

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

**Interim Financial Report
30 June 2009**

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

Unaudited Condensed Consolidated Income Statements
For the second quarter and 3-month period ended 30 June 2009

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		Current Year 2 nd Quarter 30.6.2009 RM'000	Preceding Year Corresponding 2 nd Quarter 30.6.2008 RM'000	Current Year To date 30.6.2009 RM'000	Preceding Year Corresponding Period 30.6.2008 RM'000
Revenue	A8	116,065	131,262	210,451	236,954
Operating expenses		(98,053)	(118,467)	(177,870)	(212,419)
Other income		11,865	14,783	15,784	30,769
Profit from operations		29,877	27,578	48,365	55,304
Finance costs		(1,239)	(1,409)	(2,455)	(2,737)
Share of profit in an associate		182	252	284	390
Profit before tax	A8	28,820	26,421	46,194	52,957
Tax expense		(3,988)	(3,144)	(8,080)	(5,093)
Net profit for the period		24,832	23,277	38,114	47,864
Attributable to:					
Equity holders of the Company		18,818	13,757	26,534	28,744
Minority interests		6,014	9,520	11,580	19,120
		24,832	23,277	38,114	47,864
EPS- Basic (sen)	B14	8.05	5.84	11.35	12.21
- Diluted (sen)	B14	7.96	5.80	11.24	12.13

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

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

Unaudited Condensed Consolidated Balance Sheets
As at 30 June 2009

	Unaudited As At 30.6.09 RM'000	Audited As At 31.12.08 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	206,138	208,371
Associate	4,547	4,263
Investment in quoted shares	83,149	5,478
Investment in unquoted shares	335	335
Prepaid lease payments	3,562	3,691
Investment properties	73,437	73,408
Land held for property development	65,724	65,567
Goodwill on consolidation	10,027	10,027
	446,919	371,140
Current Assets		
Inventories	37,189	41,294
Property development	21,080	22,681
Trade and other receivables	110,735	120,093
Bank balances and deposits	128,244	141,597
	297,248	325,665
TOTAL ASSETS	744,167	696,805
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	239,283	239,283
Treasury shares	(7,404)	(6,412)
Reserves	184,514	158,876
	416,393	391,747
Minority Interests	138,840	138,618
Total Equity	555,233	530,365
Non-Current Liabilities		
Long-term borrowings	11,957	12,665
Retirement benefit obligations	737	523
Hire purchase payables	17	9
Deferred taxation	23,780	24,502
	36,491	37,699
Current Liabilities		
Trade and other payables	61,958	57,783
Short-term borrowings	86,923	67,763
Taxation	3,562	3,195
	152,443	128,741
Total Liabilities	188,934	166,440
TOTAL EQUITY AND LIABILITIES	744,167	696,805
Net Assets Per Ordinary Share (RM)	1.79	1.67

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

Unaudited Condensed Consolidated Statement Of Changes In Equity
For the 6-month period ended 30 June 2009

			← Attributable to equity holders of the parent →						Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	← Non-distributable reserves →		Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1 January 2009	239,283	(6,412)	33,380	28	14,306	2,213	108,949	391,747	138,618	530,365
Currency translation differences	-	-	-	-	(896)	-	-	(896)	(337)	(1,233)
Profit for the period	-	-	-	-	-	-	26,534	26,534	11,580	38,114
Dividend	-	-	-	-	-	-	-	-	(11,021)	(11,021)
Purchase of treasury shares	-	(992)	-	-	-	-	-	(992)	-	(992)
Balance at 30 June 2009	239,283	(7,404)	33,380	28	13,410	2,213	135,483	416,393	138,840	555,233
Balance at 1 January 2008	239,212	(3,893)	33,380	28	2,633	2,213	78,333	351,906	110,557	462,463
Currency translation differences	-	-	-	-	4,001	-	-	4,001	1,099	5,100
Profit for the period	-	-	-	-	-	-	28,744	28,744	19,120	47,864
Issue of ordinary shares pursuant to ESOS	71	-	-	-	-	-	-	71	-	71
Purchase of treasury shares	-	(1,696)	-	-	-	-	-	(1,696)	-	(1,696)
Balance at 30 June 2008	239,283	(5,589)	33,380	28	6,634	2,213	107,077	383,026	130,776	513,802

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Unaudited Condensed Consolidated Cash Flow Statements
For the 6-month period ended 30 June 2009

