

Consolidated Condensed Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 March 2013

	3 months ended 31.3.13 RM'000 (Unaudited)	3 months ended 31.3.12 RM'000	Cumulative 3 months ended 31.3.13 RM'000 (Unaudited)	Cumulative 3 months ended 31.3.12 RM'000
Revenue	1,551,303	2,324,335	1,551,303	2,324,335
Cost of sales	(1,013,828)	(1,672,961)	(1,013,828)	(1,672,961)
Gross profit	537,475	651,374	537,475	651,374
Other Operating Income				
Items relating to investments	-	-	-	-
Other operating income	67,013	90,789	67,013	90,789
Administrative expenses	(181,135)	(179,699)	(181,135)	(179,699)
Other operating expenses	(60,632)	(70,293)	(60,632)	(70,293)
Finance cost	(247,306)	(337,419)	(247,306)	(337,419)
Share of results of associated companies and jointly controlled entities	13,966	26,326	13,966	26,326
Profit before zakat and taxation	129,381	181,078	129,381	181,078
Zakat expenses	-	-	-	-
Tax expenses	(43,973)	(65,659)	(43,973)	(65,659)
Profit for the period	85,408	115,419	85,408	115,419
Other comprehensive income				
Available-for-sale financial assets				
- fair value (losses)/gains	9,652	14,943	9,652	14,943
- disposal	-	-	-	-
Movement in associate's capital reserve	(64)	(522)	(64)	(522)
Fair value adjustment	(15,691)	-	(15,691)	-
Currency translation differences	5,572	(10,086)	5,572	(10,086)
Other comprehensive income for the period	(531)	4,335	(531)	4,335
Total comprehensive income for the period	84,877	119,754	84,877	119,754
Profit attributable to:				
Owners of the Parent	8,822	29,223	8,822	29,223
Non-controlling interest	76,586	86,196	76,586	86,196
	85,408	115,419	85,408	115,419
Total comprehensive income attributable to:				
Owners of the Parent	8,291	33,558	8,291	33,558
Non-controlling interest	76,586	86,196	76,586	86,196
	84,877	119,754	84,877	119,754
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	0.3	1.0	0.3	1.0
Diluted (sen)	0.3	1.0	0.3	1.0

The Consolidated Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**Consolidated Condensed Statement of Financial Position
As at 31 March 2013**

	As at 31.3.13 RM' 000 (Unaudited)	As at 31.12.12 RM' 000 (Restated)	As at 01.01.12 RM' 000 (Restated)
Non-Current Assets			
Property, plant and equipment	17,162,721	16,748,579	16,343,536
Investment properties	31,258	31,391	32,329
Prepaid lease payments	-	-	18,835
Investments in associates	2,772,452	2,804,490	1,463,122
Investment in jointly controlled entities	244,716	279,086	246,249
Available-for-sale financial assets	7,471	7,706	8,573
Property development expenditure	2,227,705	2,225,519	2,128,408
Other receivables	138,858	142,266	3,305
Intangible assets	7,605,635	7,714,584	7,577,842
Deferred tax assets	1,274,914	1,249,280	1,188,910
	<u>31,465,730</u>	<u>31,202,901</u>	<u>29,011,109</u>
Current Assets			
Inventories	512,931	507,176	406,235
Assets held for sale	-	-	-
Trade and other receivables	2,091,191	2,134,699	2,327,958
Current income tax recoverable	239,129	237,186	188,040
Amount due from holding company	-	2,518	5,518
Available-for-sale financial assets	86,251	88,576	85,588
Deposits, bank and cash balances	5,777,292	6,161,698	4,579,556
	<u>8,706,794</u>	<u>9,131,853</u>	<u>7,592,895</u>
	<u>40,172,524</u>	<u>40,334,754</u>	<u>36,604,004</u>
Equity			
Equity attributable to owners of the Parent			
Share capital	304,506	304,506	304,506
Reserves	6,676,827	6,740,578	5,966,536
	<u>6,981,333</u>	<u>7,045,084</u>	<u>6,271,042</u>
Non-controlling interest	2,974,992	3,184,984	3,299,047
Total equity	<u>9,956,325</u>	<u>10,230,068</u>	<u>9,570,089</u>
Non-Current Liabilities			
Redeemable preference shares	128,171	127,079	140,620
Borrowings	18,251,960	18,000,986	15,533,549
Land lease received in advance	292,003	296,975	158,433
Derivative financial instruments	177,881	162,750	-
Provision for retirement benefits	63,421	62,138	58,713
Deferred income	2,585,707	2,524,477	2,245,572
Deferred tax liabilities	3,403,393	3,402,617	3,532,379
Other payables	25,993	13,866	18,303
	<u>24,928,529</u>	<u>24,590,888</u>	<u>21,687,569</u>
Current Liabilities			
Borrowings	3,564,682	3,374,412	3,443,415
Trade and other payables	1,665,082	2,087,720	1,871,226
Current income tax liabilities	57,906	51,666	31,705
	<u>5,287,670</u>	<u>5,513,798</u>	<u>5,346,346</u>
Total liabilities	<u>30,216,199</u>	<u>30,104,686</u>	<u>27,033,915</u>
Total equity and liabilities	<u>40,172,524</u>	<u>40,334,754</u>	<u>36,604,004</u>
Net assets per share attributable to ordinary equity holders of parent (sen)	229	231	206

