

**Condensed Consolidated Statement of Comprehensive Income**  
**Quarterly report on unaudited consolidated results**  
**for the period ended 30 September 2014**

	<u>3 months</u> <u>ended</u> <u>30.09.14</u> RM'000 (Unaudited)	<u>3 months</u> <u>ended</u> <u>30.09.13</u> RM'000 (Restated)	<u>Cumulative</u> <u>9 months ended</u> <u>30.09.14</u> RM'000 (Unaudited)	<u>Cumulative</u> <u>9 months ended</u> <u>30.09.13</u> RM'000 (Restated)
Revenue	1,733,810	1,956,615	6,460,810	5,598,281
Cost of sales	(1,050,544)	(1,365,076)	(4,494,137)	(3,949,981)
<b>Gross profit</b>	<u>683,266</u>	<u>591,539</u>	<u>1,966,673</u>	<u>1,648,300</u>
Other operating income				
- items relating to investments	1,743	-	65,606	-
- other operating income	37,198	70,042	153,760	192,568
Administrative expenses	(186,061)	(179,497)	(577,322)	(549,542)
Other operating expenses	(91,307)	(47,738)	(298,795)	(256,138)
Finance costs	(314,043)	(319,186)	(926,931)	(846,350)
Share of results of:				
- associates	51,711	43,197	101,144	118,286
- joint ventures	9,342	10,138	53,655	32,906
<b>Profit before zakat and taxation</b>	<u>191,849</u>	<u>168,495</u>	<u>537,790</u>	<u>340,030</u>
Zakat expenses	(3,500)	(1,400)	(3,500)	(1,400)
Tax expense	(9,309)	43,266	(24,946)	34,457
<b>Profit for the financial period</b>	<u>179,040</u>	<u>210,361</u>	<u>509,344</u>	<u>373,087</u>
<b>Other comprehensive income/(loss)</b>				
Available-for-sale financial assets				
- fair value gains/(losses)	(7,350)	1,611	(10,714)	13,691
- disposal	-	-	201	-
Movement in associates' capital reserves	-	1,341	-	1,705
Remeasurement of defined benefit liability	(2,034)	-	(2,034)	-
Fair value adjustment-cash flow hedge	(31,320)	99,441	(105,289)	157,014
Currency translation differences	(20,891)	12,172	1,679	29,698
Asset revaluation	900	-	3,458	-
<b>Other comprehensive income/(loss) for the financial period</b>	<u>(60,695)</u>	<u>114,565</u>	<u>(112,699)</u>	<u>202,108</u>
<b>Total comprehensive income for the financial period</b>	<u>118,345</u>	<u>324,926</u>	<u>396,645</u>	<u>575,195</u>
<b>Profit attributable to:</b>				
Owners of the Parent	104,754	135,018	293,780	187,701
Non-controlling interests	74,286	75,343	215,564	185,386
	<u>179,040</u>	<u>210,361</u>	<u>509,344</u>	<u>373,087</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	44,059	249,583	181,081	389,809
Non-controlling interests	74,286	75,343	215,564	185,386
	<u>118,345</u>	<u>324,926</u>	<u>396,645</u>	<u>575,195</u>
<b>Earnings per share attributable to owners of the Parent</b>				
Basic (sen)	3.4	4.4	9.6	6.2
Diluted (sen)	3.4	4.4	9.6	6.2

