

**Condensed Consolidated Income Statements**  
**Quarterly report on unaudited consolidated results**  
**For the period ended 30 June 2007**

|  | <u>3 months</u><br><u>quarter ended</u><br><u>30.06.07</u><br>RM'000<br>(Unaudited) | <u>3 months</u><br><u>quarter ended</u><br><u>30.06.06</u><br>RM'000<br>(Unaudited) | <u>Cumulative</u><br><u>6 months</u><br><u>30.06.07</u><br>RM'000<br>(Unaudited) | <u>Cumulative</u><br><u>6 months</u><br><u>30.06.06</u><br>RM'000<br>(Unaudited) |
|--|---|---|--|--|
| Revenue  | 1,367,061   | 789,594   | 2,125,739  | 1,297,600  |
| Cost of sales  | <u>(886,989)</u>  | <u>(544,685)</u>  | <u>(1,399,941)</u>   | <u>(904,505)</u>   |
| Gross profit   | 480,072   | 244,909   | 725,798  | 393,095  |
| Other Operating Income   |   |   |  |  |
| Items relating to investments  | 85,553  | 70,746  | 85,553   | 70,746   |
| Others   | 33,299  | 8,610   | 42,741   | 12,916   |
| Distribution costs   | (678)   | (588)   | (1,191)  | (964)  |
| Administrative expenses  | (129,316)   | (78,942)  | (218,242)  | (140,137)  |
| Operating expenses   | (10,323)  | (13,084)  | (18,411)   | (20,847)   |
| Finance cost   | (231,260)   | (51,863)  | (282,648)  | (93,129)   |
| Share of results of<br>associated companies and<br>jointly controlled entities | <u>44,232</u>   | <u>26,234</u>   | <u>75,646</u>  | <u>61,871</u>  |
| Profit before taxation   | 271,579   | 206,022   | 409,246  | 283,551  |
| Taxation   | <u>(38,628)</u>   | <u>(28,883)</u>   | <u>(42,110)</u>  | <u>(43,224)</u>  |
| Net profit for the period  | <u>232,951</u>  | <u>177,139</u>  | <u>367,136</u>   | <u>240,327</u>   |
| Attributable to:   |   |   |  |  |
| Equity shareholders  | 161,941   | 139,005   | 253,859  | 179,751  |
| Minority interest  | 71,010  | 38,134  | 113,277  | 60,576   |
|  | <u>232,951</u>  | <u>177,139</u>  | <u>367,136</u>   | <u>240,327</u>   |
| Basic earnings per ordinary<br>share (sen)                                     | 10.64   | 9.13  | 16.67  | 11.81  |
| Diluted earnings per<br>ordinary share (sen)                                   | 10.64   | 9.13  | 16.67  | 11.81  |

The Condensed Unaudited Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**Condensed Consolidated Balance Sheet**  
**As at 30 June 2007**

