

Condensed Consolidated Income Statements
Quarterly report on unaudited consolidated results
for the period ended 31 March 2008

| | <u>3 months</u> <u>quarter ended</u> <u>31.03.08</u> RM'000 (Unaudited) | <u>3 months</u> <u>quarter ended</u> <u>31.03.07</u> RM'000 (Unaudited) | <u>Cumulative</u> <u>3 months ended</u> <u>31.03.08</u> RM'000 (Unaudited) | <u>Cumulative</u> <u>3 months ended</u> <u>31.03.07</u> RM'000 (Unaudited) |
|--|---|---|--|--|
| Revenue | 1,836,230 | 758,678 | 1,836,230 | 758,678 |
| Cost of sales | (1,109,379) | (512,952) | (1,109,379) | (512,952) |
| Gross profit | 726,851 | 245,726 | 726,851 | 245,726 |
| Other Operating Income | | | | |
| Items relating to investments | 37,512 | - | 37,512 | - |
| Others | 47,039 | 9,442 | 47,039 | 9,442 |
| Distribution costs | (175) | (513) | (175) | (513) |
| Administrative expenses | (114,942) | (88,926) | (114,942) | (88,926) |
| Operating expenses | (43,129) | (8,088) | (43,129) | (8,088) |
| Finance cost | (346,342) | (51,388) | (346,342) | (51,388) |
| Share of results of associated companies and jointly controlled entities | 32,694 | 31,414 | 32,694 | 31,414 |
| Profit before taxation | 339,508 | 137,667 | 339,508 | 137,667 |
| Taxation | (75,829) | (3,482) | (75,829) | (3,482) |
| Net profit for the period | <u>263,679</u> | <u>134,185</u> | <u>263,679</u> | <u>134,185</u> |
| Attributable to: | | | | |
| Equity shareholders | 157,071 | 91,918 | 157,071 | 91,918 |
| Minority interest | 106,608 | 42,267 | 106,608 | 42,267 |
| | <u>263,679</u> | <u>134,185</u> | <u>263,679</u> | <u>134,185</u> |
| Basic earnings per ordinary share (sen) | 5.2 | 3.0 | 5.2 | 3.0 |
| Diluted earnings per ordinary share (sen) | 5.2 | 3.0 | 5.2 | 3.0 |

The Condensed Unaudited Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.

Condensed Consolidated Balance Sheet
As at 31 March 2008

| | As at 31.03.08 RM'000 (Unaudited) | As at 31.12.07 RM'000 (Restated) |
|---|--|---|
| Property, plant and equipment | 15,117,168 | 15,347,573 |
| Investment properties | 31,895 | 32,429 |
| Prepaid lease payments | 670,776 | 661,203 |
| Investment in associated companies | 1,961,184 | 1,966,977 |
| Investment in jointly controlled entities | 178,697 | 153,252 |
| Deferred tax assets | 265,684 | 269,171 |
| Intangible assets | 8,684,221 | 8,762,035 |
| | <u>26,909,625</u> | <u>27,192,640</u> |
| Current assets | | |
| Inventories | 442,553 | 528,296 |
| Trade and other receivables | 1,949,858 | 1,846,949 |
| Amount due from holding company | 15,780 | 15,780 |
| Marketable securities | 61,206 | 61,206 |
| Deposits, bank and cash balances | 3,668,198 | 3,310,774 |
| | <u>6,137,595</u> | <u>5,763,005</u> |
| Current liabilities | | |
| Trade and other payables | 1,503,718 | 1,197,126 |
| Borrowings | 1,607,647 | 1,718,843 |
| Taxation | 14,981 | 26,830 |
| | <u>3,126,346</u> | <u>2,942,799</u> |
| Net current assets | <u>3,011,249</u> | <u>2,820,206</u> |
| | <u>29,920,874</u> | <u>30,012,846</u> |
| Financed by: | | |
| Capital and reserves | | |
| Share capital | 304,506 | 152,253 |
| Reserves | 5,710,662 | 5,705,713 |
| | <u>6,015,168</u> | <u>5,857,966</u> |
| Minority interests | 3,004,049 | 2,905,543 |
| Total equity | <u>9,019,217</u> | <u>8,763,509</u> |
| Non current liabilities | | |
| Redeemable Preference Shares | 114,051 | 114,051 |
| Redeemable convertible subordinated loans | 158,355 | 158,355 |
| Borrowings | 17,248,503 | 17,584,639 |
| Landlease received in advance | 197,350 | 198,649 |
| Provision for retirement benefits | 42,921 | 41,889 |
| Deferred income | - | 47,808 |
| Deferred tax liabilities | 3,140,477 | 3,103,946 |
| | <u>29,920,874</u> | <u>30,012,846</u> |
| Net assets per share attributable to ordinary equity holders of parent (sen) | 198 | 192 |

