Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the year ended 31 December 2014

	3 months ended 31.12.14 RM'000 (Unaudited)	3 months ended 31.12.13 RM'000 (Restated)	Cumulative 12 months ended 31.12.14 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.13 RM'000 (Restated)
Revenue	2,304,691	1,847,072	8,765,501	7,445,353
Cost of sales	(1,512,156)	(1,351,620)	(6,006,293)	(5,301,601)
Gross profit	792,535	495,452	2,759,208	2,143,752
Other operating income				
- items relating to investments	1,846	-	67,452	-
- other operating income	167,776	112,625	321,536	305,193
Administrative expenses	(193,144)	(220,299)	(770,466)	(769,841)
Other operating expenses	(113,139)	(195,349)	(411,934)	(451,487)
Finance costs	(333,695)	(313,551)	(1,260,626)	(1,159,901)
Share of results of:				
- associates	16,729	12,644	117,873	130,930
- joint ventures	8,911	19,117	62,566	52,023
Profit/(loss) before zakat and taxation	347,819	(89,361)	885,609	250,669
Zakat expenses	(2,566)	(2,509)	(6,066)	(3,909)
Tax (expense)/benefit	(50,295)	159,145	(75,241)	193,602
Profit for the financial year	294,958	67,275	804,302	440,362
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value gains/(losses)	445	(32,682)	(10,269)	(18,991)
- disposal	-	-	201	-
Movement in associates' capital reserves	(3,276)	57	(3,276)	1,762
Remeasurement of defined benefit liability	2,447	2,086	413	2,086
Fair value adjustment-cash flow hedge	4,586	24,243	(100,703)	181,257
Currency translation differences	18,737	(26,531)	20,416	3,167
Effect of future corporate tax rate reduction on revaluation reserve	-	-	3,458	-
Other comprehensive income/(loss) for the financial year	22,939	(32,827)	(89,760)	169,281
Total comprehensive income for the financial year	317,897	34,448	714,542	609,643
Profit attributable to:				
Owners of the Parent	199,152	35,822	492,932	223,523
Non-controlling interests	95,806	31,453	311,370	216,839
	294,958	67,275	804,302	440,362
Total comprehensive income attributable to:				
Owners of the Parent	222,091	2,995	403,172	392,804
Non-controlling interests	95,806	31,453	311,370	216,839
	317,897	34,448	714,542	609,643
Earnings per share attributable to owners of the Parent				
Basic (sen)	6.5	1.2	16.2	7.3
Diluted (sen)	6.5	1.2	16.2	7.3