The Consolidated Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

Consolidated Condensed Statement of Changes in Equity for the period ended 31 March 2013

	Attributable to owners of the Parent Non-distributable						Distributable			Non-controlling interests	Total Equity	
	Share Capital RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Available-for- sale financial assets RM'000	Cash Flow Hedge Reserves RM'000	Capital Reserves RM'000	Capital* Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2013	304,506	2,039,770	(30,069)	1,219,271	102,329	(5,107)	79,443	376,803	2,958,138	7,045,084	3,184,984	10,230,068
Net profit for the financial year	-	-	-	-	-	-	-	-	8,822	8,822	76,586	85,408
Other comprehensive (loss) / income	-	-	5,572	-	9,652	(15,691)	(64)	-	-	(531)	-	(531)
Total comprehensive income for the year	-	-	5,572	-	9,652	(15,691)	(64)	-	8,822	8,291	76,586	84,877
Transfer to capital reserve	-	-	-	-	-	-	-	575	(575)	-	-	-
Increase in equity interest in an existing suk	-	-	-	-	-	-	(72,042)	-	-	(72,042)	(109,079)	(181,121)
Dividend	-	-	-	-	-	-	-	-	-	-	(177,499)	(177,499)
At 31 March 2013	304,506	2,039,770	(24,497)	1,219,271	111,981	(20,798)	7,337	377,378	2,966,385	6,981,333	2,974,992	9,956,325

* - The distributable capital reserves represent mainly the net gain from disposals of investments.

The Consolidated Condensed Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

Consolidated Condensed Statement of Changes in Equity for the period ended 31 December 2012

	Attributable to owners of the Parent Non-distributable						Distributable			Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Available-for- sale financial assets RM'000	Cash Flow Hedge Reserves RM'000	Capital Reserves RM'000	Capital* Reserves RM'000	Retained Earnings RM'000			
At 1 January 2012	304,506	2,039,770	(22,659)	1,219,271	117,684	-	77,515	374,503	2,109,389	6,219,979	3,249,986	9,469,965
Effects of changes in accounting policies - IC Int. 4	-	-	-	-	-	-	-	-	51,063	51,063	49,061	100,124
As restated	304,506	2,039,770	(22,659)	1,219,271	117,684	-	77,515	374,503	2,160,452	6,271,042	3,299,047	9,570,089
Net profit for the financial year	-	-	-	-	-	-	-	-	921,788	921,788	623,900	1,545,688
Other comprehensive (loss) / income	-	-	(7,410)	-	(15,355)	(5,107)	1,928	-	-	(25,944)	-	(25,944)
Total comprehensive income for the year	-	-	(7,410)	-	(15,355)	(5,107)	1,928	-	921,788	895,844	623,900	1,519,744
Transfer to capital reserve	-	-	-	-	-	-	-	2,300	(2,300)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(438,037)	(438,037)
Dividend	-	-	-	-	-	-	-	-	(121,802)	(121,802)	(299,926)	(421,728)
At 31 December 2012	304,506	2,039,770	(30,069)	1,219,271	102,329	(5,107)	79,443	376,803	2,958,138	7,045,084	3,184,984	10,230,068

* - The distributable capital reserves represent mainly the net gain from disposals of investments.