**Condensed Consolidated Statement of Financial Position**

	<b>As at</b> <b>30.09.14</b> <b>RM' 000</b> <b>(Unaudited)</b>	<b>As at</b> <b>31.12.13</b> <b>RM' 000</b> <b>(Audited)</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	20,645,331	19,144,848
Finance lease receivables	1,985,947	2,012,945
Investment properties	28,571	29,923
Investments in associates	2,628,551	2,684,793
Investments in joint arrangements	291,870	271,809
Available-for-sale financial assets	3,543	6,936
Property development expenditure	2,156,420	2,285,648
Trade and other receivables	168,088	144,165
Derivative financial instruments	29,821	80,241
Intangible assets	7,026,634	7,278,077
Deferred tax assets	1,552,518	1,408,310
	<u>36,517,294</u>	<u>35,347,695</u>
<b>Current Assets</b>		
Inventories	470,161	493,734
Trade and other receivables	3,465,643	2,596,389
Assets held for sale	-	131
Derivative financial instruments	-	3,284
Tax recoverable	321,810	335,127
Available-for-sale financial assets	80,512	88,576
Deposits, bank and cash balances	4,278,001	4,330,902
	<u>8,616,127</u>	<u>7,848,143</u>
<b>Total Assets</b>	<u>45,133,421</u>	<u>43,195,838</u>
<b>Equity and Liabilities</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	304,506	304,506
Reserves	7,001,266	6,911,537
	<u>7,305,772</u>	<u>7,216,043</u>
Non-controlling interests	3,057,093	2,998,046
<b>Total equity</b>	<u>10,362,865</u>	<u>10,214,089</u>
<b>Non-Current Liabilities</b>		
Redeemable preference shares	88,769	131,508
Borrowings	23,790,161	21,756,979
Land lease received in advance	274,382	281,909
Provision for retirement benefits	87,469	78,679
Deferred income	2,929,793	2,783,247
Derivative financial instruments	103,245	31,762
Deferred tax liabilities	3,279,807	3,289,561
Trade and other payables	40,662	93,010
	<u>30,594,288</u>	<u>28,446,655</u>
<b>Current Liabilities</b>		
Borrowings	1,922,195	2,221,426
Trade and other payables	2,064,758	2,185,830
Tax payables	26,397	8,286
Deferred income	131,790	85,121
Derivative financial instruments	31,128	34,431
	<u>4,176,268</u>	<u>4,535,094</u>
<b>Total Liabilities</b>	<u>34,770,556</u>	<u>32,981,749</u>
<b>Total equity and liabilities</b>	<u>45,133,421</u>	<u>43,195,838</u>
Net assets per share attributable to owners of the Parent (sen)	240	237

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

## Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2014

	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			
<b>At 1 January 2014</b>	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,031,644	7,216,043	2,998,046	10,214,089
Net profit for the financial period	-	-	-	-	-	-	-	-	293,780	293,780	215,564	509,344
Other comprehensive income/ (loss)	-	-	1,679	3,458	(10,513)	(105,289)	-	-	(2,034)	(112,699)	-	(112,699)
<b>Total other comprehensive income/(loss) for the financial period</b>	-	-	1,679	3,458	(10,513)	(105,289)	-	-	291,746	181,081	215,564	396,645
Transfer to capital reserves	-	-	-	-	-	-	-	1,150	(1,150)	-	-	-
Interim dividend in respect of financial year ending 31 December 2014	-	-	-	-	-	-	-	-	-	-	(156,517)	(156,517)
Final dividend in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	(91,352)	(91,352)	-	(91,352)
<b>At 30 September 2014</b>	<b>304,506</b>	<b>2,039,770</b>	<b>(25,223)</b>	<b>1,222,729</b>	<b>72,825</b>	<b>70,861</b>	<b>9,163</b>	<b>380,253</b>	<b>3,230,888</b>	<b>7,305,772</b>	<b>3,057,093</b>	<b>10,362,865</b>

