

Consolidated Condensed Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2013

	3 months <u>ended</u> <u>30.6.13</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>30.6.12</u> RM'000	Cumulative <u>6 months ended</u> <u>30.6.13</u> RM'000 (Unaudited)	Cumulative <u>6 months ended</u> <u>30.6.12</u> RM'000
Revenue	1,687,912	2,349,740	3,239,215	4,674,075
Cost of sales	(1,278,952)	(1,723,210)	(2,292,780)	(3,396,171)
Gross profit	<u>408,960</u>	<u>626,530</u>	<u>946,435</u>	<u>1,277,904</u>
Other Operating Income				
Items relating to investments	-	1,011,545	-	1,011,545
Other operating income	54,644	84,992	121,657	175,781
Administrative expenses	(188,906)	(186,321)	(370,041)	(366,020)
Other operating expenses	(55,079)	(159,507)	(115,711)	(229,800)
Finance cost	(279,141)	(318,656)	(526,447)	(656,075)
Share of results of associated companies and jointly controlled entities	<u>101,676</u>	<u>88,190</u>	<u>115,642</u>	<u>114,516</u>
Profit before zakat and taxation	<u>42,154</u>	<u>1,146,773</u>	<u>171,535</u>	<u>1,327,851</u>
Zakat expenses	-	(3,360)	-	(3,360)
Tax expenses	35,164	(55,264)	(8,809)	(120,923)
Profit for the period	<u>77,318</u>	<u>1,088,149</u>	<u>162,726</u>	<u>1,203,568</u>
Other comprehensive income				
Available-for-sale financial assets				
- fair value (losses)/gains	2,428	(24,994)	12,080	(10,051)
- disposal	-	-	-	-
Movement in associate's capital reserve	428	(6,364)	364	(6,886)
Fair value adjustment	73,264	-	57,573	-
Currency translation differences	11,954	15,972	17,526	5,886
Other comprehensive income for the period	<u>88,074</u>	<u>(15,386)</u>	<u>87,543</u>	<u>(11,051)</u>
Total comprehensive income for the period	<u>165,392</u>	<u>1,072,763</u>	<u>250,269</u>	<u>1,192,517</u>
Profit attributable to:				
Owners of the Parent	43,861	752,204	52,683	781,427
Non-controlling interest	33,457	335,945	110,043	422,141
	<u>77,318</u>	<u>1,088,149</u>	<u>162,726</u>	<u>1,203,568</u>
Total comprehensive income attributable to:				
Owners of the Parent	131,935	736,818	140,226	770,376
Non-controlling interest	33,457	335,945	110,043	422,141
	<u>165,392</u>	<u>1,072,763</u>	<u>250,269</u>	<u>1,192,517</u>
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	1.4	24.7	1.7	25.7
Diluted (sen)	1.4	24.7	1.7	25.7

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 30 June 2013**

	As at 30.6.13 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	17,904,080	16,748,579	16,343,536
Finance lease receivables	1,635,135	-	-
Investment properties	31,129	31,391	32,329
Prepaid lease payments	-	-	18,835
Investments in associates	2,768,015	2,804,490	1,463,122
Investment in jointly controlled entities	279,241	279,086	246,249
Available-for-sale financial assets	6,693	7,706	8,573
Property development expenditure	2,293,779	2,225,519	2,128,408
Other receivables	135,625	142,266	3,305
Intangible assets	7,496,757	7,714,584	7,577,842
Deferred tax assets	1,304,494	1,249,280	1,188,910
	<u>33,854,948</u>	<u>31,202,901</u>	<u>29,011,109</u>
Current Assets			
Inventories	490,657	507,176	406,235
Derivative assets	1,213	-	-
Trade and other receivables	2,928,149	2,134,699	2,327,958
Current income tax recoverable	319,411	237,186	188,040
Amount due from holding company	-	2,518	5,518
Available-for-sale financial assets	89,133	88,576	85,588
Deposits, bank and cash balances	4,943,910	6,161,698	4,579,556
	<u>8,772,473</u>	<u>9,131,853</u>	<u>7,592,895</u>
	<u>42,627,421</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	6,671,734	6,740,578	5,966,536
	<u>6,976,240</u>	<u>7,045,084</u>	<u>6,271,042</u>
Non-controlling interest	2,942,151	3,184,984	3,299,047
Total equity	<u>9,918,391</u>	<u>10,230,068</u>	<u>9,570,089</u>
Non-Current Liabilities			
Redeemable preference shares	129,275	127,079	140,620
Borrowings	21,265,349	18,000,986	15,533,549
Land lease received in advance	288,271	296,975	158,433
Derivative financial instruments	103,182	162,750	-
Provision for retirement benefits	65,053	62,138	58,713
Deferred income	2,669,286	2,524,477	2,245,572
Deferred tax liabilities	3,378,906	3,402,617	3,532,379
Other payables	26,279	13,866	18,303
	<u>27,925,601</u>	<u>24,590,888</u>	<u>21,687,569</u>
Current Liabilities			
Borrowings	2,420,854	3,374,412	3,443,415
Trade and other payables	2,300,833	2,087,720	1,871,226
Current income tax liabilities	61,742	51,666	31,705
	<u>4,783,429</u>	<u>5,513,798</u>	<u>5,346,346</u>
Total liabilities	<u>32,709,030</u>	<u>30,104,686</u>	<u>27,033,915</u>
Total equity and liabilities	<u>42,627,421</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 30 June 2013