|   | <b>As at</b><br><b>30.06.07</b><br><b>RM'000</b><br><b>(Unaudited)</b> | <b>As at</b><br><b>31.12.06</b><br><b>RM'000</b><br><b>(Audited)</b> |
|---|--|--|
| Property, plant and equipment   | 15,472,791   | 4,651,866  |
| Investment property   | 32,678   | 32,953   |
| Prepaid lease payments  | 668,552  | 571,072  |
| Investment in associated companies  | 988,954  | 1,458,529  |
| Investment in jointly controlled entities                                       | 144,371  | 146,337  |
| Deferred tax assets   | 26,175   | 6,603  |
| Intangible assets   | 8,383,411  | 1,723,248  |
|   | <u>25,716,932</u>  | <u>8,590,608</u>   |
| <b>Current assets</b>   |  |  |
| Inventories   | 472,796  | 33,322   |
| Trade and other receivables   | 1,749,822  | 606,003  |
| Amount due from holding company   | 15,780   | 15,780   |
| Marketable securities   | 61,206   | 85,276   |
| Deposits, bank and cash balances  | 3,039,270  | 666,415  |
|   | <u>5,338,874</u>   | <u>1,406,796</u>   |
| <b>Current liabilities</b>  |  |  |
| Trade and other payables  | 1,173,506  | 657,501  |
| Borrowings  | 1,418,328  | 567,645  |
| Taxation  | 5,556  | 6,195  |
|   | <u>2,597,390</u>   | <u>1,231,341</u>   |
| <b>Net current assets</b>   | <u>2,741,484</u>   | <u>175,455</u>   |
|   | <u>28,458,416</u>  | <u>8,766,063</u>   |
| <b>Financed by:</b>   |  |  |
| <b>Capital and reserves</b>   |  |  |
| Share capital   | 152,253  | 152,253  |
| Reserves  | 4,995,676  | 3,993,430  |
|   | <u>5,147,929</u>   | <u>4,145,683</u>   |
| Minority interests  | 1,870,783  | 444,730  |
| <b>Total equity</b>   | <u>7,018,712</u>   | <u>4,590,413</u>   |
| <b>Non current liabilities</b>  |  |  |
| Redeemable Preference Shares  | 94,046   | 94,046   |
| Redeemable convertible<br>subordinated loans                                    | 158,355  | 158,355  |
| Borrowings  | 18,162,020   | 3,376,994  |
| Landlease received in advance   | 205,336  | 178,483  |
| Provision for retirement benefits   | 38,288   | 15,128   |
| Deferred income   | 48,241   | 48,666   |
| Deferred tax liabilities  | 2,733,418  | 303,978  |
|   | <u>28,458,416</u>  | <u>8,766,063</u>   |
| Net assets per share attributable<br>to ordinary equity holders of parent (sen) | 338  | 272  |

The Condensed Unaudited Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

**Condensed Unaudited Consolidated Statement of Changes in Equity  
For the period ended 30 June 2007**

|  | Attributable to equity holders of the parent |                            |  |                                  |                                 |                                |                                | Total<br>RM'000 | Minority<br>interest<br>RM'000 | Total<br>RM'000 |
|--|--|----------------------------|--|----------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------|--------------------------------|-----------------|
|  | Non-distributable                            |                            |  | Distributable                    |                                 |                                |                                |                 |                                |                 |
|  | Share<br>Capital<br>RM'000                   | Share<br>Premium<br>RM'000 | Foreign<br>Exchange<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Capital**<br>Reserves<br>RM'000 | Capital*<br>Reserves<br>RM'000 | Retained<br>Earnings<br>RM'000 |                 |                                |                 |
| At 1 January 2007                                  | 152,253                                      | 2,039,770                  | (55,765)                                 | 28,120                           | 216,463                         | 350,107                        | 1,414,735                      | 4,145,683       | 444,730                        | 4,590,413       |
| Acquisition of subsidiary                          | -  | -                          | -  | 852,731                          | -                               | -                              | -                              | 852,731         | 1,367,905                      | 2,220,636       |
| Currency translation differences                   | -  | -                          | (203)                                    | -                                | -                               | -                              | -                              | (203)           | -                              | (203)           |
| Net income recognised directly in equity           | -  | -                          | (203)                                    | 852,731                          | -                               | -                              | -                              | 852,528         | 1,367,905                      | 2,220,433       |
| Net profit for the period                          | -  | -                          | -  | -                                | -                               | -                              | 253,859                        | 253,859         | 113,277                        | 367,136         |
| Dividend   | -  | -                          | -  | -                                | -                               | -                              | (104,141)                      | (104,141)       | (57,026)                       | (161,167)       |
| Decrease in equity interest in existing subsidiary | -  | -                          | -  | -                                | -                               | -                              | -                              | -               | 1,897                          | 1,897           |
| At 30 June 2007                                    | 152,253                                      | 2,039,770                  | (55,968)                                 | 880,851                          | 216,463                         | 350,107                        | 1,564,453                      | 5,147,929       | 1,870,783                      | 7,018,712       |
| At 1 January 2006                                  | 152,253                                      | 2,039,770                  | (55,809)                                 | 28,120                           | 211,963                         | 350,107                        | 1,025,356                      | 3,751,760       | 283,269                        | 4,035,029       |
| Acquisition of a subsidiary                        | -  | -                          | -  | -                                | -                               | -                              | 69,629                         | 69,629          | 468,261                        | 537,890         |
| Currency translation differences                   | -  | -                          | 177                                      | -                                | -                               | -                              | -                              | 177             | -                              | 177             |
| Net income recognised directly in equity           | -  | -                          | 177                                      | -                                | -                               | -                              | 69,629                         | 69,806          | 468,261                        | 538,067         |
| Increase in equity interest in existing subsidiary | -  | -                          | -  | -                                | -                               | -                              | -                              | -               | (468,222)                      | (468,222)       |
| Net profit for the period                          | -  | -                          | -  | -                                | -                               | -                              | 179,751                        | 179,751         | 60,576                         | 240,327         |
| Dividend   | -  | -                          | -  | -                                | -                               | -                              | (65,774)                       | (65,774)        | (18,629)                       | (84,403)        |
| At 30 June 2006                                    | 152,253                                      | 2,039,770                  | (55,632)                                 | 28,120                           | 211,963                         | 350,107                        | 1,208,962                      | 3,935,543       | 325,255                        | 4,260,798       |