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

## Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2013

	Attributable to owners of the Parent						Distributable					Non-controlling interests	Total equity
	Non-distributable			Available-for-sale financial assets			Capital* reserves	Retained earnings	Total	Non-controlling interests	Total equity		
Share capital	Share premium	Currency translation reserve	Revaluation reserve	Available-for-sale financial assets	Cash flow hedge reserves	Capital* reserves						Retained earnings	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2013</b>	304,506	2,039,770	(30,069)	1,219,271	102,329	(5,107)	79,443	376,803	2,940,229	7,027,175	3,187,338	10,214,513	
Net profit for the financial period	-	-	-	-	-	-	-	-	187,701	187,701	185,385	373,086	
Other comprehensive income	-	-	29,698	-	13,691	157,014	1,705	-	-	202,108	-	202,108	
<b>Total other comprehensive income for the financial period</b>	-	-	29,698	-	13,691	157,014	1,705	-	187,701	389,809	185,385	575,194	
Transfer to capital reserves	-	-	-	-	-	-	-	1,725	(1,725)	-	-	-	
Increase in equity interest in an existing subsidiary	-	-	-	-	-	-	(72,042)	-	-	(72,042)	(109,079)	(181,121)	
Interim dividend in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	(302,002)	(302,002)	
Final dividend in respect of financial year ended 31 December 2012	-	-	-	-	-	-	-	-	(137,028)	(137,028)	-	(137,028)	
<b>At 30 September 2013</b>	<b>304,506</b>	<b>2,039,770</b>	<b>(371)</b>	<b>1,219,271</b>	<b>116,020</b>	<b>151,907</b>	<b>9,106</b>	<b>378,528</b>	<b>2,989,177</b>	<b>7,207,914</b>	<b>2,961,642</b>	<b>10,169,556</b>	

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

**Condensed Consolidated Statement of Cash Flows**

	<b>9 months ended <u>30.09.14</u> RM'000 (Unaudited)</b>	<b>9 months ended <u>30.09.13</u> RM'000 (Restated)</b>
<b>Cash flows from operating activities</b>		
Profit before zakat and taxation	537,790	340,030
Adjustments for:		
Non-cash items	991,953	949,888
Interest expense	926,931	846,350
Interest income	(100,482)	(140,075)
Dividend income	(558)	(651)
Share of results in associates and joint ventures	(154,799)	(151,192)
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Operating profit before working capital changes	2,200,835	1,844,350
Changes in working capital:		
Net change in current assets	(578,535)	(469,927)
Net change in current liabilities	(200,919)	(631,117)
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Cash generated from operations	1,421,381	743,306
Deferred income received	203,897	246,733
Tax paid	(198,684)	(168,367)
Zakat paid	(3,500)	(1,400)
Land lease received in advance	(6,273)	3,633
Retirement benefits paid	(183)	(114)
Staff loan repaid	18	-
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<b>Net cash generated from operating activities</b>	<b>1,416,656</b>	<b>823,791</b>
<b>Cash flows from investing activities</b>		
Net cash outflow from additional investment in an associate	(16,579)	-
Net cash outflow from acquisition of subsidiaries	(142,883)	(360,151)
Investment in joint venture	(340)	-
Purchase of property, plant and equipment	(1,946,515)	(2,146,303)
Proceeds from sale of property, plant and equipment	680	576
Proceeds from sale of other non current asset	-	158
Additional property development expenditure	(127,039)	(67,719)
Interest received	100,482	140,075
Dividend received from:		
- Associates	64,129	100,344
- Joint Ventures	34,000	7,000
- Others	558	651
Proceeds from selective capital return of an unquoted associate	-	47,530
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<b>Net cash used in investing activities</b>	<b>(2,033,507)</b>	<b>(2,277,839)</b>
<b>Cash flows from financing activities</b>		
Drawdown of term loans	3,466,683	8,816,332
Repayment of term loans	(1,735,081)	(7,697,970)
Purchase of additional shares in a subsidiary from non-controlling interests	-	(181,121)
Dividend paid	(91,352)	(137,028)
Dividend paid to non-controlling interests of subsidiaries	(156,517)	(302,002)
Interest paid	(926,931)	(846,350)
Redemption of preference shares in a subsidiary	-	(22,810)
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<b>Net cash generated from / (used in) financing activities</b>	<b>556,802</b>	<b>(370,949)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

**Condensed Consolidated Statement of Cash Flows**

	<b>9 months ended <u>30.09.14</u> RM'000 (Unaudited)</b>	<b>9 months ended <u>30.09.13</u> RM'000 (Restated)</b>
Net change in cash and cash equivalents	(60,049)	(1,824,997)
Foreign exchange differences	1,679	186,712
Cash and cash equivalents at beginning of the financial period	<u>4,328,561</u>	<u>6,182,842</u>
<b>Cash and cash equivalents at end of the financial period</b>	<b><u><u>4,270,191</u></u></b>	<b><u><u>4,544,557</u></u></b>
<b>Cash and cash equivalents comprise:</b>		
Deposits and bank balances	4,278,001	4,547,222
Bank overdrafts	<u>(7,810)</u>	<u>(2,665)</u>
	<b><u><u>4,270,191</u></u></b>	<b><u><u>4,544,557</u></u></b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013.