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

Condensed Consolidated Statement of Financial Position

	As at 31.12.14 RM'000 (Unaudited)	As at 31.12.13 RM'000 (Restated)	As at 1.1.13 RM'000 (Restated)
Non-Current Assets			
Property, plant and equipment	21,203,402	19,490,855	17,094,477
Finance lease receivables	1,990,974	2,012,945	-
Investment properties	28,104	29,923	31,391
Investments in associates	2,824,222	2,640,814	2,770,578
Investments in joint arrangements	287,490	271,809	263,212
Available-for-sale financial assets	3,635	6,936	7,706
Inventories	1,751,122	1,939,641	1,910,106
Trade and other receivables	388,692	144,165	162,167
Derivative financial instruments	119,042	80,241	-
Intangible assets	6,902,659	7,278,077	7,714,584
Deferred tax assets	1,601,951	1,408,310	1,255,165
	37,101,293	35,303,716	31,209,386
Current Assets			
Inventories	540,187	493,734	507,923
Trade and other receivables	2,602,853	2,596,389	2,381,893
Assets held for sale	-	131	-
Derivative financial instruments	15	3,284	-
Tax recoverable	322,560	335,127	237,186
Amount due from holding company	-	-	2,518
Available-for-sale financial assets	80,864	88,576	88,576
Other investment	591,970	1,210,444	242,688
Deposits, bank and cash balances	4,444,055	3,120,458	5,941,951
	8,582,504	7,848,143	9,402,735
Total Assets	45,683,797	43,151,859	40,612,121
Equity and Liabilties			
Equity attributable to owners of the Parent			
Share capital	304,506	304,506	304,506
Reserves	7,200,928	6,889,108	6,705,374
	7,505,434	7,193,614	7,009,880
Non-controlling interests	3,107,649	2,976,496	3,170,721
Total equity	10,613,083	10,170,110	10,180,601
Non-Current Liabilities			
Redeemable preference shares	89,739	131,508	127,079
Borrowings	23,715,383	21,756,979	18,000,986
Land lease received in advance	267,508	281,909	296,975
Provision for retirement benefits	87,054	78,679	83,574
Deferred income	2,967,614	2,783,247	2,524,477
Derivative financial instruments	167,338	31,762	162,750
Deferred tax liabilities	3,302,373	3,289,561	3,402,745
Trade and other payables	39,633	93,010	95,916
	30,636,642	28,446,655	24,694,502
Current Liabilities			
Borrowings	1,936,566	2,221,426	3,374,412
Trade and other payables	2,275,825	2,185,830	2,246,080
Tax payables	43,991	8,286	51,536
Deferred income	149,369	85,121	64,990
Derivative financial instruments	28,321	34,431	-
	4,434,072	4,535,094	5,737,018
Total Liabilities	35,070,714	32,981,749	30,431,520
Total equity and liabilities	45,683,797	43,151,859	40,612,121
Net assets per share attributable to owners of the Parent (sen)	246	236	230

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 year ended 31 December 2014

	Attributable to owners of the parent											
	Non-distributable							Distributable				
	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	Non-controlling interests (NCI) RM'000	Total equity RM'000
At 1 January 2014	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
Prior year adjustments	-	-	-	-	-	-	-	-	(22,429)	(22,429)	(21,550)	(43,979)
As restated	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,009,215	7,193,614	2,976,496	10,170,110
Net profit for the financial year	-	-	-	-	-	-	-	-	492,932	492,932	311,370	804,302
Other comprehensive income/ (loss)	-	-	20,416	3,458	(10,068)	(100,703)	(3,276)	-	413	(89,760)	-	(89,760)
Total comprehensive income/(loss) for the financial year	-	-	20,416	3,458	(10,068)	(100,703)	(3,276)	-	493,345	403,172	311,370	714,542
Transfer to capital reserves	-	-	-	-	-	-	-	1,150	(1,150)	-	-	-
Interim dividend paid to NCI of subsidiaries in respect of financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	(180,217)	(180,217)
Final dividend in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	(91,352)	(91,352)	-	(91,352)
At 31 December 2014	304,506	2,039,770	(6,486)	1,222,729	73,270	75,447	5,887	380,253	3,410,058	7,505,434	3,107,649	10,613,083

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

The Condensed Consolidated Statement Of Changes in Equity 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 year ended 31 December 2013

	Attributable to owners of the Parent											
	Non-distributable							Distributable				
	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	Non-controlling interests (NCI) RM'000	Total equity RM'000
At 1 January 2013 (Restated)	304,506	2,039,770	(30,069)	1,219,271	102,329	(5,107)	79,443	376,803	2,922,934	7,009,880	3,170,721	10,180,601
Net profit for the financial year	-	-	-	-	-	-	-	-	223,523	223,523	216,839	440,362
Other comprehensive income/ (loss)	-	-	3,167	-	(18,991)	181,257	1,762	-	2,086	169,281	-	169,281
Total comprehensive income/(loss) for the financial year	-	-	3,167	-	(18,991)	181,257	1,762	-	225,609	392,804	216,839	609,643
Transfer to capital reserves	-	-	-	-	-	-	-	2,300	(2,300)	-	-	-
Increase in equity interest in an existing subsidiary	-	-	-	-	-	-	(72,042)	-	-	(72,042)	(109,079)	(181,121)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	18	18
Interim dividend paid to NCI of subsidiaries in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	-	-	(302,003)	(302,003)
Final dividend in respect of financial year ended 31 December 2012	-	-	-	-	-	-	-	-	(137,028)	(137,028)	-	(137,028)
At 31 December 2013	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,009,215	7,193,614	2,976,496	10,170,110