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

\*\* - The non-distributable capital reserves mainly consist of share premium of another company that merged with the Group in 1976.

**Condensed Unaudited Consolidated Cash Flow Statement**  
**For the period ended 30 June 2007**

|   | 6 months<br>ended<br>30.06.07<br>RM'000<br>(Unaudited) | 6 months<br>ended<br>30.06.06<br>RM'000<br>(Unaudited) |
|---|--|--|
| <b>Cash flows from operating activities</b>                     |  |  |
| Profit before taxation  | 409,246  | 283,551  |
| Adjustments for:  |  |  |
| Non-cash items  | 120,809  | 25,695   |
| Interest expense  | 282,648  | 93,129   |
| Interest income   | (31,731)   | (6,336)  |
| Dividend income   | (1,847)  | (2,054)  |
| Share of results in associates and jointly controlled entities  | (75,646)   | (61,871)   |
| Operating profit before working capital changes                 | 703,479  | 332,114  |
| Changes in working capital:                                     |  |  |
| Net change in current assets                                    | (78,669)   | (61,385)   |
| Net change in current liabilities                               | (62,171)   | 151,289  |
| Cash generated from operations                                  | 562,639  | 422,018  |
| Tax paid  | (59,337)   | (11,388)   |
| <b>Net cash generated from operating activities</b>             | <b>503,302</b>   | <b>410,630</b>   |
| <b>Cash flows from investing activities</b>                     |  |  |
| Net cash outflow from acquisition of subsidiary                 | (5,116,894)  | (590,552)  |
| Purchase of property, plant and equipment                       | (218,546)  | (267,633)  |
| Subscription of preference shares in associate company          | -  | (3,000)  |
| Proceeds from sale of property, plant and equipment             | 318  | 6,112  |
| Purchases of shares in jointly controlled entities              | -  | (35,000)   |
| Redemption of preference shares in a subsidiary                 | 3,000  | -  |
| Proceeds from sale of quoted investment                         | 111,817  | -  |
| Interest received   | 31,731   | 6,336  |
| Dividend received   | 38,720   | 47,852   |
| Research and development expenses paid                          | (501)  | (708)  |
| <b>Net cash used in investing activities</b>                    | <b>(5,150,355)</b>                                     | <b>(836,593)</b>                                       |
| <b>Cash flows from financing activities</b>                     |  |  |
| Drawdown of term loans  | 7,683,206  | 1,106,252  |
| Repayment of term loans   | (2,194,919)  | (369,403)  |
| Cash inflow on the issuance of shares from subsidiaries         | 1,970,526  | -  |
| Dividend paid   | (104,141)  | (65,774)   |
| Dividend paid to minority shareholder                           | (57,026)   | (18,629)   |
| Interest paid   | (282,648)  | (93,129)   |
| <b>Net cash generated (used in) / from financing activities</b> | <b>7,014,998</b>                                       | <b>559,317</b>   |
| Net increase in cash and cash equivalents                       | 2,367,945  | 133,354  |
| Effects of changes in exchange rate                             | (203)  | 177  |
| Cash & Cash Equivalents at beginning of financial year          | 651,080  | 446,281  |
| <b>Cash and cash equivalents at end of financial year</b>       | <b>3,018,822</b>                                       | <b>579,812</b>   |
| <b>Cash and cash equivalents comprise:</b>                      |  |  |
| Deposits and bank balances                                      | 3,039,270  | 537,712  |
| Designated accounts   | (12,444)   | 45,404   |
| Pledge deposits   | (22)   | (22)   |
| Bank overdrafts   | (7,982)  | (3,282)  |
|   | <b>3,018,822</b>                                       | <b>579,812</b>   |