## Notes to the interim financial statements

### 1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2013.

The audited financial statements of the Group for the financial year ended 31 December 2013 were 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 in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2013.

The Group adopted the following MFRSs and Amendments to MFRSs effective for annual period beginning on or after 1 January 2014 as follows:

- Amendments to MFRS 10, Consolidated Financial Statements
- Amendments to MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 127, Consolidated and Separate Financial Statements
- Amendments to MFRS 132, Financial Instruments: Presentation
- IC Interpretation 21, Levies

The adoption of the above did not have any material impact on the financial statements of the Group in the period of application.

**2. Audit qualification**

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

**3. Seasonal or cyclical factors**

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

**4. Unusual items**

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter under review because of their nature, size and incidence.

**5. Changes in estimates**

There was no material change in financial estimates reported in prior interim periods that could materially affect the current interim results.

**6. Debt and equity securities**

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 September 2014.

**7. Dividend paid**

A final single-tier dividend in respect of the financial year ended 31 December 2013, of 3.0 sen per ordinary share of RM0.10 each on 3,045,058,552 ordinary shares amounting to RM91,351,757 was paid on 27 June 2014.



## 8. Segment Reporting

The Group's segmental reporting for the current financial period ended 30 September 2014 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
	<b>Revenue</b>						
Total	1,226	-	4,112	60	929	268	6,595
Inter-segment	(4)	-	-	(1)	(129)	-	(134)
External	1,222	-	4,112	59	800	268	6,461
<b>Results</b>							
Profit / (loss) before zakat and taxation	193	45	394	(6)	216	(304)	538
Finance costs	95	-	677	-	(2)	157	927
Depreciation and amortisation	185	1	759	4	5	22	976
Earnings Before Interest, Tax, Depreciation and Amortisation	473	46	1,830	(2)	219	(125)	2,441

The Group's segmental reporting for the corresponding financial period ended 30 September 2013 (Restated) 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	1,148	-	3,601	85	846	31	5,711
Inter-segment	(12)	-	-	-	(101)	-	(113)
External	1,136	-	3,601	85	745	31	5,598
<u>Results</u>							
Profit / (loss) before zakat and taxation	215	53	195	12	72	(207)	340
Finance costs	81	-	606	-	1	158	846
Depreciation and amortisation	172	-	672	5	-	23	872
Earnings Before Interest, Tax, Depreciation and Amortisation	468	53	1,473	17	73	(26)	2,058

**9. Property, plant and equipment**

There was no valuation of property, plant and equipment during the current quarter ended 30 September 2014 except for the amounts carried forward of certain Group's properties that had been revalued in the past. These revalued properties were carried forward without any subsequent revaluation as allowed under MFRS 116.

**10. Material events subsequent to the end of current interim period**

On 28 October 2014, MMC Corporation Berhad had acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Pambetungan Langat Sdn Bhd ("PLSB"), for a total cash consideration of RM2.00.

PLSB shall serve as a special purpose vehicle to undertake the sewage project as announced on 10 October 2014.

**11. Changes in composition of the Group**

There was no change in the composition of the Group for the financial quarter ended 30 September 2014.

**12. 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 2013 except for the following bank guarantees issued to third parties:

	30.09.14	31.12.13
	RM mil	RM mil
Subsidiaries	436.3	427.0

Bank guarantees issued to third parties are mainly in relation to performance bonds and payments guarantee for utilities facilities.