	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 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	-	-	-	-	-	-	-	-	52,683	52,683	110,043	162,726
Other comprehensive (loss) / income	-	-	17,526	-	12,080	57,573	364	-	-	87,543	-	87,543
Total comprehensive income for the year	-	-	17,526	-	12,080	57,573	364	-	52,683	140,226	110,043	250,269
Transfer to capital reserve	-	-	-	-	-	-	-	575	(575)	-	-	-
Increase in equity interest in an existing sub:	-	-	-	-	-	-	(72,042)	-	-	(72,042)	(109,079)	(181,121)
Dividend	-	-	-	-	-	-	-	-	(137,028)	(137,028)	(243,797)	(380,825)
At 30 June 2013	304,506	2,039,770	(12,543)	1,219,271	114,409	52,466	7,765	377,378	2,873,218	6,976,240	2,942,151	9,918,391

* - 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 30 June 2012

	Attributable to owners of the Parent						Distributable		Total	Non-controlling interests	Total Equity
	Non-distributable										
	Share Capital	Share Premium	Currency Translation Reserve	Revaluation Reserve	Available-for-sale financial assets	Capital Reserves	Capital* Reserves	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
Net profit for the financial year	-	-	-	-	-	-	-	781,427	781,427	422,141	1,203,568
Other comprehensive (loss) / income	-	-	5,886	-	(10,051)	(6,886)	-	-	(11,051)	-	(11,051)
Total comprehensive income for the year	-	-	5,886	-	(10,051)	(6,886)	-	781,427	770,376	422,141	1,192,517
Transfer to capital reserve	-	-	-	-	-	-	1,150	(1,150)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	128,491	128,491	(566,528)	(438,037)
Dividend	-	-	-	-	-	-	-	(121,802)	(121,802)	(205,751)	(327,553)
At 30 June 2012	304,506	2,039,770	(16,773)	1,219,271	107,633	70,629	375,653	2,896,355	6,997,044	2,899,848	9,896,892

* - 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 2011.