The Condensed Unaudited Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2006.

## Notes to the interim financial statements

### 1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

### 2. Changes in Accounting Policies

The significant accounting policies and method of computation adopted by the Group are consistent with those adopted in the financial statements for the financial year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 October 2006.

FRS 117 Leases

FRS 124 Related Party Disclosures

The significant effect of the changes in accounting policies resulting from the adoption of new/revised FRS are discussed below:

### FRS 117 Leases

The adoption of the revised FRS 117 has resulted in a retrospective application of the change to the accounting policy relating to the classification of leasehold land. The up-front payment made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and land held for development. Property, plant and equipment were stated at cost less accumulated depreciation and impairment losses, whereas, the land held for development was stated at cost less accumulated impairment losses.

Upon adoption of the revised FRS 117 at 1 January 2007, the carrying amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the prior year comparative has been reclassified accordingly.

### **3. Audit qualification**

The report of the auditors on the Group's financial statements for the year ended 31 December 2006 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 were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter because of their nature, size or incidence, except for the acquisition of Malakoff Berhad's entire assets, undertakings and all its liabilities by Malakoff Corporation Berhad, a 51% owned subsidiary, for a cash consideration of RM9,307.6 million and the disposal of 11,582,000 shares in Sime Darby Berhad as disclosed in Note 12(b) and Note 21 respectively.

**6. Changes in estimates**

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

**7. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the quarter ended 30 June 2007 except for the issuance of the following debt and equity securities by Malakoff Corporation Berhad ("Malakoff Corporation", formerly known as Nucleus Avenue (M) Bhd), a 51.0% owned subsidiary, on 30 April 2007:-

- a) Islamic Commercial Paper and Medium Term Notes ("Senior Sukuk") of RM5.712 billion; and
- b) Cumulative Non-convertible Islamic Junior Sukuk ("Junior Sukuk") of RM1.700 billion.

## 8. Dividend paid

In respect of the financial year ended 31 December 2006 as reported in the Director's report during that period, a final gross dividend of 9.0 sen per share, comprising 8.0 sen per share, less 27% income tax and 1.0 sen per share, tax exempt on 1,522,529,276 ordinary shares amounting to RM104.141 million, was paid on 11 June 2007.

## 9. Segment Reporting

The Group's segmental report for the six-month financial period ended 30 June 2007 is as follows:

|  | <u>Transport<br/>&amp;<br/>Logistics</u><br>RM'000 | <u>Energy<br/>&amp;<br/>Utilities</u><br>RM'000 | <u>Engineering<br/>&amp;<br/>Construction</u><br>RM'000 | <u>Others</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|--|---|---|-------------------------|------------------------|
| <b><u>Revenue</u></b>  |  |   |   |                         |                        |
| Total  | 603,910  | 1,352,618                                       | 171,864   | 15,133                  | 2,143,525              |
| Inter-segment  | -  | -   | (17,786)  | -                       | (17,786)               |
| External   | 603,910  | 1,352,618                                       | 154,078   | 15,133                  | 2,125,739              |
| <b><u>Results</u></b>  |  |   |   |                         |                        |
| Segment Profit/(loss)  | 210,469  | 292,811   | 8,453   | (12,769)                | 498,964                |
| Items relating to investments  |  |   |   |                         | 85,553                 |
| Interest income  |  |   |   |                         | 31,731                 |
| Finance cost   |  |   |   |                         | (282,648)              |
| Share of results of associated companies and jointly controlled entities | -  | 56,143  | 19,829  | (326)                   | 75,646                 |
| Profit before taxation   |  |   |   |                         | 409,246                |
| Taxation   |  |   |   |                         | (42,110)               |
| Profit after taxation  |  |   |   |                         | 367,136                |