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

Condensed Consolidated Statement of Cash Flows

	12 months ended 31.12.14 RM'000 (Unaudited)	12 months ended 31.12.13 RM'000 (Restated)
Cash flows from operating activities		
Profit before zakat and taxation	885,609	250,669
Adjustments for:		
Non-cash items	1,385,559	1,426,267
Interest expense	1,260,626	1,159,901
Interest income	(163,085)	(180,145)
Dividend income	(558)	(651)
Share of results in associates and joint ventures	(180,439)	(182,953)
Operating profit before working capital changes	3,187,712	2,473,088
Changes in working capital:		
Net change in non-current inventories	(119,642)	(60,129)
Net change in current assets	(39,745)	(422,891)
Net change in current liabilities	41,037	(57,208)
Cash generated from operations	3,069,362	1,932,860
Deferred income received	333,359	329,882
Tax paid	(266,918)	(213,918)
Zakat paid	(6,066)	(3,909)
Land lease received in advance	17,046	16,035
Retirement benefits paid	(16)	(1,905)
Staff loan repaid	(88)	-
Net cash generated from operating activities	**3,146,679**	**2,059,045**
Cash flows from investing activities		
Net cash outflow from acquisition of an associate	(221,975)	-
Net cash outflow from additional investment of an associate	(52,229)	-
Net cash outflow from acquisition of subsidiaries	(153,541)	(360,133)
Investment in joint venture	(374)	-
Purchase of property, plant and equipment	(2,433,859)	(3,236,447)
Proceeds from sale of property, plant and equipment	852	4,901
Proceeds from sale of other non-current assets	-	2,300
Interest received	163,085	180,145
Dividend received from:		
- Associates	71,936	127,233
- Joint Ventures	46,500	37,000
- Others	558	651
Decrease/(Increase) in other investments	618,474	(967,756)
Proceeds from selective capital return of an unquoted associate	-	47,529
Net cash used in investing activities	**(1,960,573)**	**(4,164,577)**
Cash flows from financing activities		
Drawdown of term loans	4,227,929	13,032,761
Repayment of term loans	(2,577,399)	(11,972,380)
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	(180,217)	(302,003)
Interest paid	(1,260,626)	(1,159,901)
Net cash generated from / (used in) financing activities	**118,335**	**(719,672)**

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

	12 months ended 31.12.14 RM'000 (Unaudited)	12 months ended 31.12.13 RM'000 (Restated)
Net change in cash and cash equivalents	1,304,441	(2,825,204)
Foreign exchange differences	20,416	3,167
Cash and cash equivalents at beginning of the financial year	3,118,117	5,940,154
Cash and cash equivalents at end of the financial year	**4,442,974**	**3,118,117**
Cash and cash equivalents comprise:		
Deposits and bank balances	4,444,055	3,120,458
Bank overdrafts	(1,081)	(2,341)
	4,442,974	**3,118,117**

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. Prior year adjustments

During the current quarter ended 31 December 2014, Kapar Energy Ventures Sdn Bhd ("KEV"), a 40.0%-owned associate of Malakoff Corporation Berhad, which in turn is a 51%-owned subsidiary of the Company, has reassessed the deferred tax computation and reclassified certain qualifying and non-qualifying expenditures. As a result thereof, KEV has restated the deferred tax and retained earnings balances in prior years, retrospectively.