**Unaudited Consolidated Condensed Statement of Cash Flows
for the period ended 30 June 2013**

	6 months ended 30.6.13 RM'000 (Unaudited)	6 months ended 30.6.12 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	171,535	1,327,851
Adjustments for:		
Non-cash items	660,889	(473,485)
Interest expense	526,447	656,075
Interest income	(92,686)	(103,251)
Dividend income	(651)	(930)
Share of results in associates and jointly controlled entities	(115,642)	(114,516)
Operating profit before working capital changes	1,149,892	1,291,744
Changes in working capital:		
Net change in current assets	(315,513)	(16,030)
Net change in current liabilities	36,532	146,818
Cash generated from operations	870,911	1,422,532
Designated account and pledged deposits	-	16,381
Deferred income received	163,585	164,489
Tax paid	(128,285)	(141,775)
Zakat paid	-	(3,360)
Land lease received in advance	1,244	96,440
Retirement benefits paid	33	(994)
Net cash (used in) / generated from operating activities	907,488	1,553,713
Cash flows from investing activities		
Net cash inflow from disposals of subsidiaries	-	81,080
Net cash inflow from disposal of associates	-	75,568
Net cash outflow from acquisition of associates	-	(347,563)
New investment in a jointly controlled entity	(392,699)	(9,875)
Purchase of property, plant and equipment	(1,555,213)	(1,185,992)
Redemption of RULS in a subsidiary	-	12,425
Proceeds from sale of property, plant and equipment	5	286
Additional property development expenditure	(68,260)	(42,406)
Interest received	92,686	103,251
Dividend received	59,514	34,192
Distribution from jointly controlled entity	40,000	30,000
Redemption of shares by a subsidiary	47,530	-
Net cash used in investing activities	(1,776,437)	(1,249,034)
Cash flows from financing activities		
Drawdown of term loans	7,988,037	3,771,628
Repayment of term loans	(7,322,969)	(1,350,001)
Share capital reduction	(181,121)	-
Dividend paid	(137,028)	(121,802)
Dividend paid to minority shareholder	(243,797)	(205,751)
Interest paid	(526,447)	(656,075)
Net cash (used in) / generated from financing activities	(423,325)	1,437,999

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 30 June 2013 (Continued)**

	6 months ended 30.6.13 RM'000 (Unaudited)	6 months ended 30.6.12 RM'000 (Unaudited)
Net (decrease)/increase in cash and cash equivalents	(1,292,274)	1,742,678
Effects of changes in exchange rate	75,099	5,886
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>4,942,726</u>	<u>6,311,630</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	4,943,910	6,320,230
Designated accounts	(1)	(1)
Bank overdrafts	<u>(1,183)</u>	<u>(8,599)</u>
	<u>4,942,726</u>	<u>6,311,630</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 6 months ended 30 June 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 (30 June 2013), RM215.1 million (31 December 2012) and RM313.7 million (1 January 2012)).

The Group also has adopted the new accounting policy on Joint Operations. MFRS 11, "Joint Arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. Under a joint operation, a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for

its interest in assets, liabilities, revenue and expenses accordingly.

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 30 June 2013.

8. Dividend paid

In respect of the financial year ended 31 December 2012, as reported in the Directors' report during that financial year, a final single-tier dividend of 4.5 sen per share on 3,045,058,552 ordinary shares amounting to RM137,027,635 was paid on 28 June 2013.

9. Segment Reporting

The Group's segmental report for the financial period ended 30 June 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	764	51	2,347	53	70	23	3,308
Inter-segment	(7)	-	-	-	(62)	-	(69)
External	757	51	2,347	53	8	23	3,239
<u>Results</u>							
Profit / (loss) before zakat and taxation	148	42	90	10	24	(142)	172
Finance cost	52	-	369	-	-	105	526
Depreciation and amortisation	116	-	441	4	-	15	576
Earnings Before Interest, Tax, Depreciation and Amortisation	316	42	900	14	24	(22)	1,274

The Group's segmental report for the corresponding financial period ended 30 June 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	738	975	2,883	68	37	16	4,717
Inter-segment	(7)	-	-	-	(36)	-	(43)
External	731	975	2,883	68	1	16	4,674
<u>Results</u>							
Profit							
before zakat and taxation	133	90	288	11	18	788	1,328
Finance cost	71	-	475	-	-	110	656
Depreciation and amortisation	114	21	415	4	-	16	570
Earnings Before Interest, Tax, Depreciation and Amortisation	318	111	1,178	15	18	914	2,554

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

There was no material event subsequent to the end of the current quarter.

12. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter except for the following:

- a) Teknik Janakuasa Sdn. Bhd. ("TJSB"), a wholly-owned subsidiary of MMC's 51%-owned subsidiary, Malakoff Corporation Berhad, had on 16 May 2013 received a Notarial Deed in relation to the incorporation of PT. Teknik Janakuasa ("PT. Teknik Janakuasa"), a 95%-owned subsidiary of TJSB. The authorised and paid-up share capital of PT. Teknik Janakuasa is IDR5,117,214,900 (equivalent to approximately USD526,300) divided into 526,300 shares of IDR9,723 each (equivalent to approximately USD1.00 each).

The establishment of PT. Teknik Janakuasa is part of TJSB's expansion plan to bid for new contracts for the provision of operations and maintenance services of power plants and/or other utility plants in Indonesia.