**13. Capital commitments**

Capital commitments of the Group not provided for in the interim financial report are as follows:

	30.09.14	31.12.13
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	1,592.2	2,820.2
Authorised but not contracted for	321.7	345.9
	<u>1,913.9</u>	<u>3,166.1</u>

**14. Related party transactions**

	30.09.14	30.09.13
	RM mil	RM mil
Associated company		
- Interest income on unsecured subordinated loan notes	9.4	46.9
	<u>9.4</u>	<u>46.9</u>

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established within normal commercial terms.

## **Additional information required by the Bursa Securities Listing Requirements**

### **15. Review of performance**

For the 9-month financial period ended 30 September 2014, the Group recorded revenue of RM6,460.8 million, an increase of 15.4% compared with RM5,598.3 million reported in the corresponding period of the preceding year. The increase was mainly attributed to higher work progress performed from Klang Valley Mass Rapid Transit Sungai Buloh-Kajang Line (KVMRT-SBK), higher contribution from Malakoff in the Energy & Utilities segment and completion of sale of a parcel of land within Senai Airport City development.

Correspondingly, the Group's Profit before zakat and taxation rose to RM537.8 million, an increase of 58.2% compared with RM340.0 million in the corresponding period of the preceding year, primarily due to the following:

- (i) Higher contribution from Malakoff in line with Tanjung Bin power plant positive recovery progress and fair value gains of arising from the acquisition of the remaining 75% shareholding in Port Dickson Power Berhad ("PDP") amounting to RM59.1 million.
- (ii) Higher contribution from KVMRT-SBK project in line with higher work progress as project enters third year of construction.

#### Energy & Utilities

The segment recorded an increase of 13.2% in revenue to RM4,171.1 million from RM3,685.8 million in the corresponding period of preceding year, mainly due to Tanjung Bin positive plant recovery progress beginning of 2<sup>nd</sup> quarter 2014 as well as contributions from PDP and Malakoff Wind Macarthur ("MWM"), acquired in April 2014 and June 2013, respectively.

Correspondingly, the segment Profit before zakat and taxation rose to RM433.0 million, an increase of 66.3% compared with RM260.3 million in the corresponding period of preceding year. The significant increase was largely in line with Tanjung Bin power plant positive recovery progress and fair value gains arising from the acquisition of the remaining 75% shareholding in PDP. However, these have been partially offset by higher losses recorded from Kapar Energy Ventures Sdn Bhd ("KEV"), impacted by transformer failures during the period under review.

#### Ports & Logistics

The segment recorded an increase of 7.6% in revenue to RM1,222.4 million from RM1,136.4 million in the corresponding period of preceding year, mainly due to higher throughput registered coupled with additional rates incentives achieved from improved productivity at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP").

Despite the increase, the segment recorded lower Profit before zakat and taxation of RM193.3 million compared with RM214.7 million in the corresponding period of preceding year, mainly due to higher cost of repairs and maintenance works as well as finance costs incurred for ports expansion programs.

#### Engineering & Construction

The segment recorded an increase of 7.4% in revenue to RM799.7 million from RM744.8 million in the corresponding period of preceding year, in line with higher work progress performed from KVMRT-SBK project, but was offset by lower work progress performed from Electrified Double Track Project as project nears completion.

The segment Profit before zakat and taxation increased significantly to RM215.5 million compared with RM72.2 million in the corresponding period of the preceding year, mainly due to the following:

- (i) higher contribution from KVMRT-SBK project;
- (ii) positive contribution from Zelan Bhd largely from sale of IJM shares and write back of costs involving commercial settlement for the construction of power plant in Rembang, Indonesia; and
- (iii) improved profit margin from Electrified Double Track Project as project is nearing scheduled completion.

#### Investment Holding, Corporate & Others

The segment revenue increased to RM267.6 million from RM31.3 million in the corresponding period of preceding year mainly due to the completion of sale of land as part of overall development plan for Senai Airport City.

The segment recorded Loss before zakat and taxation of RM304.1 million compared with RM207.2 million in the corresponding period of preceding year, mainly due to the effect of MFRS139 on proceeds from sale of land and other operating costs.