The Condensed Unaudited Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.

**Condensed Unaudited Consolidated Statement of Changes in Equity
for the period ended 31 March 2008**

| | Attributable to equity holders of the parent | | | | | Capital* Reserves RM'000 | Retained Earnings RM'000 | Total RM'000 | Minority interest RM'000 | Total RM'000 |
|--|--|----------------------------|--|----------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------|--------------------------------|-----------------|
| | Non-distributable | | Distributable | | | | | | | |
| | Share Capital RM'000 | Share Premium RM'000 | Foreign Exchange Reserve RM'000 | Revaluation Reserve RM'000 | Capital** Reserves RM'000 | | | | | |
| At 1 January 2008 | 152,253 | 2,039,770 | - | 1,219,271 | 308,197 | 350,107 | 1,790,916 | 5,860,514 | 2,807,088 | 8,667,602 |
| Effects of adopting FRS112 | | | | | | 72,293 | (74,841) | (2,548) | 98,455 | 95,907 |
| As restated | 152,253 | 2,039,770 | - | 1,219,271 | 308,197 | 422,400 | 1,716,075 | 5,857,966 | 2,905,543 | 8,763,509 |
| Disposal of subsidiary | - | - | - | - | - | - | - | - | (3,477) | (3,477) |
| Currency translation differences | - | - | 131 | - | - | - | - | 131 | - | 131 |
| Net income recognised directly in equity | - | - | 131 | - | - | - | - | 131 | (3,477) | (3,346) |
| Net profit for the period | - | - | - | - | - | - | 157,071 | 157,071 | 106,608 | 263,679 |
| Issuance of bonus shares | 152,253 | - | - | - | (152,253) | - | - | - | - | - |
| Dividend | - | - | - | - | - | - | - | - | (4,625) | (4,625) |
| At 31 March 2008 | 304,506 | 2,039,770 | 131 | 1,219,271 | 155,944 | 422,400 | 1,873,146 | 6,015,168 | 3,004,049 | 9,019,217 |
| 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 |
| Effects of adopting FRS112 | | | | | | 72,293 | (74,371) | (2,078) | 98,658 | 96,580 |
| As restated | 152,253 | 2,039,770 | (55,765) | 28,120 | 216,463 | 422,400 | 1,340,364 | 4,143,605 | 543,388 | 4,686,993 |
| Currency translation differences | - | - | (14) | - | - | - | - | (14) | - | (14) |
| Net income recognised directly in equity | - | - | (14) | - | - | - | - | (14) | - | (14) |
| Net profit for the period | - | - | - | - | - | - | 91,918 | 91,918 | 42,267 | 134,185 |
| Decrease in equity interest in existing subsidiary | - | - | - | - | - | - | - | - | 1,897 | 1,897 |
| At 31 March 2007 | 152,253 | 2,039,770 | (55,779) | 28,120 | 216,463 | 422,400 | 1,432,282 | 4,235,509 | 587,552 | 4,823,061 |

