

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

**Interim Financial Report  
30 September 2008**

**Unaudited Condensed Consolidated Income Statements**  
**For the third quarter and 9-month period ended 30 September 2008**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 3 <sup>rd</sup> Quarter 30.9.2008 RM'000	Preceding Year Corresponding 3 <sup>rd</sup> Quarter 30.9.2007 RM'000	Current Year To date 30.9.2008 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
Revenue	A8	140,543	114,933	377,497	349,062
Operating expenses		(128,725)	(94,054)	(341,144)	(282,864)
Other operating income		2,103	9,859	32,872	15,631
Profit from operations		13,921	30,738	69,225	81,829
Finance cost		(1,605)	(1,903)	(4,342)	(5,250)
Share of profit/(loss) of an associate		132	61	522	(172)
<b>Profit before tax</b>	A8	12,448	28,896	65,405	76,407
Tax expense		(2,315)	(826)	(7,408)	(10,105)
<b>Net profit for the period</b>		10,133	28,070	57,997	66,302
Attributable to :					
Equity holders of the parent		5,903	17,570	34,647	42,668
Minority interest		4,230	10,500	23,350	23,634
		10,133	28,070	57,997	66,302
EPS - Basic (sen)	B14	2.51	7.39	14.72	17.97
- Diluted (sen)	B14	2.50	7.34	14.63	17.85

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.

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

**Unaudited Condensed Consolidated Balance Sheets**  
**As at 30 September 2008**

	<b>Unaudited As At 30.9.08 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	218,821	221,216
Associates	4,520	3,998
Investments	7,838	10,899
Prepaid lease payments	3,526	3,680
Investment properties	71,744	45,259
Land held for property development	65,363	68,684
Goodwill on consolidation	10,027	10,027
	<b>381,839</b>	<b>363,763</b>
<b>Current Assets</b>		
Inventories	52,117	39,891
Property development	18,397	14,920
Trade and other receivables	146,036	122,151
Bank balances and deposits	120,474	121,928
	<b>337,024</b>	<b>298,890</b>
<b>TOTAL ASSETS</b>	<b>718,863</b>	<b>662,653</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Equity Holders Of The Parent</b>		
Share capital	239,283	239,212
Treasury shares	(6,086)	(3,893)
Reserves	154,352	116,587
	<b>387,549</b>	<b>351,906</b>
<b>Minority Interests</b>	<b>136,228</b>	<b>110,557</b>
<b>Total Equity</b>	<b>523,777</b>	<b>462,463</b>
<b>Non-Current Liabilities</b>		
Long term borrowings	16,557	23,745
Hire purchase payables	758	1,855
Deferred taxation	25,208	26,193
	<b>42,523</b>	<b>51,793</b>
<b>Current Liabilities</b>		
Trade and other payables	81,826	85,501
Short term borrowings	68,929	56,561
Taxation	1,808	6,335
	<b>152,563</b>	<b>148,397</b>
<b>Total Liabilities</b>	<b>195,086</b>	<b>200,190</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>718,863</b>	<b>662,653</b>
<b>Net Assets Per Share Attributable To Ordinary Equity Holders Of The Parent (RM)</b>	<b>1.65</b>	<b>1.49</b>

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

**Unaudited Condensed Consolidated Statement Of Changes In Equity**  
**For the 9-month period ended 30 September 2008**

	← Attributable to equity holders of the parent →							Distributable	Minority Interest	Total Equity
	← Non-distributable reserves →			Share Option Reserve	Translation Reserve	Capital Reserve	Retained Profits			
	Share Capital	Share Premium	Treasury Shares	Share Option Reserve	Translation Reserve	Capital Reserve	Retained Profits	Total	Minority Interest	Total Equity
	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	-	-	-	-	9,211	-	-	9,211	4,520	13,731
Profit for the period	-	-	-	-	-	-	34,647	34,647	23,350	57,997
Dividends	-	-	-	-	-	-	(6,093)	(6,093)	(2,199)	(8,292)
Issue of ordinary shares pursuant to ESOS	71	-	-	-	-	-	-	71	-	71
Purchase of treasury shares	-	-	(2,193)	-	-	-	-	(2,193)	-	(2,193)
<b>Balance at 30 September 2008</b>	<b>239,283</b>	<b>33,380</b>	<b>(6,086)</b>	<b>28</b>	<b>11,844</b>	<b>2,213</b>	<b>106,887</b>	<b>387,549</b>	<b>136,228</b>	<b>523,777</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	-	-	-	-	77	-	-	77	(3,190)	(3,113)
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	-	-	(2,588)	-	-	-	-	(2,588)	-	(2,588)
<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>