#### **16. Variation of results against immediate preceding quarter**

The Group recorded lower Profit before zakat and taxation of RM191.8 million in the current quarter compared with RM RM259.9 million in the immediate preceding quarter, mainly attributed to the following:

- (i) declining contribution from Electrified Double Track Project as project is nearing scheduled completion;
- (ii) lower contribution from KVMRT-SBK project involving tunnelling works that have been impacted by challenging ground conditions in the vicinity of Pasar Rakyat-Pudu and Bukit Bintang worksites; and
- (iii) No further recognition of Malakoff's one-off fair value gains of RM59.1 million arising from the acquisition of PDP's remaining 75% shareholding that have been accounted in 2<sup>nd</sup> quarter 2014.

The decline in Group's result was however partially offset by higher contribution from Tanjung Bin power plant.

## **17. Current prospects**

Prospects for the Group remains positive with stable earnings contribution from its operating companies and on-going projects.

Construction industry in Malaysia will continue to grow with projected gross national development expenditure proposed under the Budget 2015 totaling RM48.5 billion, up 15% from the RM42.2 billion estimated for 2014. Engineering & Construction division is expected to contribute positively on the back of strong existing order-book. The KVMRT SBK Line Project is progressing well and is on track to be fully completed by July 2017. Furthermore, the Group have during the year secured a few major projects namely Langkat 2 Water Treatment Plant, Langkat Centralized Sewerage Project, infrastructure works for the RAPID Pengerang co-generation plant and the appointment as Project Delivery partner for the implementation of the KVMRT SSP Line Project.

It is expected that industrial growth in Johor will drive higher local cargo throughput, emanating from the various industrial projects that are currently in development stage. Ports & Logistics division is expected to contribute positively on the back of healthy domestic and global economies.

Performance of the Energy & Utilities division is expected to improve in the near term consistent with full recovery of Malakoff's Tanjung Bin power plant.

Therefore, overall performance of the Group is expected to improve the earnings and increase the net assets of MMC.



**18. Profit before zakat and taxation**

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

	3 months ended 30.09.14	3 months ended 30.09.13	Cumulative 9 months ended 30.09.14	Cumulative 9 months ended 30.09.13
	RM mil	RM mil	RM mil	RM mil
Interest income	(9.2)	(46.9)	(100.5)	(140.1)
Fair valuation gains relating to investments	-	-	(59.1)	-
Depreciation	213.1	184.2	623.9	545.0
Amortisation	123.7	108.8	352.2	326.6
Impairment of receivables	3.8	-	35.8	81.3
Write-back of impairment of receivables	-	(16.8)	-	(13.0)
Net unrealised foreign exchange loss/(gain)	(1.9)	(20.9)	0.1	(24.4)
(Gain)/loss on disposal of:				
- property, plant and equipment	0.3	(0.1)	(1.3)	(0.1)
- non-current asset	5.1	-	26.5	-

**19. Profit forecast or profit guarantee**

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

**20. Tax expense**

	3 months ended 30.09.14	3 months ended 30.09.13	Cumulative 9 months ended 30.09.14	Cumulative 9 months ended 30.09.13
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(13)	21	(194)	(46)
- prior year	(1)	-	1	-
Deferred tax expense				
- current	8	22	194	80
- prior year	(3)	-	(26)	-
	<u>(9)</u>	<u>43</u>	<u>(25)</u>	<u>34</u>

The Group's effective tax rate was lower than the statutory income tax rate principally due to recognition of deferred tax income from investment tax allowance following commissioning of among others heavy machineries, construction of new berths and container yards, offset by expenses which are not deductible for tax purposes and effects of temporary differences arising from change in future tax rate.

#### **21. Status of corporate proposals announced**

There was no corporate proposal announced but not completed as at the date of this announcement.

