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

Interim Financial Report
30 September 2006

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

Unaudited Condensed Consolidated Income Statements
For the third quarter and nine months ended 30 September 2006

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year 3rd Quarter 30.9.2006 RM'000	Preceding Year Corresponding 3rd Quarter 30.9.2005 RM'000	Current Year To date 30.9.2006 RM'000	Preceding Year Corresponding Period 30.9.2005 RM'000
Revenue	115,709	N/A	349,497	N/A
Operating expenses	(91,742)	N/A	(283,368)	N/A
Other operating income	4,028	N/A	9,567	N/A
Profit from operations	27,995	N/A	75,696	N/A
Finance cost	(2,268)	N/A	(6,916)	N/A
Share of profit in jointly controlled entity	-	N/A	-	N/A
Share of profit/(loss) of associates	88	N/A	(87)	N/A
Profit before taxation	25,815	N/A	68,693	N/A
Tax expense	(1,443)	N/A	(10,493)	N/A
Net profit for the period	24,372	N/A	58,200	N/A
Attributable to :				
Equity holders of the parent	15,013	N/A	34,375	N/A
Minority interest	9,359	N/A	23,825	N/A
	24,372	N/A	58,200	N/A
EPS - Basic (sen)	6.36	N/A	14.57	N/A
- Diluted (sen)	N/A	N/A	N/A	N/A

The EPS is calculated based on the net profit attributable to equity holders of the parent for the third quarter and nine months ended 30 September 2006 divided by 236,000,000 ordinary shares in issue.

The notes set out on pages 5 to 15 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 30 September 2006

	As at 30.9.06 RM'000	Audited As at 31.12.05 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	276,991	289,232
Associates	6,555	6,641
Jointly controlled entity	4,497	4,497
Investments	6,553	156
Prepaid lease payment	4,191	4,357
Investment properties	30,930	24,338
Land held for property development	78,511	82,254
Goodwill on consolidation	7,785	7,785
	416,013	419,260
Current Assets		
Inventories	39,679	38,677
Property development	7,310	5,517
Trade and other receivables	113,770	106,193
Bank balances and deposits	98,139	95,525
	258,898	245,912
TOTAL ASSETS	674,911	665,172
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Parent		
Share capital	236,000	236,000
Reserves	70,895	40,139
Shareholders' funds	306,895	276,139
Minority Interests	118,542	96,139
Total Equity	425,437	372,278
Deferred And Non Current Liabilities		
Borrowings – non-current	31,076	40,248
Other long term payables	2,565	3,992
Deferred taxation	25,966	26,170
	59,607	70,410
Current Liabilities		
Trade and other payables	98,510	123,513
Short term borrowings	82,780	91,964
Taxation	8,577	7,007
	189,867	222,484
Total Liabilities	249,474	292,894
Total Equity And Liabilities	674,911	665,172
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM)	1.30	1.17

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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 2006

	Attributable to equity holders of the parent							
		Non-distribution reserves						
	Share Capital RM'000	Share Premium RM'000	Translation RM'000	Capital RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity 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)
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 5 to 15 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 nine months ended 30 September 2006

	30 September 2006 RM'000	30 September 2005 RM'000
Net profit before tax	68,693	N/A
Adjustment for non-cash flow :		
Non-cash items	19,408	N/A
Non-operating items	5,525	N/A
Operating profit before changes in working capital	93,626	N/A
Changes in working capital :		
Net change in current assets	(10,372)	N/A
Net change in current liabilities	(25,003)	N/A
Cash generated from operations	58,251	N/A
Tax paid	(9,739)	N/A
Net cash inflow from operating activities	48,512	N/A
Net cash outflow from investing activities		
Interest income	1,477	N/A
Decrease in land held for property development	3,743	N/A
Increase in investment properties	(6,592)	N/A
Proceeds from disposal of property, plant and equipment	7,394	N/A
Purchase of investment	(6,397)	N/A
Purchase of property, plant and equipment	(10,663)	N/A
Net cash used in investing activities	(11,038)	N/A
Net cash outflow from financing activities		
Short term borrowings excluding overdrafts	(16,527)	N/A
Hire purchase payables	(1,427)	N/A
Proceeds from term loans	3,004	N/A
Repayment of term loans	(6,305)	N/A
Repayment of bonds	(8,000)	N/A
Interest paid	(7,419)	N/A
Dividends paid	(4,445)	N/A
Net cash used in financing activities	(41,119)	N/A
Net change in cash & cash equivalents	(3,645)	N/A
Cash & cash equivalents at beginning of period	88,179	N/A
Cash & cash equivalents at end of period	84,534	N/A