The Group's segmental report for the six-month financial period ended 30 June 2006 is as follows:

|  | <u>Transport</u><br><u>&amp;</u><br><u>Logistics</u><br>RM' 000 | <u>Energy</u><br><u>&amp;</u><br><u>Utilities</u><br>RM' 000 | <u>Engineering</u><br><u>&amp;</u><br><u>Construction</u><br>RM' 000 | <u>Others</u><br>RM' 000 | <u>Total</u><br>RM' 000 |
|--|---|--|--|--------------------------|-------------------------|
| <b><u>Revenue</u></b>  |   |  |  |                          |                         |
| Total  | 412,269   | 703,822  | 190,610  | 17,909                   | 1,324,610               |
| Inter-segment  | -   | -  | (26,983)   | (27)                     | (27,010)                |
| External   | 412,269   | 703,822  | 163,627  | 17,882                   | 1,297,600               |
| <b><u>Results</u></b>  |   |  |  |                          |                         |
| Segment profit/<br>(loss)  | 154,713   | 99,559   | 16,565   | (33,110)                 | 237,727                 |
| Items relating<br>to investments   |   |  |  |                          | 70,746                  |
| Interest income  |   |  |  |                          | 6,336                   |
| Finance cost   |   |  |  |                          | (93,129)                |
| Share of<br>results<br>of associated<br>companies and<br>jointly<br>controlled<br>entities | -   | 43,799   | 15,085   | 2,987                    | 61,871                  |
| Profit before<br>Taxation  |   |  |  |                          | 283,551                 |
| Taxation   |   |  |  |                          | (43,224)                |
| Profit after<br>Taxation   |   |  |  |                          | 240,327                 |

#### 10. Property, plant and equipment

Certain group properties were revalued in the past. This revaluation was brought forward without any subsequent revaluation as allowed for under FRS 116.

#### 11. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the current interim period.

## 12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter except for the following:

- a) On 11 April 2007, the Company incorporated MMC Saudi Arabia Limited in the Kingdom of Saudi Arabia, a wholly owned subsidiary, with an issued and paid-up capital of 5,000 shares of SAR100 each.
  
- b) On 30 April 2007, Malakoff Corporation Berhad (formerly known as Nucleus Avenue (M) Bhd), a 51.0% owned subsidiary, completed the acquisition of the entire assets and undertakings of Malakoff Berhad and assumed all its liabilities for a cash consideration of RM9,307.6 million.

In addition, Malakoff Berhad underwent capital reduction from RM899.3 million to RM2 on 30 May 2007 and ceased to be an associate company of MMC Corporation Bhd.

The provisional fair value of the net identifiable assets acquired are:

|   | <u>Carrying</u><br><u>value(prior to</u><br><u>acquisition)</u> | <u>Provisional</u><br><u>fair value(upon</u><br><u>acquisition)</u> |
|---|---|---|
|   | <u>RM'000</u>   | <u>RM'000</u>   |
| Non-Current assets  | 11,553,270  | 19,054,340  |
| Current assets  | 3,577,171   | 3,577,171   |
| Current liabilities                                       | (1,407,938)   | (1,407,938)   |
| Non-current liabilities                                   | (11,915,973)  | (11,915,973)  |
| Group's share of fair value of<br>net assets              | <u>1,806,530</u>  | <u>9,307,600</u>  |
| Total consideration                                       |   | 9,307,600   |
| Less: Available cash in Malakoff Berhad                   |   | (114,617)   |
| Net consideration   |   | <u>9,192,983</u>  |
| Less: Inter-company settlement                            |   | (2,047,834)   |
| Less: Cash and cash equivalents in<br>subsidiary acquired |   | <u>(2,028,255)</u>  |
| Cash outflow of the Group on<br>acquisition of subsidiary |   | <u>5,116,894</u>  |