- b) On 7 June 2013, Malakoff International Limited ("MIL"), a wholly-owned subsidiary of MMC's 51%-owned subsidiary, Malakoff Corporation Berhad, had acquired/incorporated the following wholly-owned subsidiaries:-

- (i) a direct wholly-owned subsidiary, Pacific Goldtree Sdn. Bhd. ("Pacific Goldtree"), a company incorporated in Malaysia with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each;
- (ii) an indirect wholly-owned subsidiary, Skyfirst Power Sdn. Bhd, ("Skyfirst Power"), a company incorporated in Malaysia with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM2.00 divided into 2 ordinary shares of RM1.00 each. Skyfirst Power is wholly-owned by Pacific Goldtree ;
- (iii) an indirect wholly-owned subsidiary, Malakoff Australia Pty Ltd ("Malakoff Australia"), a company incorporated in Australia with 1 fully paid ordinary share issued for AUD1.00. Malakoff Australia is wholly-owned by Skyfirst Power ; and
- (iv) an indirect wholly-owned subsidiary, Malakoff Holdings Pty Ltd ("Malakoff Holdings"), a company incorporated in Australia with 1 fully paid ordinary share issued for AUD1.00. Malakoff Holdings is wholly-owned by Malakoff Australia.

On 28 June 2013, Malakoff Holdings has acquired the entire share capital of Meridian Wind Macarthur Holdings Pty. Ltd. ("Meridian Holdings") from Meridian Energy Limited ("Meridian")'s wholly-owned subsidiaries, Three River Holdings No. 2 Limited and Meridian Energy Australia Pty Limited (the "Acquisition") at a consideration of

approximately A\$130 million (equivalent to approximately RM382.2 million based on exchange rate of A\$1.00=RM2.94 as at 28 June 2013).

The details of the acquisition are as follows:

	RM mil
Assets and liabilities acquired:	
Property, plant and equipment	1,635.1
Deferred Tax Assets	2.8
Other receivables	537.0
Tax recoverable	28.8
Cash and cash equivalents	25.1
Other payables	(145.1)
Borrowings	<u>(1,665.9)</u>
Net assets and liabilities acquired	417.8
Purchase consideration	<u>(417.8)</u>
Excess Purchase Price	<u><u>-</u></u>
Net cash outflow arising from the acquisition:	
Purchase consideration	417.8
less : Cash and cash equivalents acquired	<u>(25.1)</u>
Cash outflow on acquisition, net of cash and cash equivalents acquired	<u><u>392.7</u></u>

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:

	30.6.13	31.12.12
	RM mil	RM mil
Subsidiaries	428.0	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:

	30.6.13
	RM mil
Property, plant and equipment:	
Authorised and contracted for	4,781.0
Authorised but not contracted for	397.3
	<u>5,178.3</u>

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 30.6.13 RM mil
Associated companies	
- Interest income on unsecured subordinated loan notes	<u>31.4</u>

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

The Group's revenue for the six-month financial period ended 30 June 2013 was RM3.2 billion compared with RM4.7 billion in the corresponding period in 2012, representing a decrease of 31.9%. The decrease in the Group's revenue is mainly due to the deconsolidation of Gas Malaysia Berhad ("GMB") results post listing in June 2012.

Profit before zakat and taxation for the six-month financial period ended 30 June 2013 was RM171.5 million compared with RM1,327.9 million in the corresponding period in 2012, representing a decrease of 87.1%. The decrease was mainly due to the absence of gain on GMB listing amounting to RM1,011.5 million.

Energy & Utilities

The Energy & Utilities segment's revenue for the six-month financial period ended 30 June 2013 was RM2.5 billion compared with RM3.9 billion for the corresponding period in 2012, representing a decrease of 35.9%. 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 six-month financial period ended 30 June 2013 was RM141.8 million compared with RM388.5 million in the corresponding period in 2012, representing a decrease of 63.5%.

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 six-month financial period ended 30 June 2013 was RM757.1 million compared with RM730.7 million in the corresponding period in 2012, representing an increase of 3.6% which was mainly contributed by rates revision charged to a mainliner.