The notes set out on pages 5 to 15 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 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 six-month financial period ended 31 December 2005.

The MASB issued a total of 21 new and amended FRS and other interpretations effective for financial statements commencing 1 January 2006 for 18 Financial Reporting Standards and 1 October 2006 for 2 other Standards. The effective date of FRS 139 Financial Instruments : Recognition and Measurement has been deferred to a date to be announced by MASB. The Group has decided for the early adoption of FRS 117 which will only be effective 1 October 2006.

The adoption of the FRS 117 has no significant impact on the Group financial statements except as noted below :

Restatement of prior year's Balance Sheet

Non-current assets	**31 December 2005 As previously reported RM'000**	**Reclassification RM'000**	**31 December 2005 Restated RM'000**
Property, plant and equipment	293,589	(4,357)	289,232
Prepaid lease payment	-	4,357	4,357

Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. However, in accordance with the transitional provisions of FRS 3, the carrying amount of goodwill as at 1 January 2006 of RM7,785,000 has ceased to be amortised. The effect of this has reduced amortisation charges by RM561,000 for the nine months ended 30 September 2006. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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 audited financial statements for the six-month financial period ended 31 December 2005.

2. Qualification of financial statement

The audit report of the Group's annual financial statements for the six-month financial period ended 31 December 2005 was not subject to any qualification.

3. Seasonal or cyclical factors

The Group's principal business operations are not significantly affected by seasonal or cyclical factors.

4. Unusual item

Other than the loss of RM3.097 million as disclosed in Note 20 (b), 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

A first and final dividend of 1.5%, less income tax, for the six-month financial period ended 31 December 2005 was approved by the shareholders at the Annual General Meeting held on 28 April 2006. The entitlements to the dividend which were determined on the basis of the record of depositors as at 11 May 2006 was paid on 26 May 2006.

An interim dividend of 2% less income tax of 28% (31.12.05 : final dividend of 1.5% less income tax of 28%) for the financial year ending 31 December 2006 was declared on 23 August 2006. The entitlements to the dividend which were determined on the basis of the record of depositors as at 22 September 2006 was paid on 10 October 2006.

8. Segment information for the nine months ended 30 September 2006

2006	**Revenue RM'000**	**Profit/(Loss) Before Tax RM'000**
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	246,826	60,905
Property development	14,748	3,214
Quarrying and production of quicklime, hydrated lime and calcium carbonate products	35,750	5,389
Engineering, designing and manufacturing of automotive and transportation components	52,173	6,091
Investment holding	-	(6,819)
Associate	-	(87)
	349,497	68,693

9. Valuation of Property, Plant and Equipment

There was 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 21 November 2006, 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

On 29 June 2006, Mega First Corporation Berhad ("MFCB") acquired 490,000 fully paid shares of RM1.00 each representing 2.78% shares in its 97.22% owned subsidiary Bloxwich International Sdn.Bhd. ("BISB") for a total cash consideration of RM196,000. The purchase consideration was arrived at on a willing-seller willing-buyer basis. With this acquisition, BISB is now a wholly-owned subsidiary of MFCB.

