

Consolidated Condensed Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2012

	3 months ended <u>30.06.12</u> RM' 000 (Unaudited)	3 months ended <u>30.06.11</u> RM' 000 (Restated)	Cumulative 6 months ended <u>30.06.12</u> RM' 000 (Unaudited)	Cumulative 6 months ended <u>30.06.11</u> RM' 000 (Restated)
Revenue	2,349,740	2,347,703	4,674,075	4,501,123
Cost of sales	(1,732,584)	(1,654,630)	(3,414,343)	(3,089,260)
Gross profit	<u>617,156</u>	<u>693,073</u>	<u>1,259,732</u>	<u>1,411,863</u>
Other Operating Income				
Items relating to investments	1,011,545	6,621	1,011,545	6,621
Others operating income	84,992	53,343	175,781	114,179
Distribution costs	(99)	(249)	(267)	(434)
Administrative expenses	(186,321)	(178,211)	(366,020)	(327,881)
Other operating expenses	(150,034)	(48,915)	(211,361)	(125,849)
Finance cost	(318,656)	(340,688)	(656,075)	(681,810)
Share of results of associated companies and jointly controlled entities	88,190	8,915	114,516	8,054
Profit before zakat and taxation	<u>1,146,773</u>	<u>193,889</u>	<u>1,327,851</u>	<u>404,743</u>
Zakat expenses	(3,360)	-	(3,360)	-
Tax expenses	(55,264)	(26,664)	(120,923)	(113,689)
Profit for the period	<u>1,088,149</u>	<u>167,225</u>	<u>1,203,568</u>	<u>291,054</u>
Other comprehensive income				
Available-for-sale financial assets				
- fair value gains	(24,994)	1,319	(10,051)	30,957
Movement in associate's capital reserve	(6,364)	1,570	(6,886)	4,673
Currency translation differences	15,972	1,292	5,886	(4,067)
Other comprehensive income for the period	<u>(15,386)</u>	<u>4,181</u>	<u>(11,051)</u>	<u>31,563</u>
Total comprehensive income for the period	<u>1,072,763</u>	<u>171,406</u>	<u>1,192,517</u>	<u>322,617</u>
Profit attributable to:				
Owners of the Parent	752,204	57,040	781,427	75,065
Non-controlling interest	335,945	110,185	422,141	215,989
	<u>1,088,149</u>	<u>167,225</u>	<u>1,203,568</u>	<u>291,054</u>
Total comprehensive income attributable to:				
Owners of the Parent	736,818	61,221	770,376	106,628
Non-controlling interest	335,945	110,185	422,141	215,989
	<u>1,072,763</u>	<u>171,406</u>	<u>1,192,517</u>	<u>322,617</u>
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	24.7	1.9	25.7	2.5
Diluted (sen)	24.7	1.9	25.7	2.5

The Consolidated Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**Consolidated Condensed Statement of Financial Position
As at 30 June 2012**