The initial accounting for this business combination has been accounted for provisionally under FRS 3 "Business Combinations". Any adjustments to the fair values initially recorded at the date of acquisition as a result of finalising the provisional fair values, must be made within twelve months as allowed by FRS 3 paragraph 62.

The acquisition contributed revenue of RM580.2 million and profit of RM43.8 million to the Group for the period from 1 May 2007 to 30 June 2007. Had the acquisition taken effect on 1 January 2007, the revenue and profit of the

Group would have been RM3,248.2 million and RM285.4 million respectively.

- c) On 27 June 2007, MMC International Holdings Limited, a wholly-owned subsidiary, acquired the entire issued and paid-up share capital of MMC Utilities Limited (formerly known as Focus Point Limited), a company incorporated in the British Virgin Islands, for a purchase consideration of USD1,050.

### 13. Changes in contingent liabilities or contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2006 as disclosed in the financial statements of the Group for the financial year ended 31 December 2006, except for the following:

- a) Bank guarantees issued to third parties:

|              | 30.06.07     | 31.12.06    |
|--------------|--------------|-------------|
|              | RM million   | RM million  |
| Company      | 3.7          | 50.0        |
| Subsidiaries | 447.6        | 45.8        |
|              | <u>451.3</u> | <u>95.8</u> |

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

The increase in bank guarantees for the current period is principally attributable to guarantees issued by the newly acquired subsidiary, Malakoff Corporation, mainly for its overseas ventures.

b) The power purchase agreement ("PPA") between Segari Energy Ventures Sdn Bhd ("SEV") and Tenaga Nasional Berhad ("TNB") contains procedures for determining inaccuracies of the metering devices used for billing purposes. These devices are owned, operated, maintained and controlled solely by TNB. There have been some inaccuracies with the metering devices, which SEV has brought to the attention of TNB, as SEV alleged that these inaccuracies have caused underpayments by TNB. Based on tests carried out by TNB, it has sought to claim that the inaccuracies have resulted in alleged overpayments to SEV of RM87.5 million.

SEV and TNB are attempting to resolve the dispute pursuant to the dispute resolution mechanism as provided for under the PPA.

#### 14. Capital commitments

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

|  | 30.06.07     |
|--|--------------|
|  | RM million   |
| Property, plant and equipment:                                 |              |
| Authorised but not contracted for                              | 247.8        |
| Contracted but not provided for in the<br>financial statements | 403.8        |
|  | <u>651.6</u> |

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

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

The Group's profit before tax for the quarter ended 30 June 2007 was higher by RM65.6 million compared to the corresponding quarter ended 30 June 2006. The Group's profit before tax for the six-month period ended 30 June 2007 was higher by RM125.7 million compared to the corresponding financial period ended 30 June 2006. The Group's improvement in performance was mainly due to:-

- a) Higher contribution from the energy and utilities division arising from the consolidation of Malakoff Corporation Berhad's results with effect from 1 May 2007 as compared to equity accounting for Malakoff Berhad's results in the corresponding quarter.
- b) Improved contribution from the transport and logistics division arising from the consolidation of Johor Port Berhad's six months' results (the Group's results for the six-month period ended 30 June 2006 consolidated only three months Johor Port Berhad's results); and
- c) Capital gains from the disposal of investment in quoted shares.

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

The Group recorded a profit before tax of RM271.6 million for the current quarter compared to RM137.7 million in the preceding quarter. The increase of RM133.9 million was mainly due to improved contributions from the transport and logistics,

and energy and utilities divisions, the consolidation of Malakoff Corporation's results and capital gains from the disposal of investment in quoted shares.