Other than as disclosed above, there was no material change in the composition of the Group for the nine months ended 30 September 2006 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 - unsecured

	As at 21.11.06 RM'000	As at 31.12.05 RM'000
Unsecured :		
Disputed increase in assessment on the power plant of a subsidiary levied by the local authority in Sabah	5,892	5,100

Other than as disclosed above, there was no material change in contingent liabilities of the Group from 1 January 2006 to 21 November 2006, 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 November 2006, the latest practical date which is not earlier than seven days from the date of issue of these financial statements.

13. Review of performance

a) Current quarter

For the current quarter under review, the Group registered a pre-tax profit of RM25.8 million whilst revenue achieved was RM115.7 million.

The Power Division contributed about RM20.8 million of the total pre-tax profit whereas Limestone and Engineering Divisions contributed RM2.7 million and RM2.5 million respectively. The Property Division added another RM1.2 million offset by a loss of RM1.4 million in the Investment Holding Division.

b) For the nine months ended 30 September 2006

For the nine months ended 30 September 2006, the Group registered a pre-tax profit of RM68.7 million and a revenue of RM349.5 million. The Power Division again performed up to expectations accounting for a substantial portion of the Group earnings with a pre-tax profit of RM60.9 million. The Engineering, Limestone and Property Divisions also stayed on track to register profits of RM6.1 million, RM5.4 million and RM3.2 million respectively. However the Investment Holding Division suffered a loss of RM6.8 million due mainly to the loss of RM3.1 million arising from the disposal of its jointly controlled entity (refer note 20 (b)).

14. Variation of results against preceding quarter

For the third quarter ended 30 September 2006, the Group's pre-tax profit and revenue was RM25.8 million and RM115.7 million compared to RM22.8 million and RM121.1 million respectively in the preceding quarter.

The lower revenue as compared to the preceding quarter was principally due to lower revenue from the Property Division. Despite the lower revenue, the pre-tax profit was higher due mainly to the loss from the disposal of its jointly controlled entity recorded in the preceding quarter.

15. Prospects

The Board is optimistic that the results of the final quarter of the Group will continue to be profitable.

16. Profit forecast

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

17. Tax expense

	Current Quarter ended 30.9.2006 RM'000	**Current Year to date 30.9.2006 RM'000**
Current tax expense		
Malaysian	1,524	6,091
Overseas	(773)	4,461
	751	10,552
Deferred tax expense		
Malaysian	692	(59)
Overprovision in prior years	-	-
Overseas	-	-
	692	(59)
Tax expense on share of profit :		
- associated company	-	-
Under/(Over) provision in prior years	-	-
	1,443	10,493

The effective tax rate of the Group for the current quarter and nine months ended 30 September 2006 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 as well as a tax rebate of about RM3.9 million received from the Tax Bureau of China.

18. Unquoted investments and properties

a) During the second quarter under review, Bloxwich Engineering Limited ("BEL"), a foreign subsidiary, disposed of one of its factory land and building for a cash consideration of RM7,153,000. The disposal resulted in a gain of about RM183,000 as analysed : -

	Current Quarter ended 30.9.2006 RM'000	Current Year to date 30.9.2006 RM'000
Proceeds from disposal	-	7,153
Less : Carrying value	-	6,970
Gain on disposal	-	183

However, the disposal will not have any financial impact on the Group's financial statements as the financial statements of BEL have been consolidated on a break-up basis with effect from the six-month financial period ended 31 December 2005.

b) During the current quarter under review, Mega First Properties Sdn. Bhd., a subsidiary, disposed of its investment property for a cash consideration of RM4,450,000. The disposal resulted in a loss of about RM81,000 as analysed :-

	Current Quarter ended 30.9.2006 RM'000	Current Year to date 30.9.2006 RM'000
Proceeds from disposal	4,450	4,450
Less : Carrying value	4,531	4,531
(Loss)/Gain on disposal	(81)	(81)

Other than as disclosed above, there was no material sale or purchase of unquoted investment or property during the nine months ended 30 September 2006.