	As at 30.06.12 RM' 000 (Unaudited)	As at 31.12.11 RM' 000 (Audited)	As at 01.01.11 RM' 000 (Audited)
Non-Current Assets			
Property, plant and equipment	15,927,999	16,029,865	16,699,574
Investment properties	31,851	32,329	30,778
Prepaid lease payments	-	18,835	19,238
Investments in associates	2,783,511	1,362,996	1,163,040
Investment in jointly controlled entities	281,427	246,249	219,281
Available-for-sale financial assets	8,518	8,573	8,412
Property development expenditure	2,170,814	2,128,408	1,917,196
Other assets	3,022	3,307	4,214
Intangible assets	7,373,139	7,577,842	7,986,159
Deferred income tax assets	1,222,463	1,188,910	1,121,012
	<u>29,802,744</u>	<u>28,597,314</u>	<u>29,168,904</u>
Current Assets			
Inventories	740,167	719,906	585,289
Assets held for sale	252	-	103
Trade and other receivables	2,120,833	2,327,958	2,227,814
Current income tax recoverable	252,238	188,040	337,014
Amount due from holding company	5,518	5,518	5,518
Available-for-sale financial assets	92,004	85,588	81,868
Deposits, bank and cash balances	6,320,230	4,579,556	4,062,543
	<u>9,531,242</u>	<u>7,906,566</u>	<u>7,300,149</u>
	<u>39,333,986</u>	<u>36,503,880</u>	<u>36,469,053</u>
Equity			
Equity attributable to owners of the Parent			
Share capital	304,506	304,506	304,506
Reserves	6,692,538	5,915,473	5,678,718
	<u>6,997,044</u>	<u>6,219,979</u>	<u>5,983,224</u>
Non-controlling interest	2,899,848	3,249,986	3,068,477
Total equity	<u>9,896,892</u>	<u>9,469,965</u>	<u>9,051,701</u>
Non-Current Liabilities			
Redeemable preference shares	142,748	140,620	136,467
Borrowings	17,684,601	15,533,549	15,974,676
Land lease received in advance	251,225	158,433	162,264
Provision for retirement benefits	59,842	58,713	53,748
Deferred income	2,376,142	2,245,572	1,869,382
Deferred income tax liabilities	3,380,380	3,532,379	3,511,746
Other payables	31,417	18,303	24,654
	<u>23,926,355</u>	<u>21,687,569</u>	<u>21,732,937</u>
Current Liabilities			
Borrowings	3,730,227	3,443,415	3,991,739
Trade and other payables	1,706,804	1,871,226	1,626,216
Current income tax liabilities	73,708	31,705	40,409
Redeemable convertible unsecured loan stocks	-	-	26,051
	<u>5,510,739</u>	<u>5,346,346</u>	<u>5,684,415</u>
Total liabilities	<u>29,437,094</u>	<u>27,033,915</u>	<u>27,417,352</u>
Total equity and liabilities	<u>39,333,986</u>	<u>36,503,880</u>	<u>36,469,053</u>
Net assets per share attributable to ordinary equity holders of parent (sen)	230	204	196

The Consolidated Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

Consolidated Condensed Statement of Changes in Equity for the period ended 30 June 2012

	Attributable to owners of the Parent					Distributable			Non-controlling interests	Total Equity	
	Non-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	Capital Reserves RM'000	Capital* Reserves RM'000	Retained Earnings RM'000			Total 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.

Consolidated Condensed Statement of Changes in Equity for the period ended 30 June 2012

	Attributable to owners of the Parent					Distributable			Non-controlling interests	Total Equity	
	Non-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	Capital Reserves RM'000	Capital* Reserves RM'000	Retained Earnings RM'000			Total RM'000
At 1 January 2011	304,506	2,039,770	(31,051)	1,219,271	107,977	83,264	375,864	1,883,623	5,983,224	3,068,477	9,051,701
Net profit for the financial year	-	-	-	-	-	-	-	334,485	334,485	498,538	833,023
Other comprehensive income / (loss)	-	-	8,392	-	9,707	(5,749)	-	-	12,350	-	12,350
Total comprehensive income for the year	-	-	8,392	-	9,707	(5,749)	-	334,485	346,835	498,538	845,373
Transfer to capital reserve	-	-	-	-	-	-	2,300	(2,300)	-	-	-
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks	-	-	-	-	-	-	(3,661)	158	(3,503)	30,139	26,636
Disposal of investments	-	-	-	-	-	-	-	-	-	1,701	1,701
Dividend	-	-	-	-	-	-	-	(106,577)	(106,577)	(348,869)	(455,446)
At 31 December 2011	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

* - 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 2012**

	6 months ended 30.06.12 RM'000 (Unaudited)	6 months ended 30.06.11 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	1,327,851	404,743
Adjustments for:		
Non-cash items	(473,485)	569,407
Interest expense	656,075	681,810
Interest income	(103,251)	(97,694)
Dividend income	(930)	-
Share of results in associates and jointly controlled entities	(114,516)	(8,054)
Operating profit before working capital changes	1,291,744	1,550,212
Changes in working capital:		
Net change in current assets	(16,030)	(310,346)
Net change in current liabilities	146,818	403,562
Cash generated from operations	1,422,532	1,643,428
Designated account and pledged deposits	16,381	365
Deferred income received	164,489	164,747
Tax paid	(141,775)	(74,279)
Zakat paid	(3,360)	-
Land lease received in advance	96,440	6,402
Retirement benefits paid	(994)	(2,906)
Net cash generated from operating activities	1,553,713	1,737,757
Cash flows from investing activities		
Net cash inflow from disposals of subsidiaries	81,080	329
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	(9,875)	-
Purchase of property, plant and equipment	(1,185,992)	(59,140)
Purchase of investment property	-	(63)
Redemption of RULS in a subsidiary	12,425	22,021
Proceeds from sale of property, plant and equipment	286	373
Proceeds from sale of other non current asset	-	1,184
Additional property development expenditure	(42,406)	(31,206)
Interest received	103,251	97,694
Dividend received	34,192	64,317
Distribution from jointly controlled entity	30,000	-
Net cash (used in) / generated from investing activities	(1,249,034)	95,509
Cash flows from financing activities		
Drawdown of term loans	3,771,628	153,556
Government grant received	-	16,651
Repayment of term loans	(1,350,001)	(920,216)
Dividend paid	(121,802)	(106,577)
Dividend paid to minority shareholder	(205,751)	(229,074)
Interest paid	(656,075)	(681,810)
Net cash generated from / (used in) financing activities	1,437,999	(1,767,470)