* - 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 Audited Consolidated Cash Flow Statement
For the period ended 31 March 2008**

| | 3 months ended 31.03.08 RM'000 (Unaudited) | 3 months ended 31.03.07 RM'000 (Unaudited) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before taxation | 339,508 | 137,667 |
| Adjustments for: | | |
| Non-cash items | 183,922 | 58,254 |
| Interest expense | 346,342 | 51,388 |
| Interest income | (39,538) | (5,057) |
| Dividend income | - | (55) |
| Share of results in associates and jointly controlled entities | (32,694) | (31,414) |
| Operating profit before working capital changes | 797,540 | 210,783 |
| Changes in working capital: | | |
| Net change in current assets | (22,112) | (76,131) |
| Net change in current liabilities | 325,783 | 14,874 |
| Cash generated from operations | 1,101,211 | 149,526 |
| Tax paid | (64,632) | (18,588) |
| Net cash generated from operating activities | 1,036,579 | 130,938 |
| Cash flows from investing activities | | |
| Net cash inflow from disposals of subsidiaries | 90,142 | - |
| Net cash outflow from acquisition of associates | (13,672) | - |
| Purchase of property, plant and equipment | (187,862) | (78,733) |
| Cash inflow on the issuance of shares from a subsidiary | - | 3,000 |
| Redemption of preference shares in an associate | - | 3,000 |
| Redemption of RULS in a subsidiary | 15,200 | |
| Proceeds from sale of property, plant and equipment | 260 | 100 |
| Proceeds from sale of associates | - | 1,813 |
| Interest received | 39,538 | 5,057 |
| Dividend received | 2,616 | 24,609 |
| Research and development expenses paid | (34) | (67) |
| Net cash used in investing activities | (53,812) | (41,221) |
| Cash flows from financing activities | | |
| Drawdown of term loans | 65,515 | 14,225 |
| Repayment of term loans | (338,794) | (67,982) |
| Dividend paid to minority shareholder | (4,625) | - |
| Interest paid | (346,342) | (51,388) |
| Net cash used in financing activities | (624,246) | (105,145) |
| Net increase in cash and cash equivalents | 358,521 | (15,428) |
| Effects of changes in exchange rate | 131 | (14) |
| Cash & Cash Equivalents at beginning of financial period | 3,277,682 | 651,080 |
| Cash and cash equivalents at end of financial period | 3,636,334 | 635,638 |
| Cash and cash equivalents comprise: | | |
| Deposits and bank balances | 3,668,198 | 651,176 |
| Designated accounts | (12,442) | (12,444) |
| Pledge deposits | (16,802) | (22) |
| Bank overdrafts | (2,620) | (3,072) |
| | 3,636,334 | 635,638 |

The Condensed Audited Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2007.

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 2007. 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 2007.

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 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") which are applicable to the financial statements for annual periods beginning on or after 1 January 2008 as follows:

| | |
|---------|--|
| FRS 107 | Cash Flow Statements |
| FRS 111 | Construction Contracts |
| FRS 112 | Income Taxes |
| FRS 118 | Revenue |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |

- FRS 121 Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates
- FRS 134 Interim Financial Reporting
- FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoptions of the above FRSS do not have significant financial impact to the Group except for the adoption of FRS 112 as discussed below:

FRS 112 Income Taxes

The adoption of the revised FRS 112 has resulted in a retrospective application of the change to the accounting policy relating to the recognition of deferred tax assets arising from re-investment or other allowances in excess of capital allowances. Prior to 1 January 2008, deferred tax asset arising from re-investment allowances is not recognised.

The effect to the Group's comparative figures as at 31 December 2007 on adoption of the above FRS is as follows:-

| Balance sheet As at 31 December 2007 | <u>As previously stated</u> RM mil | <u>Effects on adoption</u> RM mil | <u>Reclass</u> RM mil | <u>As restated</u> RM mil |
|---|---|--|--------------------------|----------------------------------|
| Deferred tax assets | 16 | 293 | (39) | 270 |
| Intangibles | 8,959 | (197) | - | 8,762 |
| Retained earnings | 1,791 | (75) | - | 1,716 |
| Capital reserves | 350 | 72 | - | 422 |
| Minority interest | 2,807 | 99 | - | 2,906 |
| Deferred tax liability | 3,143 | - | (39) | 3,104 |

3. Audit qualification

The report of the auditors on the Group's financial statements for the year ended 31 December 2007 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.

6. Changes in estimates

There was 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 31 March 2008 except for, the allotment of bonus issue of 1,522,529,276 new shares of RM0.10 each on the basis of 1 new ordinary share for every existing share in issue. The shares were listed on 28 January 2008 and ranked pari passu in all respects to existing shares in issue.