The Consolidated Condensed Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**Unaudited Consolidated Condensed Statement of Cash Flows
for the period ended 31 March 2013**

	3 months ended 31.3.13 RM'000 (Unaudited)	3 months ended 31.3.12 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	129,381	181,078
Adjustments for:		
Non-cash items	296,127	274,348
Interest expense	247,306	337,419
Interest income	(48,007)	(54,365)
Share of results in associates and jointly controlled entities	(13,966)	(26,326)
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Operating profit before working capital changes	610,841	712,154
Changes in working capital:		
Net change in current assets	35,648	(127,366)
Net change in current liabilities	(398,819)	78,267
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Cash generated from operations	247,670	663,055
Designated account and pledged deposits	-	545
Deferred income received	81,341	82,246
Tax paid	(64,532)	(56,562)
Land lease received in advance	-	2,690
Retirement benefits paid	202	(1,096)
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Net cash generated from operating activities	264,681	690,878
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Cash flows from investing activities		
Net cash inflow from disposal of associates	-	75,568
New investment in a jointly controlled entity	-	(4,875)
Purchase of property, plant and equipment	(613,180)	(618,815)
Redemption of RULS in a subsidiary	-	12,425
Proceeds from sale of property, plant and equipment	5	765
Additional property development expenditure	(2,186)	(32,211)
Interest received	48,007	54,365
Dividend received	18,675	24,450
Distribution from jointly controlled entity	30,000	30,000
Redemption of shares by a subsidiary	39,200	-
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Net cash used in investing activities	(479,479)	(458,328)
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Cash flows from financing activities		
Drawdown of term loans	5,859,713	3,546,344
Repayment of term loans	(5,412,440)	(481,928)
Share capital reduction	(181,121)	
Dividend paid to minority shareholder	(177,499)	(453)
Interest paid	(247,306)	(337,419)
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Net cash (used in) / generated from financing activities	(158,653)	2,726,544

The Consolidated Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

**Unaudited Consolidated Condensed Statement of Cash Flows
for the period ended 31 March 2013 (Continued)**

	3 months ended 31.3.13 RM'000 (Unaudited)	3 months ended 31.3.12 RM'000 (Unaudited)
Net increase in cash and cash equivalents	(373,451)	2,959,094
Effects of changes in exchange rate	(10,119)	(10,086)
Cash & Cash Equivalents at beginning of financial year	<u>6,159,901</u>	<u>4,563,066</u>
Cash and cash equivalents at end of financial year	<u>5,776,331</u>	<u>7,512,074</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	5,777,292	7,530,765
Pledge deposits	-	(15,836)
Bank overdrafts	<u>(961)</u>	<u>(2,855)</u>
	<u>5,776,331</u>	<u>7,512,074</u>

The Consolidated Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012.

Notes to the interim financial statements

1. Basis of preparation

The consolidated condensed interim financial information for the 3 months ended 31 March 2013 has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim financial reporting" and Appendix 9B (Part A) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements"). The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the financial year ended 31 December 2012, which have been prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The significant accounting policies and methods adopted for the consolidated condensed interim financial information are consistent with those adopted for the annual financial statements for the financial year ended 31 December 2012.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 has not had a material impact on the financial performance and financial position of the Group upon their initial application.

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- The revised MFRS 127, Consolidated and Separate Financial Statements
- The revised MFRS 128, Investments in Associates and Joint Ventures

- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 119, Employee Benefits
- Amendments to MFRS 116, Property, Plant and Equipment

2. Adoption of a new accounting policy

The Group has changed its accounting policy in relation to the recognition of property, plant and equipment following the adoption of the amendment to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009 - 2011 Cycle). The amendment clarifies that spare parts are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. Previously, MFRS 116 indicated that spare parts should be classified as inventory, even if it was used for more than one period. Following the amendment, spare parts used for more than one period is classified as property, plant and equipment. The amendment to MFRS 116 was adopted by the Group retrospectively and the comparatives have been restated accordingly (via reclassification from inventory to property, plant & equipment of RM215.4 million (31 March 2013), RM215.1 million (31 December 2012) and RM313.7 million (1 January 2012)).

3. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

4. Seasonal or cyclical factors

The Group's operations have not been affected by seasonal or cyclical factors.

5. Unusual items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter because of their nature, size and incidence except as disclosed in Note 17.

6. Changes in estimates

There was no material change in financial estimates reported in prior interim periods that could materially affect the current interim period's financial statements.

7. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter ended 31 March 2013.

8. Dividend paid

There was no dividend paid during the quarter ended 31 March 2013.

9. Segment Reporting

The Group's segmental report for the financial period ended 31 March 2013 is as follows:

	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others	Total
	RM mil	Gas RM mil	Energy RM mil	Utilities RM mil	RM mil	RM mil	RM mil
<u>Revenue</u>							
Total	375	19	1,128	24	17	9	1,572
Inter-segment	(4)	-	-	-	(17)	-	(21)
External	371	19	1,128	24	-	9	1,551
<u>Results</u>							
Profit /(loss) before zakat and taxation	76	18	120	5	(22)	(68)	129
Finance cost	26	-	169	-	-	52	247
Depreciation and amortisation	60	-	220	1	-	7	288
Earnings Before Interest, Tax, Depreciation and Amortisation	162	18	509	6	(22)	(9)	664

The Group's segmental report for the corresponding financial period ended 31 March 2012 is as follows:

	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others	Total
	RM mil	Gas RM mil	Energy RM mil	Utilities RM mil	RM mil	RM mil	RM mil
	<u>Revenue</u>						
Total	363	538	1,386	31	24	10	2,352
Inter-segment	(4)	-			(24)	-	(28)
External	359	538	1,386	31	-	10	2,324
<u>Results</u>							
Profit / (loss) before zakat and taxation	59	45	139	10	1	(73)	181
Finance cost	42	-	239	-	-	56	337
Depreciation and amortisation	55	11	208	2	-	8	284
Earnings Before Interest, Tax, Depreciation and Amortisation	156	56	586	12	1	(9)	802

10. Property, plant and equipment

Certain Group properties were re-valued in the past. This revaluation was brought forward without any subsequent revaluation as allowed for under MFRS 116.

11. Material events subsequent to the end of current interim period

MMC Corporation Berhad ("MMC") had in April 2013 received a letter from JEC Land Ltd informing that Saudi Arabia General Investment Authority ("SAGIA") had issued a letter terminating the Agreement between SAGIA and the Developer of JEC Land Ltd namely MMC and Saudi Binladin Group ("SBG") and instructing Saudi Aramco to execute the phase 1 infrastructure of the project ("Letter"). The Letter requested that JEC Land Ltd to hand over the project site and transfer all the liabilities of the project to SAGIA.

Whilst the handover of the project site is still on-going, MMC and SBG are currently working closely to claim for compensation from the Government of Saudi Arabia for all cost incurred in developing the JEC project.

MMC is taking the necessary and relevant steps to seek compensation for all costs incurred for the project.

12. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter.

13. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2012 except for the following bank guarantees issued to third parties:

	31.3.13 RM million	31.12.12 RM million
Subsidiaries	471.8	483.7

Bank guarantees issued to customers and utilities suppliers were mainly performance bonds and payment guarantees.

14. Capital commitments

Capital commitments for the Group not provided for in the financial statements are as follows:

	31.3.13 RM million
Property, plant and equipment:	
Authorised and contracted for	5,329.9
Authorised but not contracted for	525.7
	5,855.6

15. Related party transactions

Significant transactions in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2012 are as follows:

	Financial period ended 31.3.13 RM'000
Companies subject to common significant influence	
- Operation and maintenance fee expense	3,633
Associated companies	
- Interest income on unsecured subordinated loan notes	15,548

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

The Group's revenue for the three-month financial period ended 31 March 2013 was RM1.6 billion compared with RM2.3 billion in the corresponding period in 2012, representing a decrease of 33.3%. The decrease in the Group's revenue is mainly due to the deconsolidation of Gas Malaysia Berhad ("GMB") post listing in June 2012.

Profit before zakat and taxation for the three-month financial period ended 31 March 2013 was RM129.4 million compared with RM181.1 million in the corresponding period in 2012, representing a decrease of 28.5%.