The Consolidated Condensed Statement of Cash Flows 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 2012 (continued)**

	6 months ended 30.06.12 RM'000 (Unaudited)	6 months ended 30.06.11 RM'000 (Unaudited)
Net increase in cash and cash equivalents	1,742,678	65,796
Effects of changes in exchange rate	5,886	(4,067)
Cash & Cash Equivalents at beginning of financial year	<u>4,563,066</u>	<u>4,039,090</u>
Cash and cash equivalents at end of financial year	<u>6,311,630</u>	<u>4,100,819</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	6,320,230	4,127,768
Designated accounts	(1)	(1)
Pledge deposits	-	(15,600)
Bank overdrafts	<u>(8,599)</u>	<u>(11,348)</u>
	<u>6,311,630</u>	<u>4,100,819</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 2011.

Notes to the interim financial statements

1. Basis of preparation

The consolidated condensed interim financial information for the 6 months ended 30 June 2012 has been prepared in accordance with MFRS 134 "Interim financial reporting" and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the financial year ended 31 December 2011, which have been prepared in accordance with the Financial Reporting Standards, the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

These consolidated condensed interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS1) has been applied. The transition from FRS to MFRS has not had a material impact on the financial performance and financial position of the Group.

2. Audit qualification

The report of the auditors on the Group's financial statements for the year ended 31 December 2011 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 because of their nature, size and incidence except that has been disclosed in Note 16.

5. 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.

6. 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 2012.

7. Dividend paid

In respect of the financial year ended 31 December 2011, as reported in the Directors' report during that financial year, a final single-tier dividend of 4.0 sen per share on the 3,045,058,552 ordinary shares amounting to RM121,802,342, was paid on 28 June 2012.

8. Segment Reporting

The Group's segmental report for the financial period ended 30 June 2012 is as follows:

	Transport & 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 / (Loss) before 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

The Group's segmental report for the corresponding financial period ended 30 June 2011 is as follows:

	Transport & 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	673	1,010	2,752	47	18	23	4,523
Inter-segment	(7)	-	-	-	(15)	-	(22)
External	666	1,010	2,752	47	3	23	4,501
<u>Results</u>							
Profit / (Loss) before taxation	153	180	211	36	(16)	(159)	405
Finance cost	62	-	516	2	-	102	682
Depreciation and amortisation	114	23	427	4	-	27	595
Earnings Before Interest, Tax, Depreciation and Amortisation	329	203	1,154	42	(16)	(30)	1,682

9. 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.

10. Events subsequent to the balance sheet date

There was no material event subsequent to the end of the current quarter except on 6 August 2012, Tanjung Bin Power Sdn. Bhd. ("TBP"), a 90% owned subsidiary of MCB, which in turn is a 51% owned subsidiary of MMC, had received approval from the Securities Commission ("SC") for the proposed issuance of Islamic Medium Term Notes ("Sukuk Ijarah") pursuant to Islamic Medium Term Notes Programme of up to RM4,500 million in nominal value under the Islamic Principle of Ijarah.

On 16 August 2012, TBP had issued RM4,195 million in nominal value of the Sukuk Ijarah. For details of the announcement, please refer to Bursa Malaysia's website.