19. Quoted investment

a) Purchase and sale of quoted investments

i) Acquisition of quoted investments

	Current Quarter ended 30.9.2006 RM'000	Current Year to date 30.9.2006 RM'000
Purchase consideration	1,390	6,397

ii) Disposal of quoted investment

There was no sale of quoted investment during current quarter under review.

b) Investments in quoted securities as of 30 September 2006

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	6,553	6,553	6,577

20. Status of corporate proposal

a) On 23 March 2006, MFCB signed an agreement ("Agreement") with the Government of the Lao People's Democratic Republic ("GOL") on 23 March 2006 with a view to develop and implement on a build, operate and transfer ("BOT") basis a hydroelectric power project in Don Sahong, Khong District, Champasak Province, Laos PDR ("Don Sahong Project").

Under the agreement, MFCB is conferred the exclusive mandate to carry out studies on the feasibility of the Don Sahong Project over a period of eighteen (18) months from the signing of the Agreement or such extended period as the parties may mutually agree ("Mandate Period"). During the Mandate Period, MFCB shall, inter-alia, carry out Feasibility and Environmental Impact Assessment and Social Impact Assessment studies on the Don Sahong Project and conduct necessary field investigations in relation thereto.

The Don Sahong Project has an expected generation capacity of 240 MW, and the development cost would be ascertained on completion of the feasibility studies.

b) On 23 May 2006, two (2) wholly-owned subsidiaries of MFCB namely Mega First Ventures Sdn. Bhd. and Mega First Corporate Services Sdn. Bhd. (collectively "the Vendors") entered into a conditional sale and purchase agreement with Mr. Ng Meng Kee ("the Purchaser") for the disposal of 51% equity interest in the jointly controlled entity, Mega Fortris (Malaysia) Sdn. Bhd., comprising 582,930 fully paid ordinary shares of RM1.00 each ("the Sale Shares") for the total cash consideration of RM1.4 million ("the Proposed Disposal").

The selling price was arrived at on a willing-seller willing-buyer basis.

The disposal which is in line with MFCB's on-going rationalisation exercise to reduce the number of non-core activities of the Group was completed on 2 October 2006 and resulted in a loss of RM3.097 million arising from reversal of profits previously consolidated. However, the loss which has been reflected in the financial statements under review will not have a material impact on the net assets of the Group for the financial year ending 31 December 2006.

c) On 1 September 2006, Bloxwich Engineering Limited ("BEL"), a 100% owned subsidiary of Bloxwich International Sdn. Bhd. which in turn is a 100% owned subsidiary of MFCB, has entered into a sale and purchase agreement ("SPA") with CJC-Ingleton Limited (a company incorporated and registered in England and Wales) for the disposal of the freehold factory land bearing postal address of PO Box No. 4, Bell Lane, Bloxwich, Walsall WS3 2JR, England and measuring approximately 6.5 acres ("the Property"), for the cash consideration of £5,750,000.00. The sum of £500,000.00 equivalent to approximately 8.7% of the sale price was received by BEL on execution of the SPA. The balance of the sale price amounting to £5,250,000.00 is payable within 15 months from the date of the sale and purchase agreement.

The sale price was arrived on a "willing buyer and willing seller" basis, after taking into account the net book value of the Property of approximately £2,812,000 as at 31 December 2005.

The disposal of the Property is in line with the turnaround plan for BEL Group, which has been put in place, and it will raise funds for working capital and repayment of bank borrowing of BEL Group.

With effect from the six months financial period ended 31 December 2005, the financial statements of BEL have been prepared on a break-up basis. Consequently, the disposal of the Property will not have any financial impact on MFCB Group.

d) On 3 October 2006, Bloxwich Transportation Products Limited ("BTP") entered into a sale and purchase agreement with Bloxwich Transport & Container Products Limited (a company incorporated and registered in England and Wales) ("the Purchaser") for the disposal of BTP's container products business for the cash consideration of £200,000.00 ("the Disposal").

BTP is a 100% owned subsidiary of BEL which in turn is a wholly-owned subsidiary of BISB. BISB is a 100% owned subsidiary of MFCB.