The effects are as follows:

Statement of comprehensive income for the financial year ended 31 December 2013

	As previously reported	Adjustment	As restated
	RM'000	RM'000	RM'000
Share of results of associates	140,997	(10,067)	130,930
Net profit attributable to:			
-owners of the Parent	228,657	(5,134)	223,523
-non-controlling interests	221,772	(4,933)	216,839

Statement of financial position as at 31 December 2013

	As previously reported	Adjustment	As restated
	RM'000	RM'000	RM'000
Investment in associates	2,684,793	(43,979)	2,640,814
Retained earnings	3,031,644	(22,429)	3,009,215
Non-controlling interests	2,998,046	(21,550)	2,976,496

Statement of financial position as at 1 January 2013

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
Investment in associates	2,804,490	(33,912)	2,770,578
Retained earnings	2,940,229	(17,295)	2,922,934
Non-controlling interests	3,187,338	(16,617)	3,170,721

Reclassification

(a) When MFRS framework is adopted by an entity as the basis for preparing the general purpose of financial statements, FRS 201 "Property Development Activities" that deals with accounting of land held for future development will not be applicable. As such, the Group reclassified its property development expenditure in accordance with the guidance in Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 19, *Accounting For Prepaid Leasehold Land Held For Property Development by Developers* into the following categories:-

(i) Property, Plant and Equipment
Where such land is in the nature of property, plant and equipment, the appropriate accounting standard to apply shall be MFRS 116 "Property, Plant and Equipment". Paragraph 6 of MFRS 116 defines property, plant and equipment as "tangible items that (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and (b) are expected to be used during more than one period."

(ii) Inventories
Where such land is in the nature of inventories, the appropriate accounting standard to apply shall be MFRS

102 "Inventories". Paragraph 6 of MFRS 102 defines inventories as "assets (a) held for sale in the ordinary course of business; (b) in the process of production for such sale; or (c) in the form of materials or supplies to be consumed in the production process or in the rendering of services."

(b) In the previous financial years, all deposits with licensed banks and other licensed corporations that have maturity of more than 3 months were classified as cash and cash equivalents. The Group has now reclassified its fixed deposits that have maturity of more than 3 months to other investments in accordance with the guidance in FRSIC Consensus 22, *Classification of Fixed Deposits and Similar Instruments as Cash and Cash Equivalents*.

These changes have been accounted retrospectively and the effects are as follows:

Statement of financial position as at 31 December 2013

	As previously reported	**Reclassification**	**As restated**
	RM'000	**RM'000**	**RM'000**
FRSIC 19			
Property, plant and equipment	19,144,848	346,007	19,490,855
Inventories	-	1,939,641	1,939,641
Property development expenditure	2,285,648	(2,285,648)	-
FRSIC 22			
Other investments	-	1,210,444	1,210,444
Cash and cash equivalents	4,330,902	(1,210,444)	3,120,458

Statement of financial position as at 1 January 2013

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
FRSIC 19			
Property, plant and equipment	16,779,064	315,413	17,094,477
Inventories	-	1,910,106	1,910,106
Property development expenditure	2,225,519	(2,225,519)	-
FRSIC 22			
Other investments	-	242,688	242,688
Cash and cash equivalents	6,184,639	(242,688)	5,941,951

3. 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.

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 under review because of their nature, size and incidence.

6. Changes in estimates

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

7. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 December 2014.

8. 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.

9. Segment Reporting

The Group's segmental reporting for the current financial year ended 31 December 2014 is as follows:

	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others	Total
		Gas	Energy	Utilities			
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue							
Total	1,659	-	5,594	73	1,261	375	8,962
Inter-segment	(13)	-	-	(6)	(178)	-	(197)
External	1,646	-	5,594	67	1,083	375	8,765
Results							
Profit /(loss) before zakat and taxation	254	52	595	(10)	314	(319)	886
Finance costs	136	-	911	-	-	214	1,261
Depreciation and Amortisation	249	1	1,031	5	20	29	1,335
Earnings Before Interest, Tax, Depreciation and Amortisation	639	53	2,537	(5)	334	(76)	3,482

The Group's segmental reporting for the corresponding financial year ended 31 December 2013(Restated) is as follows:

	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others	Total
		Gas	Energy	Utilities			
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue							
Total	1,526	-	4,718	118	1,227	36	7,625
Inter-segment	(14)	-	-	-	(166)	-	(180)
External	1,512	-	4,718	118	1,061	36	7,445
Results							
Profit /(loss) before zakat and taxation	265	70	84	3	145	(316)	251
Finance costs	110	-	840	-	1	209	1,160
Depreciation and amortisation	228	-	903	6	7	31	1,175
Earnings Before Interest, Tax, Depreciation and Amortisation	603	70	1,827	9	153	(76)	2,586

10. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 December 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.

