmission line and associated infrastructure and facilities. The project has the capability to generate between 240 MW and 360 MW of electricity to be sold mainly to the Lao PDR and neighbouring countries such as Thailand, Vietnam and Cambodia.

The PDA, together with the feasibility and social/environmental studies conducted, confirms that the Don Sahong project is technically and financially viable.

The PDA confers a mandate period of 18 months from the date of the PDA ("Mandate Period") during which the Company has the exclusive right to negotiate the terms and conditions of the project documents which include a Concession Agreement, a Shareholders' Agreement, Power Purchase Agreement(s), an Engineering Procurement and Construction Contract, an Operation and Maintenance Agreement and Financial Documents.

Under the PDA, the Company shall establish a special purpose company ("Project Company") to be incorporated in the Lao PDR. The Project Company shall build, own and operate the Don Sahong project for a 30-year concession period commencing from the date of signing the Concession Agreement, and then transfer the same back at no cost to the GOL. The shareholders of the Project Company and their equity participation will be negotiated and decided during the Mandate Period. Commercial operation is targeted for 2013 but no later than 2015.

B9. Borrowing and debt securities

Group borrowings as of 31 December 2007 :

| | <u>RM'000</u> |
|--|----------------------|
| <u>Short term borrowings</u> | |
| <i>Secured Denominated in :</i> | |
| Ringgit Malaysia | 14,485 |
| RMB (RMB70,000,000) | 31,675 |
| Rand (ZAR13,322,000) | 6,390 |
| | <u>52,550</u> |
| <i>Unsecured Denominated in :</i> | |
| Ringgit Malaysia | 4,011 |
| | <u>56,561</u> |
| <u>Long term borrowings</u> | |
| <i>Secured Denominated in :</i> | |
| Ringgit Malaysia | 20,281 |
| Rand (ZAR7,223,000) | 3,464 |
| | <u>23,745</u> |
| | <u>80,306</u> |

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 21 February 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 21 February 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 December 2007, the Group has the following commitments:

| | <u>RM'000</u> |
|--|----------------------|
| Property, plant and equipment | |
| Authorised and contracted but not provided for | 988 |
| Authorised but not contracted for | 43,848 |
| | <u>44,836</u> |

B13. Dividend

An interim dividend of 2.0% less income tax of 27% for the financial year ended 31 December 2007 (2006 : 2.0% less income tax of 28%) was paid on 31 October 2007.

The Board is pleased to propose a final dividend of 3.5% less income tax of 26% for the financial year ended 31 December 2007 (2006 : 3% less income tax of 27%). The proposed dividend, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting, has not been included as a liability in these financial statements. The book closure and payment dates will be determined later.

B14. Earnings per share

| | Quarter ended | | Year ended | |
|---|---------------|---------|-------------|---------|
| | 31 December | | 31 December | |
| | 2007 | 2006 | 2007 | 2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Basic earnings per share | | | | |
| Profit for the financial year attributable to ordinary equity holders of the Company | 11,324 | 11,745 | 53,992 | 46,120 |
| Weighted average number of ordinary shares in issue ('000) | 236,800 | 236,000 | 237,724 | 236,000 |
| Basic earnings per share (sen) | 4.78 | 4.98 | 22.71 | 19.54 |
| Diluted earnings per share | | | | |
| Profit for the financial year attributable to ordinary equity holders of the Company | 11,324 | 11,745 | 53,992 | 46,120 |
| Dilutive effects of outstanding employees' share options | 21 | - | 180 | - |
| Diluted earnings | 11,345 | 11,745 | 54,172 | 46,120 |
| Weighted average number of ordinary shares in issue ('000) | 236,800 | 236,000 | 237,724 | 236,000 |
| Adjustments for share options ('000) | 2,245 | 5,512 | 2,245 | 5,512 |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000) | 239,045 | 241,512 | 239,969 | 241,512 |
| Diluted earnings per share (sen) | 4.75 | 4.86 | 22.57 | 19.10 |

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

B15. Significant related party transaction

There was no significant related party transaction during the current quarter and financial year ended 31 December 2007.

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Kuala Lumpur
28 February 2008