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

**Unaudited Condensed Consolidated Cash Flow Statements**  
**For the 9-month period ended 30 September 2008**

	<b>30.9.2008</b>	<b>30.9.2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	65,405	76,459
Adjustments for non-cash flow - Non-cash items	(5,631)	11,792
- Non-operating items	4,229	(909)
Operating profit before changes in working capital	<u>64,003</u>	<u>87,342</u>
Changes in working capital - Net change in current assets	(32,967)	(9,599)
- Net change in current liabilities	<u>1,843</u>	<u>(2,662)</u>
Cash generated from operations	32,879	75,081
Income tax paid	<u>(13,148)</u>	<u>(13,421)</u>
<b>Net cash from operating activities</b>	<b>19,731</b>	<b>61,660</b>
<b>Cash flows for investing activities</b>		
Interest received	2,114	2,964
Acquisition of subsidiaries	-	(8,910)
Cash returned	-	213
Decrease in land held for property development	3,321	811
Increase in investment properties	(34)	(34)
Proceeds from disposal of property, plant and equipment	213	131
Purchase of property, plant and equipment	(6,175)	(14,843)
Proceeds from disposal of quoted investments	-	6,233
Purchase of quoted investments	<u>-</u>	<u>(5,316)</u>
<b>Net cash for investing activities</b>	<u>(561)</u>	<u>(18,751)</u>
<b>Cash flows for financing activities</b>		
Interest paid	(4,342)	(5,250)
Dividends paid to minority shareholders	(12,407)	(16,824)
Dividends paid to shareholders	(6,093)	(5,210)
Increase/(Decrease) in:		
Short-term borrowings, excluding bank overdrafts	600	(4,700)
Hire purchase payables	(574)	(681)
Net drawdown of mortgage loan and term loans	12,881	9,172
Proceeds from issue of shares pursuant to ESOS	71	3,042
Purchase of treasury shares	(2,193)	(2,588)
Repayment of bonds	<u>(7,000)</u>	<u>(8,000)</u>
<b>Net cash for financing activities</b>	<u>(19,057)</u>	<u>(31,039)</u>
<b>Net increase in cash and cash equivalents</b>	<b>113</b>	<b>11,870</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>114,463</b>	<b>88,621</b>
Effect of exchange differences	<u>3,631</u>	<u>-</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>118,207</u></u>	<u><u>100,491</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 9-month period ended 30 September 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	71	-	71	-
	239,283	2,661	239,283	(3,893)
Purchase of treasury shares	-	1,839	-	(2,193)
As of 30.9.2008	239,283	4,500	239,283	(6,086)

**6.1 Share options exercised**

During the 9-month period ended 30 September 2008, 71,000 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 30 September 2008, options over 2,169,000 unissued ordinary shares remained outstanding.

**6.2 Treasury Shares**

During the 9-month period ended 30 September 2008, the Company purchased 1,839,300 of its issued ordinary shares from the open market at an average price of RM1.184 per share for a total consideration of RM2,193,175 comprising purchase price of RM2,176,860 and total transaction cost of RM16,315. These shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 239,283,000 (31.12.2007 : 239,212,000) issued and fully paid ordinary shares as at 30 September 2008, 4,500,100 ordinary shares (31.12.2007 : 2,660,800) were held as treasury shares by the Company. As at 30 September 2008, the number of outstanding ordinary shares in issue and fully paid amounted to 234,782,900 (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 and paid on 11 July 2008.

An interim dividend of 2.0% less income tax of 26% (financial year ended 31 December 2007 : interim dividend of 2.0% less income tax of 27%) for the financial year ending 31 December 2008 was paid on 16 October 2008.

**A8. Segment information for the 9-month period ended 30 September 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	298,870	33,827
Property development	21,820	28,018
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	50,136	8,201
Engineering, designing and manufacturing of automotive and transportation components	6,578	(958)
Investment holding	93	(4,205)
Associate	-	522
	<u>377,497</u>	<u>65,405</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**

- (a) On 4 November 2008, Bloxwich International Sdn Bhd (“BISB”) entered into an agreement with Crescendo Group (Pty) Ltd for the disposal of BISB’s entire interest in Bloxwich Industries (Proprietary) Limited for the total cash consideration of Rand10,000,000.

**A10. Events subsequent to the balance sheet date (Cont'd)**

- (b) On 12 November 2008, Mega First Power (HK) Limited (“MFPL”) completed its acquisition of 60% equity interest in Shaoxing Mega Heat and Power Company, Limited from Mega First Power Industries Sdn Bhd for the purchase consideration of RMB112.2 million pursuant to an internal rationalisation exercise involving the said wholly-owned subsidiaries of the Group.

Other than as disclosed above, there was no material event subsequent to the end of the period reported up to 18 November 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**

- (a) MFPL, a wholly-owned subsidiary, was incorporated in Hong Kong on 27 June 2008. MFPL has an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. Its issued and paid-up share capital is HK\$10 divided into 10 fully paid ordinary shares of HK\$1 each.
- (b) Don Sahong Power Company Limited (“DSPCL”) was incorporated in the British Virgin Islands on 4 July 2008 with an authorised share capital of 300,000,000 shares of USD1.00 each. It will have an initial issued and paid-up share capital of 10,000 shares of USD1.00 each. DSPCL shall be a 70% owned subsidiary of MFCB pursuant to the Shareholders’ Agreement entered into between MFCB and IJM Corporation Berhad on 10 June 2008.