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 for the current quarter ended 31 December 2014 except for the following:

(a) On 28 October 2014, MMC Corporation Berhad ("MMC") had acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Pembetungan 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;

(b) On 2 December 2014, MMC Ventures Sdn Bhd, a wholly-owned subsidiary of MMC had acquired 73,991,679 ordinary shares of RM1.00 each, representing 15.73% issued and paid-up share capital of NCB Holdings Berhad (NCB),a listed company on Bursa Malaysia for a total cash consideration of RM221.98 million. NCB principal activities are investment holding and the provision of management services to its subsidiaries. Through its subsidiaries, NCB operates a port and provides haulage, freight forwarding, ancillary services and shipping services.

As at reporting date, NCB has been accounted as an associate by virtue of the Group's influence over its financial and operating policies.

(c) On 23 December 2014, Salcon MMCES AZSB JV Sdn Bhd ("the JV") was incorporated to carry on all or any of the business involving process engineering, construction and operation for water treatment plants and pipe networks and related mechanical, electrical and instrumentation works of Langat 2 Water Treatment Plant and Water Reticulation System-Phase 1 in Selangor. The JV is a jointly controlled entity of Salcon Engineering Berhad (36%), a wholly-owned subsidiary of Salcon Berhad, MMC Engineering Services Sdn Bhd (34%), a wholly-owned subsidiary of MMC Engineering Group Berhad and Ahmad Zaki Sdn Bhd (30%), a wholly-owned subsidiary of Ahmad Zaki Resources Berhad.

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

	31.12.14	31.12.13
	RM mil	RM mil
Subsidiaries	469.8	427.0

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

14. Capital commitments

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

	31.12.14	31.12.13
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	1,536.6	2,820.2
Authorised but not contracted for	679.4	345.9
	2,216.0	3,166.1

15. Related party transactions

	31.12.14	31.12.13
	RM mil	RM mil
Associated company		
- Interest income on unsecured subordinated loan notes	20.7	64.6

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

16. Review of performance

For the 12-month financial year ended 31 December 2014, the Group recorded revenue of RM8,765.5 million, an increase of 17.7% compared with RM7,445.4 million reported in the preceding financial year. The increase was mainly attributed to higher contribution from Malakoff in the Energy & Utilities segment, higher work progress performed from Klang Valley Mass Rapid Transit Sungai Buloh-Kajang Line ("KVMRT-SBK"), and completion of sale of parcels of land within Senai Airport City development.

Consequently, the Group's Profit before zakat and taxation increased significantly to RM885.6 million compared with RM250.7 million recorded in the preceding financial year, primarily due to the following:

(i) higher contribution from Malakoff following Tanjung Bin power plant positive recovery progress at the beginning of 2nd quarter 2014 and fair value gains arising from the acquisition of the remaining 75% shareholding in Port Dickson Power Berhad ("PD Power") amounting to RM61 million;

(ii) higher contribution from KVMRT-SBK project in line with higher work progress largely for the tunnelling and underground construction works.

<u>Energy & Utilities</u>

The segment recorded an increase of 17.1% in revenue to RM5,661.8 million from RM4,835.4 million in the preceding financial year, mainly due to Tanjung Bin positive plant recovery progress as well as contributions from PD Power and Malakoff Wind Macarthur ("MWM"), acquired in April 2014 and June 2013, respectively.

Correspondingly, the segment recorded a significant increase in Profit before zakat and taxation of RM637.0 million compared with RM156.9 million in the preceding financial year. The significant increase was largely attributed to Tanjung Bin power plant positive recovery progress, fair value gains arising from the acquisition of the remaining 75% shareholding in PD Power and reimbursement of unutilised schedule outage hour ("USOH"). However, these have been partially offset by higher losses recorded from KEV, an associate of the Group coupled with higher finance costs and tax expense.