#### 17. Current prospects

The Board expects the Group's financial results for the current financial year ending 31 December 2007 to be better than those achieved in the last financial year ended 31 December 2006.

#### 18. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee during the reporting period.

#### 19. Tax expense

|                      | 3 months<br>quarter<br>ended<br>30.06.07<br>RM'000 | 3 months<br>quarter<br>ended<br>30.06.06<br>RM'000 | Cumulative<br>6 months<br>ended<br>30.06.07<br>RM'000 | Cumulative<br>6 months<br>ended<br>30.06.06<br>RM'000 |
|----------------------|--|--|---|---|
| Current tax expense  |  |  |   |   |
| - current            | (18,999)   | (25,922)   | (32,200)  | (37,650)  |
| - prior year         | (60)   | 265  | (387)   | 265   |
| Deferred tax expense |  |  |   |   |
| - current            | (19,569)   | (3,226)  | (23,250)  | (5,839)   |
| - prior year         | -  | -  | 13,727  | -   |
|                      | <u>(38,628)</u>                                    | <u>(28,883)</u>                                    | <u>(42,110)</u>                                       | <u>(43,224)</u>                                       |

The Group's effective tax rate for the current financial year is lower than the statutory income tax rate in Malaysia mainly due to the utilisation of investment tax allowances and capital allowances in certain subsidiaries of the Group, and capital gains from the disposal of quoted shares not subject to tax.

**20. Unquoted investments and landed properties**

There were no sales of unquoted investments and landed properties during the current quarter.

**21. Quoted investments**

a) There were no purchases nor disposals of quoted securities during the current quarter except for the disposal by Anglo-Oriental (Annuities) Sdn Bhd, a wholly owned subsidiary, of 11,582,000 ordinary shares of RM0.50 each in Sime Darby Berhad, on a progressive basis, representing 0.5% of the equity interest in Sime Darby Berhad for a total consideration of RM109.9 million, realising a gain on disposal of RM85.6 million.

b) Investments in quoted shares as at 30 June 2007:

|                          | At Cost<br>RM'000 | At<br>Book Value<br>RM'000 | At<br>Market Value<br>RM'000 |
|--------------------------|-------------------|----------------------------|------------------------------|
| Quoted in Malaysia       | 61,599            | 61,206                     | 283,236                      |
| Quoted outside Malaysia  | 13,172            | -                          | 5,259                        |
| Total quoted investments | <u>74,771</u>     | <u>61,206</u>              | <u>288,495</u>               |

**22. Status of corporate proposals announced**

a) Proposed Acquisition of a 51% equity interest in Central Electricity Generating Company in Jordan

Malakoff International Limited ("MIL"), a wholly-owned subsidiary of Malakoff Corporation, together with Jordan Dubai Capital ("JD Capital") and Consolidated Contractors Group SAL ("CCC") (collectively referred to as the "Consortium"), had on 19 May 2007, via the Consortium's special purpose vehicle, Enara, been selected by the



Government of Jordan ("GoJ") to acquire a 51% equity interest in Central Electricity Generating Company in Jordan ("CEGCO") from GoJ ("Proposed Acquisition"). The Proposed Acquisition is part of GoJ's privatisation plan for Jordan's power sector.

CEGCO is the largest generator of electricity in Jordan, owning and operating eight thermal power plants with a total installed capacity of 1,680 MW throughout Jordan.

- b) Expansion of the existing Shuaibah III Project comprising an additional 150,000 M3/Day Desalination Facility at Shuaibah in the Kingdom of Saudi Arabia

Malakoff Corporation had through Shuaibah Expansion Project Company ("SEPC"), a joint stock company incorporated in the Kingdom of Saudi Arabia ("KSA"), on 15 July 2007 signed the Water Purchase Agreement, Shareholders' agreement, Engineering, procurement and construction contract, and Operation and maintenance agreement.

The Project will entail building a Sea-Water Reverse Osmosis plant with a capacity of 150,000 m3/day water of a similar quality as Shuaibah Phase 3. The RO Plant is proposed to be sited adjacent to the Shuaibah Phase 3. SAMAWEC shall deliver the additional 150,000 m3/day with the proposed commercial operations date on 28 February 2009.