11. Changes in composition of the Group

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

- a) on 11 May 2012, Malakoff International Limited ("MIL"), a wholly-owned subsidiary of Malakoff Corporation Berhad ("MCB"), which in turn is a 51% owned subsidiary of MMC, has acquired the entire issued and paid up capital of IP Middle East Holding Company Limited ("IPME") from International Power Holdings Limited ("Acquisition") for a consideration of US\$113.4 million (equivalent to approximately RM348 million). As a result of the Acquisition, MIL will hold an indirect 40% equity interest in Hidd Power Company B.S.C.(c) Bahrain ("HPC") through IPME which owns a 57.1% equity interest in IPSUM Hidd Holding Company Limited, which in turn owns a 70% equity interest in HPC.
- b) MMC-Shapadu (Holdings) Sdn Bhd ("MMC-Shapadu"), a 76%-owned subsidiary of Anglo-Oriental (Annuities) Sdn Bhd, which in turn is a wholly-owned subsidiary of MMC, has undertaken an initial public offering via offer for sale of 183,612,000 ordinary shares of RM0.50 each, representing 14.3% of the equity interest in Gas Malaysia Berhad ("GMB") at an offer price RM2.20 each in conjunction with the listing of GMB for a cash consideration of RM397.2 million resulting in a gain of RM258.0 million following the listing exercise of GMB on the Main Market of Bursa Malaysia which was completed on 11 June 2012. As a result, GMB ceased to be a subsidiary and has in turn become an associate of MMC-Shapadu and MMC alike.

The disposal had the following effects on the financial position of the Group:

	At date of disposal RM'000
Property, plant & equipment	922,355
Prepaid lease payments	18,657
Deferred tax assets	3,358
Trade & other receivables	200,731
Cash & cash equivalents	316,148
Trade & other payables	(297,582)
Taxation	(13,145)
Deferred tax liabilities	(177,108)
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Fair value of net assets disposed	973,414
Less: Transfer to investment in associate	(396,179)
Less: Non-controlling interest	(438,037)
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	139,198
Total disposal proceed	(397,228)
Gain on disposal	(258,030)
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Cash inflow arising from the disposal:	
Cash consideration	397,228
Cash and cash equivalents of subsidiary disposed	(316,148)
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Net cash inflow of the Group	81,080
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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 2011 except for the following bank guarantees issued to third parties:

	30.6.12	31.12.11
	RM million	RM million
Subsidiaries	284.2	1,018.3

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

13. Capital commitments

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

	30.6.12
	RM million
Property, plant and equipment:	
Authorised and contracted for	320.6
Authorised but not contracted for	5,201.3
	5,521.9

14. Related party transactions

Significant transactions in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2011 are as follows:

	Financial period ended 30.6.2012 RM'000
Companies subject to common significant influence	
- Operation and maintenance fee expense	156,478
- Operation and maintenance subcontract fee income	59,800
- Rental expense	1,008
Associated companies	
- Interest income on unsecured subordinated loan notes	35,274

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

The Group's revenue for the six-month financial period ended 30 June 2012 was RM4.7 billion compared with RM4.5 billion in the corresponding period in 2011, representing an increase of 3.8%.

The profit before zakat and taxation for the six-month financial period ended 30 June 2012 was RM1,327.9 million compared with RM404.7 million in the corresponding period in 2011, representing an increase of 228.1%.

Energy & Utilities

Energy & Utilities segment's revenue for the six-month financial period ended 30 June 2012 was RM3.9 billion compared with RM3.8 billion in the corresponding period in 2011, representing an increase of 3.1% mainly due to higher energy dispatch from Malakoff.

The profit before zakat and taxation for the six-month financial period ended 30 June 2012 was RM388.5 million compared with RM426.6 million in the corresponding period in 2011, representing a decrease of 8.9%.

Lower profits from the Energy & Utilities segment was mainly due to lower margins (margin per mmBtu of gas sold has decreased by 13.7%) on the new gas tariff imposed on Gas Malaysia Berhad, (effective June 2011).

This was however, offset by lower finance charges despite higher borrowings compared to the previous period due to the timing of the loan drawdown coupled with higher dispatch factor from Malakoff's power plants as mentioned earlier. The increase in borrowings corresponds with Malakoff's issuance of the RM3,290 million Sukuk Murabahah on 16 March 2012.

Transport & Logistics

Transport & Logistics segment's revenue for the six-month financial period ended 30 June 2012 was RM730.7 million compared with RM666.5 million in the corresponding period in 2011, representing an increase of 9.6% mainly due to higher throughput from both PTP and JPB.

The profit before zakat and taxation for the six-month financial period ended 30 June 2012 was RM133.1 million compared with RM152.6 million in the corresponding period in 2011, representing a decrease of 12.8%. This was mainly due to higher port related expenses.