Profit before zakat and taxation for the six-month financial period ended 30 June 2013 was RM147.5 million compared with RM133.1 million in the corresponding period in 2012, representing an increase of 10.8%. 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 profit before zakat and taxation for the six-month financial period ended 30 June 2013 at RM23.8 million compared with RM17.9 million in the corresponding period in 2012 representing an increase of 33.0%.

The higher profit was mainly attributed to the higher contribution from the Klang Valley Mass Rapid Transit ("KVMRT") project but offset by 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 coupled with lower profits from 2T as the project approaches completion.

Investment Holding, Corporate & Others

Investment Holding, Corporate & Others segment's revenue for the six-month financial period ended 30 June 2013 was RM22.9 million compared with RM16.3 million in the corresponding period in 2012, representing an increase of 40.5%.

The loss before zakat and taxation for the six-month financial period ended 30 June 2013 was RM141.5 million compared with profit of RM788.4 million in the corresponding period in 2012, representing a decrease of 117.9%. The loss was mainly due to absence of gain from listing of GMB amounting to RM1,011.5 million in June 2012 but offset by absence of impairment following a reassessment of investment in the Jazan Economic City project.

17. Variation of results against preceding quarter

The Group recorded a profit before zakat and taxation of RM42.2 million in the current quarter as compared to RM129.4 million in the preceding quarter. The decline was mainly due to major maintenance works at the Tanjung Bin power plant.

18. Current prospects

Bank Negara has revised the GDP forecast to between 4.5% and 5% from its initial estimate of between 5% and 6% for the year 2013. The revision was due to the lower than expected performance for the first half of 2013. However, it expects GDP for the second half of the year to be better on the expectation of an improved global economic outlook. As such, the Board

expects the financial results of the group for the second half of the year to be better than that of the first half, leading to operating results for the full year which is comparable to that of last year excluding the one-off gain from the listing of GMB.

19. Profit before zakat and taxation

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

	Current Quarter		Financial Period	
	Ended		Ended	
	30.6.13	30.6.12	30.6.13	30.6.12
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	(44,679)	(48,886)	(92,686)	(103,251)
Depreciation	179,461	182,951	358,026	364,382
Amortisation	108,879	102,475	217,827	204,881
Impairment of receivables	67,313	998	81,304	2,598
Write-back of impairment of receivables	9,788	(150)	3,827	(150)
Allowance for slow moving stock	-	(512)	-	-
Impairment loss on cost of investment in associate	-	1,994	-	1,994
Net unrealised foreign exchange gain	(2,390)	(3,323)	(3,433)	(665)
Gain on disposal on:				
- subsidiary	-	(258,030)	-	(258,030)
- associate	-	-	-	(26,700)
- property, plant and equipment	77	(166)	76	(286)
Fair value gain for investment in associate	-	(753,515)	-	(753,515)

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 30.6.13	3 months ended 30.6.12	Cumulative 6 months ended 30.6.13	Cumulative 6 months ended 30.6.12
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(1)	(63)	(66)	(130)
- prior year	-	2	-	-
Deferred tax expense				
- current	36	9	57	7
- prior year	-	(3)	-	2
	<u>35</u>	<u>(55)</u>	<u>(9)</u>	<u>(121)</u>

The Group's effective tax rate for the financial period is lower than the statutory income tax rate in Malaysia mainly due to tax exemption received by a subsidiary in relation to single tier tax.

The tax expenses for the current quarter is lower compared to the corresponding quarter in 2012 due to tax exemption received by a subsidiary in relation to single tier tax and 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"). As of

to date, all approvals have been obtained from the relevant regulatory authorities. On 10 May 2013, MMC announced that it has been informed by the Board of Directors of MCB in relation to MCB's decision to defer the implementation of the Proposed Listing. In this respect, the Proposed Listing is expected to be completed no later than the first half of 2014, instead of the second quarter of 2013 as envisaged earlier.

For details of the Proposed Listing, please refer to Bursa Malaysia's website.

- b) On 28 June 2013, MMC announced that Malakoff Holdings Pty Ltd (*an indirect wholly-owned Australian subsidiary of Malakoff International Limited, which is a wholly-owned subsidiary of MCB which in turn is a 51%-owned subsidiary of MMC*) has acquired the entire share capital of Meridian Wind Macarthur Holdings Pty. Ltd. from Three River Holdings No. 2 Limited and Meridian Energy Australia Pty Limited at a consideration of approximately A\$130 million (equivalent to approximately RM382.2 million based on exchange rate of A\$1.00=RM2.94 as at 28 June 2013) (the "Acquisition").