	Current Year 2nd Quarter 30.6.2009 RM'000	Preceding Year Corresponding 2nd Quarter 30.6.2008 RM'000
Profit before tax	46,194	52,957
Adjustments for non-cash flow	14,319	(10,988)
- Non-cash items	(4,846)	2,124
- Non-operating items		
Operating profit before changes in working capital	55,667	44,093
Changes in working capital	14,737	(35,047)
- Net change in current assets	4,223	(3,522)
- Net change in current liabilities		
Cash generated from operations	74,627	5,524
Income tax paid	(8,489)	(6,574)
Net cash from/(for) operating activities	66,138	(1,050)
Cash flows (for)/from investing activities		
Interest received	1,051	1,287
(Increase)/Decrease in:		
Land held for property development	(157)	3,211
Investment properties	(29)	(36)
Proceeds from disposal of property, plant and equipment	1,320	114
Purchase of property, plant and equipment	(14,166)	(2,844)
Proceeds from disposal of quoted investments	55,902	-
Purchase of quoted investments	(127,616)	-
Net cash (for)/from investing activities	(83,695)	1,732
Cash flows for financing activities		
Finance costs paid	(2,455)	(2,737)
Dividends paid to minority interests	(11,021)	(4,755)
Increase/(Decrease) in:		
Short-term borrowings, excluding bank overdrafts	12,369	(4,000)
Hire purchase payables	(31)	(785)
Net (repayment)/drawdown of mortgage loan and term loans	(770)	8,414
Proceeds from issue of shares pursuant to ESOS	-	71
Purchase of treasury shares	(992)	(1,696)
Net cash for financing activities	(2,900)	(5,488)
Net decrease in cash and cash equivalents	(20,457)	(4,806)
Cash and cash equivalents at beginning of the period	141,503	114,463
Effect of exchange rate changes	(239)	2,012
Cash and cash equivalents at end of the period	120,807	111,669

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

Notes to the interim financial report

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2008.

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 2008.

A2. Qualification of financial statement

The auditors’ report of the Group’s annual financial statements for the financial year ended 31 December 2008 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 6-month period ended 30 June 2009.

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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 1.1.2009	239,283	(4,910)	239,283	(6,412)
Purchase of treasury shares	-	(1,223)	-	(992)
As of 30.6.2009	<u>239,283</u>	<u>(6,133)</u>	<u>239,283</u>	<u>(7,404)</u>

a) Share options exercised

During the 6-month period ended 30 June 2009, there was no ordinary shares issued pursuant to the exercise of options under the Company's Employee Share Option Scheme. As at 30 June 2009, options over 2,922,000 (31.12.2008 : 2,969,000) unissued ordinary shares remained outstanding.

b) Treasury Shares

During the 6-month period ended 30 June 2009, the Company purchased 1,223,000 of its issued ordinary shares from the open market at an average price of RM0.81 per share for a total consideration of RM991,991 comprising purchase price of RM984,593 and the total transaction cost of RM7,398. These shares are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 239,283,000 (31.12.2008 : 239,283,000) issued and fully paid-up ordinary shares as at 30 June 2009, 6,132,800 ordinary shares (31.12.2008 : 4,909,800) were held as treasury shares by the Company. As at 30 June 2009, the number of outstanding ordinary shares in issue and fully paid-up amounted to 233,150,200 (31.12.2008 : 234,373,200).

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.

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A7. Dividend paid

A final dividend of 3.5%, less income tax of 25%, for the financial year ended 31 December 2008 was approved by the shareholders at the Annual General Meeting on 20 May 2009 and paid on 15 July 2009 to entitled shareholders as at 30 June 2009.

A8. Segment information for the 6-month period ended 30 June 2009

	Revenue RM'000	Profit/(Loss) Before Tax RM'000
By Activity		
<u>Continuing operations:</u>		
Build, own and operate power plants	153,628	32,353
Property development and investment	21,150	1,309
Quarrying of limestone, manufacturing and trading of calcium carbonate powder, lime based products and calcium silicate bricks	30,985	6,746
Engineering, designing and manufacturing of automotive and transportation components	4,512	(113)
Investment holding	176	5,641
Associate	-	258
	<u>210,451</u>	<u>46,194</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 18 August 2009, 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 6-month period ended 30 June 2009 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 2009 to 18 August 2009, 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 August 2009, 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

The Group's revenue of RM116.1 million was 11.6% lower than the corresponding period last year of RM131.3 million. However, pre-tax profit increased by 9.1% to RM28.8 million.

The higher pre-tax profit was largely attributable to higher contribution from the Power and Limestone Divisions and gain on disposal of quoted investments of RM7.0 million, partially offset by lower contribution from the Property and Engineering Divisions. The Property Division recorded a pre-tax profit of RM9.4 million in the corresponding period last year, which included a fair value adjustment amounting to RM9.9 million. No fair value adjustment was recorded in the current quarter.

b) For the 6-month period ended 30 June 2009

The Group's revenue and pre-tax profit for the 6-month period ended 30 June 2009 decreased by 11.2%, and 12.8%, respectively, as compared to the corresponding period last year.

The lower pre-tax profit was largely attributable to lower contribution from the Property Division, partially offset by higher contribution from the Power and Limestone Divisions and lower loss in the Engineering Division. No fair value adjustment was recorded in the period under review (corresponding period last year : RM26.5 million).