Energy & Utilities

The Energy & Utilities segment's revenue for the three-month financial period ended 31 March 2013 was RM1.2 billion compared with RM2.0 billion for the corresponding period in 2012, representing a decrease of 40.1%. The decrease is mainly due to the absence of GMB's revenue which was deconsolidated post listing in June 2012. In addition, lower coal price coupled with major maintenance works at the Tanjung Bin power plant also resulted in lower revenue from Malakoff Corporation Berhad ("MCB").

Profit before zakat and taxation for the three-month financial period ended 31 March 2013 was RM142.7 million compared with RM193.6 million in the corresponding period in 2012, representing a decrease of 26.3%.

Lower profits from the Energy & Utilities segment were mainly due to the lower shareholding in GMB along with the lower average current coal price and major maintenance works carried out at the Tanjung Bin power plant.

Ports & Logistics

The Ports & Logistics segment's revenue for the three-month financial period ended 31 March 2013 was RM372.4 million compared with RM358.9 million in the corresponding period in 2012, representing an increase of 3.8% which was mainly contributed by higher throughput from Pelabuhan Tanjung Pelepas's ("PTP") mainliners of 1.93 million TEU (2012: 1.89 million TEU).

Profit before zakat and taxation for the three-month financial period ended 31 March 2013 was RM75.9 million compared with RM59.1 million in the corresponding period in 2012, representing an increase of 28.4%. This was mainly due to the lower interest cost following repayment of certain loans in the previous financial year.

Engineering & Construction

The Engineering and Construction segment's contribution arises predominantly from joint venture arrangements which are equity accounted for at the Group level.

The segment registered a loss before zakat and taxation for the three-month financial period ended 31 March 2013 at RM21.3 million compared with profit of RM0.9 million in the corresponding period in 2012.

The loss was mainly attributed to the provision made in relation to the award for the arbitration proceedings between Wayss & Freytag (Malaysia) Sdn Bhd and the MMC Engineering Group Berhad-Gamuda Berhad Joint Venture offset by contribution from the Klang Valley Mass Rapid Transit ("KVMRT") project and lower losses from associated company, Zelan Berhad.

Investment Holding, Corporate & Others

Revenue from airport operations for the three-month financial period ended 31 March 2013 was RM8.7 million compared with RM9.8 million in the corresponding period in 2012, representing a decrease of 11.2%.

The loss before zakat and taxation for the three-month financial period ended 31 March 2013 was RM67.9 million compared with losses of RM72.6 million in the corresponding period in 2012, representing a decrease of 6.5%. The improvement was mainly due to lower interest cost at the company level following the repayment of term loans in the previous financial year.

17. Variation of results against preceding quarter

The Group recorded a profit before zakat and taxation of RM129.4 million in the current quarter as compared to RM225.6 million in the preceding quarter. The decline was mainly due to lower average coal price coupled with major maintenance works at the Tanjung Bin power plant. The profits for the current quarter were further impacted by the provision made in relation to the award for the arbitration proceedings between Wayss & Freytag (Malaysia) Sdn Bhd and the MMC Engineering Group Berhad-Gamuda Berhad Joint Venture.

18. Current prospects

The Board expects the Group's financial results for the current financial year to improve against the previous year excluding the one-off gain from the listing of GMB.

The Energy & Utilities segment continues to be the major contributor to the Group's income. The proposed listing of MCB will be deferred to no later than the first half of 2014 instead of the second quarter of 2013 as envisaged earlier. The deferment is due to the major maintenance works at Tanjung Bin power plant which are expected to be substantially completed by the second half of 2013 and potential positive outcome of certain growth opportunities currently being pursued by MCB which may, among others, increase the effective power generation capacity of MCB.

Energy dispatch for the MCB Group will be affected by Tanjung Bin power plant's maintenance works. However, MCB's results stand to benefit from the full year's effect of the debts restructuring exercise which was completed during 2012 resulting in lower interest rates coupled with a more optimal use of the interest expense for tax purposes.

Contribution from GMB as an associated company is expected to grow following the increase in gas volume sold and number of customers.

The Board is cautiously optimistic on the Ports & Logistics segment. The transshipment and hinterland throughput volume is expected to grow. Transshipment which is predominantly at PTP is expected to benefit from the shipping routing strategies of its customers whilst Johor Port Berhad's throughput volume will grow in line with the expected improved economic activities in Johor.