Ports & Logistics

The segment recorded an increase of 8.8% in revenue to RM1,646.2 million from RM1,512.5 million in the preceding financial 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 RM254.1 million compared with RM265.2 million in the preceding financial 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 a slight increase of 2.0% in revenue to RM1,082.5 million from RM1,061.6 million in the preceding financial year, mainly due to higher work progress performed for KVMRT-SBK project, but was offset by lower work progress performed for Electrified Double Track Project as the project has been fully completed during the current quarter under review.

Nonetheless, the segment recorded higher Profit before zakat and taxation of RM314.1 million compared with RM144.6 million in the preceding financial year, mainly due to the following:

(i) higher contribution from KVMRT-SBK project largely from tunnelling and underground construction works;

(ii) improved profit margin from Electrified Double Track Project as project has been fully completed as scheduled; and

(iii) 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.

Investment Holding, Corporate & Others

The segment revenue increased to RM374.9 million from RM35.9 million in the preceding financial year, in line with the completion of sale of parcels of land in Senai Airport City ("SAC").

The segment recorded Loss before zakat and taxation of RM319.5 million compared with RM316.0 million in the preceding financial year, mainly attributed to higher finance costs and other operating costs.

17. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation of RM347.8 million in the current quarter compared with RM191.8 million in the immediate preceding quarter, mainly attributed to the following:

(i) higher contribution from KVMRT-SBK project largely from tunnelling and underground construction works;

(ii) reimbursement from Tenaga Nasional Bhd ("TNB") for Malakoff's unutilized scheduled outage hour ("USOH"); and

(iii) completion of sale of a parcel of land in SAC.

18. Current prospects

The Group remains positive on its prospects, driven by stable operating performance of its operating companies together with contribution from on-going construction projects.

Ports & Logistics division is expected to grow its revenue on the back of growing volumes at Port of Tanjung Pelepas and Johor Port.

Revenue at the Energy & Utilities division is expected to improve significantly consistent with the full recovery of Malakoff's Tanjung Bin power plant as well as higher gas volume sales at Gas Malaysia. However upon the expected listing of Malakoff in 2015, the Group's revenue and earnings contribution will be reduced as a result of the deconsolidation of its financial results from the Group. The Group is also expected to record significant exceptional gains arising from the listing exercise.

Substantial existing order-book provides earnings visibility for the Engineering & Construction division anchored by the KVMRT-SBK Line Project which is progressing well and is on track to be completed by July 2017. Furthermore, the Group has during the year secured several major projects namely Langat 2 Water Treatment Plant, Langat Centralized Sewerage Project, infrastructure works for the RAPID Pengerang co-generation plant and the appointment as Project Delivery Partner for the implementation of the Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line ("MRT Line 2") Project.

The Board expects the Group's financial performance for financial year 2015 to improve.

19. Profit before zakat and taxation

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

	3 months ended 31.12.14	3 months ended 31.12.13	Cumulative 12 months ended 31.12.14	Cumulative 12 months ended 31.12.13
	RM mil	RM mil	RM mil	RM mil
Interest income	(62.6)	(40.1)	(163.1)	(180.1)
Fair valuation gains relating to investments	(1.8)	-	(61.0)	-
Depreciation	236.2	193.4	860.1	738.4
Amortisation	124.0	110.4	476.2	437.0
Impairment of receivables	14.1	108.5	49.9	189.7
Write-back of impairment of receivables	-	-	-	(13.0)
Net unrealised foreign exchange loss/(gain)	(9.3)	(5.3)	(8.7)	(29.6)
(Gain)/loss on				
- property, plant and equipment	6.6	10.9	5.2	10.9
- non-current assets	0.5	(1.4)	1.4	(1.5)

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 31.12.14	3 months ended 31.12.13	Cumulative 12 months ended 31.12.14	Cumulative 12 months ended 31.12.13
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(56)	(22)	(251)	(67)
- prior year	(6)	(5)	(4)	(5)
Deferred tax expense				
- current	10	189	204	269
- prior year	2	(3)	(24)	(3)
	(50)	159	(75)	194

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.