#### **22. 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>30.09.14</u>	<u>31.12.13</u>
	RM mil	RM mil
At 1 January	95.5	96.3
Net losses transferred to equity	(10.7)	(0.8)
Disposals	(0.8)	-
At 30.09.14/31.12.13	<u>84.0</u>	<u>95.5</u>
Less: Non-current portion	(3.5)	(6.9)
Current portion	<u>80.5</u>	<u>88.6</u>

### 23. Borrowings

	<u>30.09.14</u>	<u>31.12.13</u>
	RM mil	RM mil
Current		
- secured	1,289	1,473
- unsecured	633	748
	<u>1,922</u>	<u>2,221</u>
Non-current		
- secured	20,301	18,362
- unsecured	3,489	3,395
	<u>23,790</u>	<u>21,757</u>
Total borrowings	<u>25,712</u>	<u>23,978</u>

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

Functional currency (RM)	<u>30.09.14</u>	<u>31.12.13</u>
	RM mil	RM mil
USD	840	286
AUD	1,904	1,938
RM	22,968	21,754
	<u>25,712</u>	<u>23,978</u>

**24. Realised and unrealised profit/losses disclosure**

The retained earnings as at 30 September 2014 is analysed as follows:

	As at 30.09.14 RM mil	As at 31.12.13 RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	2,792.8	2,787.5
- Unrealised	356.2	261.8
	3,149.0	3,049.3
Total retained earnings from associated companies:		
- Realised	169.7	100.2
- Unrealised	(28.4)	(28.4)
	141.3	71.8
Total retained earnings from joint ventures:		
- Realised	30.7	15.5
- Unrealised	(25.0)	(25.0)
	5.7	(9.5)
Total retained earnings before consolidation adjustment	3,296.0	3,111.6
Less: Consolidation adjustment	(65.1)	(80.0)
Total retained earnings as per interim	3,230.9	3,031.6

**25. Changes in material litigation**

- a) Following the award in the arbitration ("Award") involving the MMC Engineering Group Berhad - Gamuda Berhad Joint Venture ("the JV") and Wayss & Freytag (Malaysia) Sdn Bhd ("Wayss & Freytag"), the JV's application to set aside the Award on the basis of among others being in conflict with the public policy in Malaysia ("the s.37 Application") was heard on 20 October 2014. The High Court then fixed 16 December 2014 for decision.

- b) On 10 September 2014, the High Court dismissed Logistic Air FCZ and Logistic Air, Inc.'s ("LA") claim against Senai Airport Terminal Services Sdn Bhd ("SATS"), with costs on full indemnity basis. The High Court also allowed SATS' counterclaim of RM849,986-00 with interest and costs, and that SATS be entitled to dispose of LA's aircrafts presently on SATS' premises. On 29 September 2014, LA filed an appeal against the decision, which hearing date has not been fixed. LA also filed an application for a stay of the disposal of the aircrafts, which decision is fixed on 1 December 2014, before the Johor Bahru High Court.

Further, on 21 April 2014 the Johor Bahru High Court granted SATS security for costs against LA in the sum of RM200,000-00. LA's appeal against this decision was dismissed with costs by the Court of Appeal on 10 November 2014.

- c) Almiyah Attilemcania SPA ("AAS"), an associate company of Malakoff Corporation Berhad in which MMC Corporation Berhad has an 18.2% effective interest, has been charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of US\$26.99 million. The court has fixed the hearing date on 26 November 2014.

Based on the legal opinion provided by AAS' solicitors, the Directors are of the view that AAS has a fair chance of successfully defending the charge.

Save as disclosed above, there has been 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 financial statements for the financial year ended 31 December 2013.

**26. Dividend Payable**

No interim dividend has been recommended by the Directors for the current quarter ended 30 September 2014 (30 September 2013: Nil).

**27. Earnings per ordinary share**

Basic/diluted Earnings Per Ordinary Share

	3 months ended <u>30.09.14</u>	3 months ended <u>30.09.13</u>	Cumulative 9 months ended <u>30.09.14</u>	Cumulative 9 months ended <u>30.09.13</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	105	135	294	188
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)	3.4	4.4	9.6	6.2
Diluted earnings per ordinary share (sen)	3.4	4.4	9.6	6.2

**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 26 November 2014.

By Order of the Board  
 Ahmad Aznan Mohd Nawawi (L.S. No.0009371)  
 Sazlin Ayesha Abdul Samat (L.S. No.0008112)  
 Secretaries  
 Kuala Lumpur  
 26 November 2014