The Engineering & Construction segment is expected to contribute positively from the progress of the KVMRT project which is entering its third year since commencement. Contribution from the Double Tracking project will continue to be positive albeit at a lower rate as the project approaches completion.

19. Profit before zakat and taxation

Profit before zakat and taxation is stated after charging/ (crediting) the following items:

	Current Quarter Ended		Financial Period Ended	
	31.3.13 RM' 000	31.3.12 RM' 000	31.3.13 RM' 000	31.3.12 RM' 000
Interest income	(48,007)	(54,365)	(48,007)	(54,365)
Depreciation	178,565	181,431	178,565	181,431
Amortisation	108,948	102,406	108,948	102,406
Impairment of receivables	13,991	1,600	13,991	1,600
Write-back of impairment of receivables	(5,961)	-	(5,961)	-
Net unrealised foreign exchange gain	(1,043)	(2,658)	(1,043)	(2,658)
Gain on disposal on:				
- associate	-	(26,700)	-	(26,700)
- property, plant and equipment	(1)	(120)	(1)	(120)

20. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the reporting period in a public document.

21. Tax expense

	3 months ended 31.3.13	3 months ended 31.3.12	Cumulative 3 months ended 31.3.13	Cumulative 3 months ended 31.3.12
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(65)	(67)	(65)	(67)
- prior year	-	(2)	-	(2)
Deferred tax expense				
- current	21	(2)	21	(2)
- prior year	-	5	-	5
	<u>(44)</u>	<u>(66)</u>	<u>(44)</u>	<u>(66)</u>

The Group's effective tax rate for the financial period is higher than the statutory income tax rate in Malaysia mainly due to higher tax provided in line with tax estimation made in the preceding financial year.

The tax expenses for the current quarter is lower compared to the corresponding quarter in 2012 due to optimum use of interest expense in a subsidiary for tax purpose resulting from the subsidiary's internal restructuring exercise.

22. Status of corporate proposals announced

No other corporate proposals were announced up to the date of this announcement except for:-

- a) On 11 December 2012, an announcement was made by MMC in relation to its intention to list its 51%-owned subsidiary, Malakoff Corporation Berhad ("MCB") on the Main Market of Bursa Malaysia ("Proposed Listing"). Approvals had been obtained from the Ministry of International Trade and Industry on 14 February 2013, the Securities Commission Malaysia ("SC") on 7 March 2013, Bursa Malaysia Securities Berhad on 19 March 2013 and the Shariah Advisory Council of the SC on 2 May 2013 and 30 January 2013. On 9 May 2013, an announcement was made stating that MMC has been informed by

the Board of Directors MCB that it has decided to defer the implementation of the Proposed Listing to no later than the first half 2014 instead of second quarter 2013 as envisaged earlier. For details of the Proposed Listing, please refer to Bursa Malaysia's website.

23. Borrowings

	<u>31.3.13</u>	<u>31.12.12</u>
	RM mil	RM mil
Current		
- secured	3,117	2,925
- unsecured	<u>448</u>	<u>449</u>
	<u>3,565</u>	<u>3,374</u>
Non-current		
- Term loans - secured	2,529	2,515
- ABBA Bonds - secured	130	130
- Al-Istisna Bonds - secured	129	193
- Istisna Medium Term Notes - secured	-	-
- Sukuk Medium Term Notes - secured	4,659	4,642
- Sukuk Ijarah Medium Term Notes - secured	3,517	3,508
- Islamic Medium Term Notes - secured	700	705
- Junior Sukuk - secured	-	-
- Senior Sukuk Murabahah - secured	3,290	3,290
- USD Term loan - secured	274	267
- Junior Sukuk Musharakah - unsecured	1,800	1,800
- Junior Term Loan Facility - unsecured	453	330
- Redeemable Unsecured		
Loan Stock - unsecured	58	61
- Redeemable Convertible Unsecured		
Loan Stock - unsecured	143	-
- Government Loan - unsecured	66	58
- Term loans - unsecured	170	170
- Revolving credits - unsecured	100	100
- Islamic Medium Term Notes - unsecured	<u>234</u>	<u>231</u>
	<u>18,252</u>	<u>18,000</u>
- Redeemable preference shares	<u>128</u>	<u>127</u>

24. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 March 2013 is analysed as follows:

	As at 31.3.13 RM'000
Total retained earnings of the Company and its subsidiaries:	
- Realised	2,777,068
- Unrealised	186,868
	<u>2,963,936</u>
Total retained earnings from associated companies:	
- Realised	124,720
- Unrealised	(28,371)
	<u>96,349</u>
Total retained earnings from jointly controlled entities:	
- Realised	(21,327)
- Unrealised	(14)
	<u>(21,341)</u>
Total retained earnings before consolidation adjustment	<u>3,038,944</u>
Less: Consolidation adjustment	(72,559)
Total retained earnings as per consolidated financial statements	<u><u>2,966,385</u></u>

25. Changes in material litigation

a) On 16 April 2013, the arbitral tribunal in the arbitration proceedings between Wayss & Freytag (Malaysia) Sdn Bhd ("Wayss & Freytag") and the MMC Engineering Group Berhad-Gamuda Berhad Joint Venture ("the JV") delivered its award ("the Award") which amongst others states as follows:

- (i) that the JV's claim against Wayss & Freytag fails and is dismissed;
- (ii) that Wayss & Freytag's claim succeeds in substantial part and the JV pays RM96,297,229-03 to Wayss & Freytag with interest thereon at 5% per

- annum date of the Award (16 April 2013) until payment in full;
- (iii) that the JV pays RM9,000,000-00 to Wayss & Freytag as costs; and
 - (iv) that the JV pays RM28,247,187-18 to Wayss & Freytag, being interest on RM96,297,229-03 at 4% per annum from the date of termination (23 January 2006) until the date of Award (16 April 2013).

On 26 April 2013, Wayss & Freytag wrote to the arbitral tribunal requesting it to make some clerical corrections to the Award. If all the corrections sought by Wayss & Freytag are accepted, the sum at sub-paragraph (ii) above is expected to increase to RM102,148,305-81 and the sum at sub-paragraph (iv) above is expected to increase to RM 29,553,044-09.

On 10 May 2013 Wayss & Freytag withdrew its 13 November 2008 Writ of Summons and Statement of Claim filed in the High Court against the JV ("the Court Action"), which among others sought a declaration of breach of contract by the JV. The High Court awarded RM50,000-00 as costs to the JV.

Separately, the JV also wrote to the arbitral tribunal on 15 May 2013 requesting it to make some clerical corrections to the Award. If the corrections sought by the JV are accepted, the sum at sub-paragraph (ii) above is expected to be RM 96,156,270-01 and the sum at sub-paragraph (iv) above is expected to be RM 27,819,457-84.

On 23 May 2013, the JV filed an application to refer questions of law arising out of the Award to the High Court, the consequence of which is that the Award may be set aside by the High Court. Based on the advice of solicitors acting for the JV, the Company is of the view

that the JV has a fair chance of succeeding in the application and setting aside the Award.

- b) The appeal involving Jurutera Perunding Daya Sdn Bhd and Pengurusan Projek Daya Sdn Bhd ("the Daya Group"), Projek Lebuhraya Timur Sn Bhd and MMC Corporation Berhad is fixed for further case management on 28 May 2013 at the Court of Appeal. No hearing date has been fixed.

Save as disclosed above, there is no significant change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last audited balance sheet date as at 31 December 2012.

26. Dividend Payable

No dividend has been recommended by the Directors for the current financial period ended 31 March 2013. No dividend was declared by the Directors for the corresponding financial period ended 31 March 2012.

27. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months ended <u>31.3.13</u>	3 months ended <u>31.3.12</u>	Cumulative 3 months ended <u>31.3.13</u>	Cumulative 3 months ended <u>31.3.12</u>
Profit for the period attributable to owners of the Parent (RM mil)	9	29	9	29
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	0.3	1.0	0.3	1.0
Diluted earnings per ordinary share (sen)	0.3	1.0	0.3	1.0

28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 30 May 2013.

By Order of the Board
 Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
 Sazlin Ayesha Abdul Samat (L.S. No.0008112)
 Secretaries
 Kuala Lumpur
 30 May 2013