Engineering & Construction

The profit before zakat and taxation for the six-month financial period ended 30 June 2012 was RM17.9 million compared with a loss of RM16.2 million in the corresponding period in 2011, representing an increase of 210.5%. This was mainly contributed by lower losses registered from our associate, Zelan Berhad.

Investment Holding, Corporate & Others

Revenue for the six-month financial period ended 30 June 2012 was RM16.3 million compared with RM22.9 million in the corresponding period in 2011, representing a decrease of 28.8%.

The Group profit before zakat and taxation for the six-month financial period ended 30 June 2012 was RM788.4 million compared with a loss of RM158.5 million in the corresponding period in 2011. This was mainly due to the gain on disposal (in relation to the listing) of GMB on the Main Market of Bursa Malaysia and the fair valuation of the remaining non-controlling interest to market price as required by MFRS 127 para 34(d). This was slightly offset by a reassessment of investment in the Jazan Economic City project.

16. Variation of results against preceding quarter

The Group recorded a profit before zakat and taxation of RM1,146.8 million in the current quarter as compared to RM181.1 million in the preceding quarter mainly due to the gain on listing of GMB on the Main Market of Bursa Malaysia and fair valuation gain of the remaining non-controlling interest retained to market price.

17. Current prospects

The Board expects the Group's financial results for the current financial year to improve despite the uncertainties facing the global economy.

Future contributions from GMB will be reduced following the Group's diluted equity interest post-listing. GMB will cease to be consolidated as a subsidiary of the Group but the results will be equity accounted for as an associate.

The Board remains optimistic on the Transport & Logistics segment as the transshipment and hinterland throughput volume is expected to remain strong. Transshipment which is predominantly at PTP is expected to benefit from the shipping routing strategies of its customers whilst JPB's throughput volume will grow in line with the expected improved economic activities in Johor. In addition, JPB's results are also expected to be better following the increase in tariff rates for certain port services.

The Engineering & Construction segment is expected to contribute positively following the commencement of the Klang Valley My Rapid Transit Project and continuous progress of the Double Tracking Project.

18. Profit before zakat and taxation

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

	Current Quarter		Financial Period	
	Ended		Ended	
	30.6.12	30.6.11	30.6.12	30.6.11
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	(48,886)	(47,915)	(103,251)	(97,694)
Depreciation	182,951	197,224	364,382	390,237
Amortisation	102,475	101,978	204,881	204,162
Allowance for impaired receivables	998	3,080	2,598	9,303
Reversal of allowance for impaired receivables	(150)	-	(150)	-
Impairment loss on:				
- property, plant and equipment	-	-	-	30,000
- cost of investment in associate	1,994	-	1,994	-
Net foreign exchange gain	(3,323)	-	(665)	-
Gain on disposal on:				
- subsidiary	(258,030)	(6,621)	(258,030)	(6,621)
- associate	-	-	(26,700)	-
- property, plant and equipment	(166)	(193)	(286)	(243)
- other non-current assets	-	-	-	(1,078)
Fair value gain for investment in associate	(753,515)	-	(753,515)	-

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 30.6.12	3 months ended 30.6.11	Cumulative 6 months ended 30.6.12	Cumulative 6 months ended 30.6.11
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(63)	(25)	(130)	(104)
- prior year	2	-	-	(2)
Deferred tax expense				
- current	9	(2)	7	(8)
- prior year	(3)	-	2	-
	<u>(55)</u>	<u>(27)</u>	<u>(121)</u>	<u>(114)</u>

The Group's effective tax rate for the financial period is lower than the statutory income tax rate in Malaysia mainly due to gain on listing of GMB on the Main Market of Bursa Malaysia and fair valuation of the remaining non-controlling interest retained to market price. This however, is offset by the interest restriction as an effect of the single tier tax system whereby there is lower taxable dividend available to be offset against interest expense.

21. Status of corporate proposals announced

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

- (a) On 9 July 2012, an announcement was made by MMC in relation to its proposal to privatise Aliran Ihsan Resources Berhad ("AIRB") via a proposed selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965. For details of the proposal, please refer to Bursa Malaysia's website.

(b) On 17 August 2012, an announcement was made that MCB, a 51% owned subsidiary of MMC, had received approval from the SC for the proposed issuance of the Unrated Subordinated Islamic Securities of up to RM1.8 billion in nominal value under the Islamic Principle of Musharakah ("Junior Sukuk Musharakah") vide a letter from the SC dated 16 August 2012. For details of the announcement, please refer to Bursa Malaysia's website.