B2. Variation of results against preceding quarter

For the current quarter under review, the Group's revenue and pre-tax profit increased by 23.0% and 65.9%, respectively, as compared to the preceding quarter.

The higher pre-tax profit was largely attributable to higher contribution from all of the Group's operations, coupled with a gain on disposal of quoted investments of RM7.0 million.

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.

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B5. Tax expense

	Current Quarter ended 30.6.2009 RM'000	Period ended 30.6.2009 RM'000
Current tax expense		
Malaysian	819	2,028
Overseas	3,169	6,052
	<hr/> 3,988	<hr/> 8,080

The effective tax rate of the Group for the current quarter and 6-month period ended 30 June 2009 was lower than the statutory tax rate due mainly to the income earned in China which is taxed at a rate of 20%.

B6. Unquoted investments and properties

There was no material sale or purchase of unquoted investment or property during the current quarter and 6-month period ended 30 June 2009.

B7. Quoted investments

a) Purchase and sale of quoted investments during the current quarter and 6-month period ended 30 June 2009

i) Acquisition of quoted investments

	Current Quarter ended 30.6.2009 RM'000	Period ended 30.6.2009 RM'000
Purchase consideration	<hr/> 127,616	<hr/> 127,616

ii) Disposal of quoted investments

	Current Quarter ended 30.6.2009 RM'000	Period ended 30.6.2009 RM'000
Sale proceeds	55,902	55,902
Cost of quoted securities disposed	(48,883)	(48,883)
Gain on disposal	<hr/> 7,019	<hr/> 7,019

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B7. Quoted investments (Cont'd)

b) Investments in quoted securities as at 30 June 2009

	Cost RM'000	Book Value RM'000	Market Value RM'000
Quoted in Malaysia	27,873	22,040	22,557
Quoted outside Malaysia	61,424	61,109	66,188
	<u>89,297</u>	<u>83,149</u>	<u>88,745</u>

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 August 2009, 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 June 2009:

	<u>RM'000</u>
Short-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	27,813
Renminbi (Rmb37,000,000)	19,059
	<u>46,872</u>
<i>Unsecured Denominated in:</i>	
Ringgit Malaysia	7,600
Renminbi (Rmb63,000,000)	32,451
	86,923
Long-term borrowings	
<i>Secured denominated in:</i>	
Ringgit Malaysia	<u>11,957</u>
	<u><u>98,880</u></u>

B10. Off balance sheet financial instruments

There was no financial instrument with off balance sheet risk as at 18 August 2009, 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 August 2009, 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 June 2009, the Group has the following commitments:

	<u>RM'000</u>
Property, plant and equipment and investment	
Authorised but not provided for:	
Contracted	23,582
Not contracted	<u>8,987</u>
	<u><u>32,569</u></u>

B13. Dividend

The Board has declared an interim dividend of 2.0% less income tax of 25% (financial year ended 31.12.08 : interim dividend of 2.0% less income tax of 26% and final dividend of 3.5% less income tax of 25%) for the financial year ending 31 December 2009. The interim dividend will be paid on 9 October 2009 to the Depositors registered in the Record of Depositors at the close of business on 25 September 2009. This dividend has not been included as a liability in these Financial Statements.

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B14. Earnings per share

	Quarter ended 30 June		Period ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Basic earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	18,818	13,757	26,534	28,744
Weighted average number of ordinary shares in issue ('000)	<u>233,857</u>	<u>235,469</u>	<u>233,857</u>	<u>235,469</u>
Basic earnings per share (sen)	<u>8.05</u>	<u>5.84</u>	<u>11.35</u>	<u>12.21</u>
Diluted earnings per share				
Profit for the period attributable to ordinary equity holders of the Company	18,818	13,757	26,534	28,744
Dilutive effects of outstanding employees' share options	<u>41</u>	<u>34</u>	<u>82</u>	<u>70</u>
Diluted earnings	<u>18,859</u>	<u>13,791</u>	<u>26,616</u>	<u>28,814</u>
Weighted average number of ordinary shares in issue ('000)	233,857	235,469	233,857	235,469
Adjustment for share options ('000)	<u>2,922</u>	<u>2,169</u>	<u>2,922</u>	<u>2,169</u>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share ('000)	<u>236,779</u>	<u>237,638</u>	<u>236,779</u>	<u>237,638</u>
Diluted earnings per share (sen)	<u>7.96</u>	<u>5.80</u>	<u>11.24</u>	<u>12.13</u>

B15. Significant related party transaction

There was no significant related party transaction during the current quarter and 6-month period ended 30 June 2009.

BY ORDER OF THE BOARD

Yong Lai Sim
Ghee Yoke Ping
Secretaries

Petaling Jaya
25 August 2009