Other than as disclosed above, there was no material change in the composition of the Group for the 9-month period ended 30 September 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 material change in contingent liabilities of the Group from 1 January 2008 to 18 November 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 18 November 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's revenue of RM140.5 was 22.3% higher than the corresponding period last year of RM115.0 million. However, pre-tax profit decreased by 56.9% to RM12.4 million.

The lower pre-tax profit was largely attributable to lower contribution from the Power and Property Divisions, partially offset by higher contribution from the Limestone and Engineering Divisions.

(b) For the 9-month period ended 30 September 2008

For the 9-month period ended 30 September 2008, the Group's revenue of RM377.5 was 8.1% higher than the corresponding period last year of RM349.1 million. However, pre-tax profit decreased by 14.5% to RM65.4 million.

The lower pre-tax profit was largely attributable to lower contribution from the Power Division, partially offset by higher contribution from the Property and Limestone Divisions. The Engineering Division recorded a loss of RM958,000 against a profit of RM2.6 million in the corresponding period last year.

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

The Group's pre-tax profit for the current quarter decreased to RM12.4 million as compared to RM26.4 million in the preceding quarter, despite a 7.1% increase in revenue to RM140.5 million. The lower pre-tax profit was mainly attributable to lower contribution from the Power and Property Divisions, partially offset by higher contribution from the Limestone and Engineering Divisions. The Property Division recorded a fair value gain on investment properties amounting to RM9.9 million in the preceding quarter.

**B3. Prospects**

The Board is confident that the results for the remaining quarter 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 30.9.2008 RM'000</b>	<b>Period ended 30.9.2008 RM'000</b>
Current tax expense		
Malaysian	1,588	3,940
Overseas	727	3,468
	2,315	7,408

The effective tax rate of the Group for the current quarter and 9-month period ended 30 September 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 9-month period ended 30 September 2008.

**B7. Quoted investment**

- (a) There was no sale or purchase of quoted investment during the current quarter and 9-month period ended 30 September 2008.
- (b) Investments in quoted securities as at 30 September 2008

	<b>Cost RM'000</b>	<b>Book Value RM'000</b>	<b>Market Value RM'000</b>
Quoted in Malaysia	10,564	7,503	5,963

**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 18 November 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 30 September 2008:

	<b><u>RM'000</u></b>
<b><u>Short term borrowings</u></b>	
<b><i>Secured Denominated in :</i></b>	
Renminbi (RMB37,000,000)	18,689
Ringgit Malaysia	13,756
Rand (ZAR4,004,000)	1,663
	<u>34,108</u>
<b><i>Unsecured Denominated in :</i></b>	
Renminbi (RMB63,000,000)	31,821
Ringgit Malaysia	3,000
	68,929
<b><u>Long term borrowings</u></b>	
<b><i>Secured Denominated in :</i></b>	
Ringgit Malaysia	13,216
Rand (ZAR8,047,000)	3,341
	<u>16,557</u>
	<u><u>85,486</u></u>

**B10. Off balance sheet financial instruments**

There was no financial instrument with off balance sheet risk as at 18 November 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 18 November 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 30 September 2008, the Group has the following commitments:

	<b><u>RM'000</u></b>
Property, plant and equipment and investment	
Authorised and contracted but not provided for	5,188
Authorised but not contracted for	87,987
	<u>93,175</u>
	<u><u>93,175</u></u>

**B13. Dividend**

No dividend was declared for the current quarter under review.

The total dividend for the current financial year-to-date (9-month period ended 30 September 2008) is 2.0% less income tax at 26% (previous corresponding period : 2.0% less income tax at 27%).

**B14. Earnings per share**

	<b>Quarter ended</b>		<b>Period ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Basic earnings per share</b>				
Profit for the period attributable to ordinary equity holders of the Company	5,903	17,570	34,647	42,668
Weighted average number of ordinary shares in issue ('000)	235,349	237,775	235,349	237,454
Basic earnings per share (sen)	2.51	7.39	14.72	17.97
<b>Diluted earnings per share</b>				
Profit for the period attributable to ordinary equity holders of the Company	5,903	17,570	34,647	42,668
Dilutive effects of outstanding employees' share options	35	54	105	159
Diluted earnings	5,938	17,624	34,752	42,827
Weighted average number of ordinary shares in issue ('000)	235,349	237,775	235,349	237,454
Adjustments for share options ('000)	2,169	2,470	2,169	2,470
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	237,518	240,245	237,518	239,924
Diluted earnings per share (sen)	2.50	7.34	14.63	17.85

**B15. Significant related party transaction**

There was no significant related party transaction during the current quarter and 9-month period ended 30 September 2008.

**BY ORDER OF THE BOARD**

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

Kuala Lumpur  
25 November 2008