The sale price was arrived on a "willing buyer and willing seller" basis.

The Disposal is in line with the turnaround plan for BEL Group, which has been put in place, and it will enable BEL to focus on its core business in automotive components.

With effect from the six months financial period ended 31 December 2005, the financial statements of BEL have been consolidated on a break-up basis. Consequently, the Disposal will not have any financial impact on MFCB Group.

The disposal is a related party transaction as Mr. Michael J Hadden, the former chief executive officer of BEL and Director of BTP, is a Director and has 70% equity share in the Purchaser.

e) On 2 November 2006 the Board of Directors of MFCB ("Board") announced in Bursa Malaysia that the Company proposes to undertake an internal restructuring exercise involving the following proposals:

(i) Proposed disposal of 8,180,400 ordinary shares of RM1.00 each held in Serudong Power Sdn Bhd ("SPSB") ("SPSB Shares"), representing its entire 51% equity interest in SPSB (the "Sale Shares") to Mega First Power Industries Sdn Bhd ("MFPI"), a wholly-owned subsidiary of MFCB, for a cash consideration of approximately RM39.27 million ("Proposed Disposal");

(ii) Proposed waiver of debts owed by MFCB to three (3) of its wholly-owned subsidiaries ("Proposed Settlement") which will result in a gain of about RM42.9 million; and

(iii) Proposed declaration of an interim dividend by MFPI to MFCB amounting to approximately RM25.00 million ("Proposed Dividend").

(Collectively referred to as the "Proposals"). The Proposals will enable the Company to recognise total gains of approximately RM98.91 million and set off the accumulated losses of approximately RM94.17 million. The elimination of the accumulated losses at MFCB company level would better reflect the profitable operations of the MFCB group and operate as a positive platform for MFCB to undertake future corporate exercises such as a share buyback exercise.
Additionally, the Proposed Disposal shall streamline the entire power plant operations of the MFCB group under MFPI.

The Proposed Disposal and Proposed Exemption are conditional upon the following approvals:

(i) Equity Compliance Unit of the Security Commission ("SC") for the Proposed Disposal; and

(ii) Take-overs and Mergers Department of the SC for the Proposed Exemption.

The Proposals and Proposed Exemption are inter-conditional.

Other than as disclosed above, there was no corporate proposal announced but not completed as at 21 November 2006, 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 of 30 September 2006 :

	RM'000
Short term borrowings	
Secured Denominated in :	
Ringgit Malaysia	30,652
GBP (GBP2,219,000)	15,342
RMB (RMB60,000,000)	27,900
Rand (R10,121,000)	4,869
Unsecured Denominated in :	
Ringgit Malaysia	4,017
	82,780
Long term borrowings	
Secured Denominated in :	
Ringgit Malaysia	31,076
	113,856

22. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 21 November 2006, 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 21 November 2006, the latest practical date which is not earlier than 7 days from the date of issue of these financial statements.

24. Dividend

The Board has on 23 August 2006 declared an interim dividend of 2% less income tax of 28% (31.12.05 : final dividend of 1.5% less income tax of 28%) for the financial year ending 31 December 2006. The entitlements to the dividend which were determined on the basis of the record of depositors as at 22 September 2006 was paid on 10 October 2006.

No dividend was declared for the current quarter under review.

25. Basic earnings per share

The calculation of basic earnings per share for the third quarter and nine months ended 30 September 2006 is based on the net profit attributable to ordinary equity holders of the parent of RM15,013,000 and RM34,375,000 respectively and the number of ordinary shares in issue of 236,000,000.

26. Significant related party transaction

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

27. Comparative figures

Effective 1 July 2005, the Group changed its financial year end from 30 June to 31 December as announced to the Exchange on 26 May 2005 (Ref. No. : MF-050526-35730). Consequently no comparative figures are available.

BY ORDER OF THE BOARD

YONG LAI SIM
Group Company Secretary

Kuala Lumpur
28 November 2006