23. Available for sale financial assets

Fair value of financial instruments

Fair values recognised in the statement of financial position are measured using the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted price included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derives from prices); and

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, observable inputs).

A reconciliation from opening balances to fair value measurement on level 1 of the fair value hierarchy is as follows:

	<u>30.6.13</u>	<u>31.12.12</u>
	RM mil	RM mil
At 1 January	96.3	94.2
Net gains/(losses) transferred to equity	<u>(0.5)</u>	<u>2.1</u>
At 30.6.13/31.12.12	95.8	96.3
Less: Non-current portion	<u>(6.7)</u>	<u>(7.7)</u>
Current portion	<u><u>89.1</u></u>	<u><u>88.6</u></u>

24. Borrowings

	<u>30.6.13</u>	<u>31.12.12</u>
	RM mil	RM mil
Current		
- secured	1,968	2,925
- unsecured	<u>453</u>	<u>449</u>
	<u>2,421</u>	<u>3,374</u>
Non-current		
- secured	18,023	15,250
- unsecured	<u>3,242</u>	<u>2,750</u>
	<u>21,265</u>	<u>18,000</u>
Total borrowings	<u><u>23,686</u></u>	<u><u>21,374</u></u>

The currency exposure profile of borrowings for the Group are as follows:

Functional currency (RM)	<u>30.6.13</u>	<u>31.12.12</u>
	RM mil	RM mil
USD	276	267
AUD	2,090	-
RM	<u>21,320</u>	<u>21,107</u>
	<u>23,686</u>	<u>21,374</u>

25. Realised and unrealised profit/losses disclosure

The retained earnings as at 30 June 2013 is analysed as follows:

	As at 30.6.13 RM mil
Total retained earnings of the Company and its subsidiaries:	
- Realised	2,608.8
- Unrealised	186.8
	<u>2,795.6</u>
Total retained earnings from associated companies:	
- Realised	193.9
- Unrealised	(28.4)
	<u>165.5</u>
Total retained earnings from jointly controlled entities:	
- Realised	6.6
- Unrealised	(25.0)
	<u>(18.4)</u>
Total retained earnings before consolidation adjustment	<u>2,942.7</u>
Less: Consolidation adjustment	<u>(69.5)</u>
Total retained earnings as per consolidated financial statements	<u><u>2,873.2</u></u>

26. Changes in material litigation

- a) The appeal involving Jurutera Perunding Daya Sdn Bhd and Pengurusan Projek Daya Sdn Bhd ("the Daya Group"), Projek Lebuh raya Timur Sdn Bhd and MMC Corporation Berhad is fixed for hearing on 1 October 2013.
- b) On 30 May 2013, the arbitral tribunal issued a corrective award which corrected certain arithmetical errors of the initial award made on 16 April 2013 award, inter alia, as follows:
- (i) Wayss & Freytag's successful claim is RM97,574,035.39, with post-Award interest thereon at 5% per annum from the date of the Award (16 April 2013) until payment in full; and
 - (ii) the amount of pre-Award interest to be paid by the JV to Wayss & Freytag is RM28,229,638.73, being interest on RM97,574,035.39 at 4% per annum from the date of termination (23 January 2006) until the date of Award (16 April 2013).
- c) In respect of the JV's applications to the High Court seeking to set aside the Award on determination of questions of law and on the grounds of public policy, they are presently fixed for case management in the High Court on 30 September 2013.

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.

27. Dividend Payable

No dividend has been recommended by the Directors for the current financial period ended 30 June 2013. No dividend was declared by the Directors for the corresponding financial period ended 30 June 2012.

28. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months	3 months	Cumulative	Cumulative
	ended	ended	6 months	6 months
	<u>30.6.13</u>	<u>30.6.12</u>	<u>30.6.13</u>	<u>30.6.12</u>
Profit for the period attributable to owners of the Parent (RM mil)	44	752	53	781
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)	1.4	24.7	1.7	25.7
Diluted earnings per ordinary share (sen)	1.4	24.7	1.7	25.7

29. 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 August 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 August 2013