22. Borrowings

	<u>30.06.12</u>	<u>31.12.11</u>
	RM mil	RM mil
Current		
- secured	3,388	3,114
- unsecured	<u>342</u>	<u>329</u>
	<u>3,730</u>	<u>3,443</u>
Non-current		
- Term loans - secured	2,800	3,796
- ABBA Bonds - secured	250	250
- Al-Istisna Bonds - secured	193	257
- Istisna Medium Term Notes - secured	2,940	3,140
- Sukuk Medium Term Notes - secured	5,321	5,300
- Islamic Medium Term Notes - secured	854	854
- Junior Sukuk - secured	1,749	1,749
- Junior Term Loan Facility - secured	154	-
- Senior Sukuk Murabahah - secured	3,290	-
- Redeemable Unsecured		
Loan Stock - unsecured	71	119
- Government Loan - unsecured	<u>63</u>	<u>69</u>
	<u>17,685</u>	<u>15,534</u>
- Redeemable preference shares	<u>143</u>	<u>141</u>

23. Realised and unrealised profit/losses disclosure

The retained earnings as at 30 June 2012 is analysed as follows:

	As at 30.6.12 RM' 000
Total retained earnings of the Company and its subsidiaries:	
- Realised	2,727,918
- Unrealised	203,359
	<u>2,931,277</u>
Total retained earnings from associated companies:	
- Realised	34,058
- Unrealised	(28,371)
	<u>5,687</u>
Total retained earnings from jointly controlled entities:	
- Realised	57,775
- Unrealised	(24,983)
	<u>32,792</u>
Total retained earnings before consolidation adjustment	<u>2,969,756</u>
Less: Consolidation adjustment	(73,401)
Total retained earnings as per consolidated financial statements	<u><u>2,896,355</u></u>

24. Changes in material litigation

- (a) Prai Power Sdn Bhd ("PPSB"), a wholly-owned subsidiary of Malakoff Corporation Berhad, MMC's 51%-owned subsidiary, had on 7 June 2012 signed a settlement agreement ("Settlement Agreement") with Allianz General Insurance Company (Malaysia) Berhad and Sumitomo Corporation ("Sumitomo") (collectively referred to as "the Parties").

The Settlement Agreement substantially sets out the Parties' agreement to resolve and settle in full the dispute between them in the arbitration proceedings, on the terms and conditions of the Settlement Agreement. As a result of the execution of the Settlement Agreement, PPSB as the claimant has agreed to fully withdraw its claim in the arbitration proceedings against Sumitomo.

- (b) On 22 December 2011, the High Court delivered its decision in an action by Jurutera Perunding Daya Sdn Bhd and Pengurusan Projek Daya Sdn Bhd (collectively known as "Daya Group") against the Company and a subsidiary, Projek Lebuhraya Timur Sdn Bhd ("Pelita") for, among others, payment of RM49.9 million, for alleged work undertaken, in respect of the privatization of the East Coast Expressway.

The High Court dismissed the Daya Group's claim against the Company and allowed the Company's counterclaim. The High Court however, allowed the Daya Group's claim against Pelita and dismissed Pelita's counterclaim. Costs and damages in the legal proceedings shall be taxed and/or assessed by the Registrar of the High Court.

Both the Daya Group and Pelita appealed against the High Court's decision on 9 January 2012 and 19 January 2012 respectively. Based on the advice by the solicitors acting for the Company and Pelita, the Directors are of the view that both the Company and Pelita have good chances to have the decision in their favour during appeal.

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 2011.

25. Dividend Payable

No dividend has been recommended by the Directors for the current financial period ended 30 June 2012. No dividend was declared by the Directors for the corresponding financial period ended 30 June 2011.

26. Earnings per ordinary share

Basic/Diluted Earnings Per Ordinary Share

	3 months ended <u>30.06.12</u>	3 months ended <u>30.06.11</u>	Cumulative 6 months ended <u>30.06.12</u>	Cumulative 6 months ended <u>30.06.11</u>
Profit for the period attributable to owners of the Parent (RM mil)	752	57	781	75
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)	24.7	1.9	25.7	2.5
Diluted earnings per ordinary share (sen)	24.7	1.9	25.7	2.5

27. 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 29 August 2012.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
29 August 2012