The total project cost is USD232 million (RM812 million). Malakoff Corporation has a 12% effective equity interest in the Project and its total equity commitment is approximately USD6 million (RM21 million).

**23. Borrowings**

|  | <u>30.06.07</u>   | <u>31.12.06</u>  |
|--|-------------------|------------------|
|  | RM'000            | RM'000           |
| Current  |                   |                  |
| - secured  | 716,091           | 491,822          |
| - unsecured  | <u>702,237</u>    | <u>75,823</u>    |
|  | <u>1,418,328</u>  | <u>567,645</u>   |
| Non-current  |                   |                  |
| - Long-term loans - secured                                | 3,205,147         | 3,205,693        |
| - BBA Islamic Debt Securities - secured                    | 1,023,211         | 171,301          |
| - Medium Term Notes - secured                              | 5,131,396         | -                |
| - Sukuk Ijarah Bonds - secured                             | 808,107           | -                |
| - Al Istina Bonds - secured                                | 521,009           | -                |
| - Al Istina Medium Term Notes - secured                    | 5,570,000         | -                |
| - Subordinated loans - unsecured                           | 7,725             | -                |
| - Junior Sukuk - unsecured                                 | 1,700,000         | -                |
| - Redeemable Unsecured<br>Loan Stock - unsecured           | <u>195,425</u>    | <u>-</u>         |
|  | <u>18,162,020</u> | <u>3,376,994</u> |
| - Redeemable convertible<br>subordinated loans - unsecured | <u>158,355</u>    | <u>158,355</u>   |
| - Redeemable preference share                              | <u>94,046</u>     | <u>94,046</u>    |

The increase in borrowing is mainly due to the consolidation of Malakoff Corporation's borrowings, which is non recourse to the holding company.

**24. Off-Balance Sheet financial instruments**

The position of forward foreign exchange contracts of Tepat Teknik Sdn Bhd (a 70% owned subsidiary of MMC Engineering Group Berhad) as at 20 August 2007, is as follows:

|     | <u>Contracted<br/>amount '000</u> | <u>RM'000<br/>equivalent</u> |
|-----|-----------------------------------|------------------------------|
| USD | 2,197                             | 7,607                        |

The related accounting policies for the off-balance sheet financial instruments are as disclosed in the financial statements for the financial year ended 31 December 2006.

**25. Changes in material litigation**

There were no substantial changes 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 2006.

**26. Dividend Payable**

No dividends have been recommended by the Directors for the six-month financial period ended 30 June 2007. No dividends were declared by the Directors for the corresponding six-month financial period ended 30 June 2006.

**27. Earnings per ordinary share**

## Basic/Diluted Earnings Per Ordinary Share

|   | 3 months<br>quarter<br>ended | 3 months<br>quarter<br>ended | Cumulative<br>6 months<br>quarter<br>ended | Cumulative<br>6 months<br>quarter<br>ended |
|---|------------------------------|------------------------------|--|--|
|   | <u>30.06.07</u>              | <u>30.06.06</u>              | <u>30.06.07</u>                            | <u>30.06.06</u>                            |
| Profit for the year<br>attributable to shareholders<br>of the Company | 161,941                      | 139,005                      | 253,859                                    | 179,751                                    |
| Weighted average number<br>of ordinary shares<br>in issue ('000)      | 1,522,529                    | 1,522,529                    | 1,522,529                                  | 1,522,529                                  |
| Basic/diluted earnings<br>per ordinary share (sen)                    | 10.64                        | 9.13                         | 16.67                                      | 11.81                                      |

The Redeemable Convertible Subordinated Loans issued by a subsidiary company as disclosed in Note 23 do not have any dilutive effect on the Group's earnings per share.

**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 27 August 2007.

By Order of the Board  
Azlan Shahrin (L.S. No.0009026)  
Secretary  
Kuala Lumpur  
27 August 2007