22. Status of corporate proposals announced

Saved as disclosed below, there were no other corporate proposals announced but not completed up to the date of this announcement except for:-

a) On 27 December 2014, an announcement was made by MMC in relation to its proposal to list its 51%-owned subsidiary, Malakoff Corporation Berhad ("Malakoff") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing"). Malakoff on 15 December 2014 had submitted an application in relation to the Proposed Listing to the Securities Commission Malaysia ("SC") and other relevant authorities.

On 16 January 2015, the Shariah Advisory Council of the SC had classified all the securities of Malakoff as Shariahcompliant securities while on 22 January 2015, the Ministry of International Trade and Industry, Malaysia had taken note and has no objection for the Proposed Listing. In addition, on 4 February 2015, the SC had approved the Proposed Listing under section 214(1) of the Capital Markets and Services Act, 2007. On 5 February 2015, Malakoff submitted an application to Bursa Securities for the admission of Malakoff to the Official List and the listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of Malakoff on the Main Market of Bursa Securities.

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

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:

	31.12.14	31.12.13
	RM mil	RM mil
At 1 January	95.5	96.3
Net losses transferred to equity	(10.3)	(0.8)
Disposals	(0.7)	-
At 31.12.14/31.12.13	84.5	95.5
Less: Non-current portion	(3.6)	(6.9)
Current portion	80.9	88.6

24. Borrowings

	31.12.14	31.12.13
	RM mil	RM mil
Current		
- secured	1,476	1,473
- unsecured	460	748
	1,936	2,221
Non-current		
- secured	20,132	18,362
- unsecured	3,583	3,395
	23,715	21,757
Total borrowings	25,651	23,978

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

Functional currency (RM)	31.12.14	31.12.13
	RM mil	RM mil
USD	941	286
AUD	1,930	1,938
RM	22,780	21,754
	25,651	23,978

25. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2014 is analysed as follows:

	As at 31.12.14 RM mil	As at 31.12.13 RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	2,948.9	2,765.1
- Unrealised	373.6	261.8
	3,322.5	3,026.9
Total retained earnings from associated companies:		
- Realised	203.7	100.2
- Unrealised	(28.4)	(28.4)
	175.3	71.8
Total retained earnings from joint ventures:		
- Realised	22.6	15.5
- Unrealised	(25.0)	(25.0)
	(2.4)	(9.5)
Total retained earnings before consolidation adjustments	3,495.4	3,089.2
Less: Consolidation adjustments	(85.2)	(80.0)
Total retained earnings as per interim	3,410.2	3,009.2

26. 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 dismissed by the High Court on 16 December 2014. The High Court also ordered that the Award be recognised as a judgment against the JV.

On 30 December 2014 the JV filed an appeal to the Court of Appeal against the dismissal.

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 RM821,761-79 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 is fixed on 26 February 2015. LA's application for a stay of the disposal of the aircrafts was dismissed by the Johor Bahru High Court on 1 December 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. On 26 December 2014, the court found against AAS in respect of the offence, with a penalty of approximately US$44.6 million imposed on it. The penalty will not be imposed until exhaustion of all appeals.

On 29 December 2014, AAS filed an appeal against the conviction to the Algerian Court of Appeal.

The AAS' solicitors are of the view that AAS has a good chance of successfully appealing the conviction.

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.

27. Dividend Payable

A decision on the declaration of the final dividend for the financial year ended 31 December 2014 has yet to be made.

28. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months ended 31.12.14	3 months ended 31.12.13	Cumulative 12 months ended 31.12.14	Cumulative 12 months ended 31.12.13
Profit for the financial year attributable to owners of the Parent (RM mil)	199	36	493	224
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)	6.5	1.2	16.2	7.3
Diluted earnings per ordinary share (sen)	6.5	1.2	16.2	7.3

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 25 February 2015.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
25 February 2015