8. Dividend paid

There was no dividend paid during the quarter ended 31 March 2008.

9. Segment Reporting

The Group's segmental report for the current quarter ended 31 March 2008 is as follows:

| | <u>Transport & Logistics</u> RM mil | <u>Energy & Utilities</u> RM mil | <u>Engineering & Construction</u> RM mil | <u>Others</u> RM mil | <u>Total</u> RM mil |
|---|--|---|---|-------------------------|------------------------|
| Revenue | | | | | |
| Total | 292 | 1,522 | 44 | 10 | 1,868 |
| Inter-segment | - | - | (32) | - | (32) |
| External | 292 | 1,522 | 12 | 10 | 1,836 |
| Results | | | | | |
| Segment Profit | 98 | 481 | (4) | 1 | 576 |
| Items relating to investments | | | | | 38 |
| Interest income | | | | | 39 |
| Finance cost | | | | | (346) |
| Share of results of associates and joint ventures | - | 7 | 28 | (2) | 33 |
| Profit before taxation | | | | | 340 |
| Taxation | | | | | (76) |
| Profit after taxation | | | | | 264 |

The Group's segmental report for the corresponding quarter ended 31 March 2007 is as follows:

| | <u>Transport & Logistics</u> RM mil | <u>Energy & Utilities</u> RM mil | <u>Engineering & Construction</u> RM mil | <u>Others</u> RM mil | <u>Total</u> RM mil |
|---|--|---|---|-------------------------|------------------------|
| Revenue | | | | | |
| Total | 287 | 373 | 93 | 6 | 759 |
| Inter-segment | - | - | - | - | - |
| External | 287 | 373 | 93 | 6 | 759 |
| Results | | | | | |
| Segment profit/ (loss) | 90 | 62 | 5 | (5) | 152 |
| Interest income | | | | | 5 |
| Finance cost | | | | | (51) |
| Share of results of associates and joint ventures | - | 24 | 7 | - | 31 |

| | |
|---------------|-----|
| Profit before | |
| Taxation | 137 |
| Taxation | (3) |
| Profit after | |
| Taxation | 134 |

10. Property, plant and equipment

Certain group properties were re-valued in the past. No subsequent revaluations were done.

11. Events subsequent to the balance sheet date

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

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 2 January 2008, MMC Engineering Group Berhad, a 99.9% owned subsidiary, disposed off 7,369,025 ordinary shares of RM1.00 each in Prima Metal Industries Sdn Bhd (formerly known as MMC Metal Industries Sdn Bhd) ("Prima Metal"), representing 75.7% of the equity interest in Prima Metal for a total cash consideration of RM5.5 million resulting in a loss on disposal of RM6.0 million.
- b) On 13 March 2008, the Company disposed off 5,000,000 ordinary shares of RM1.00 each in Konsortium Lebuhraya Butterworth - Kulim (KLBK) Sdn Bhd ("KLBK"), representing 100% of the equity interest in KLBK for a total cash consideration of RM134 million resulting in a gain of RM43.5 million.

The provisional fair value of the net assets disposed:

| | At date of disposal RM mil |
|---|----------------------------------|
| Current Assets | 67.3 |
| Non - Current Assets | 279.5 |
| Current liabilities | (19.3) |
| Non - Current Liabilities | (224.5) |
| Group share of fair value of net assets disposed | <u>103.0</u> |
| Net gain on disposal | 37.5 |
| Realisation of intercompany profit and provisions | (1.0) |
| Proceeds from disposals | <u>139.5</u> |
| Less: Cash & Cash equivalents | (49.4) |
| Net cash inflow on disposal | <u><u>90.1</u></u> |

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 2007 as disclosed in the financial statements of the Group for the financial year ended 31 December 2007, except for the following:

Bank guarantees issued to third parties:

| | 31.03.08 RM million | 31.12.07 RM million |
|--------------|------------------------|------------------------|
| Company | 10.1 | 3.7 |
| Subsidiaries | 474.7 | 470.4 |
| | <u>478.4</u> | <u>474.1</u> |

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

14. Capital commitments

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

| | |
|-----------------------------------|------------|
| | 31.03.08 |
| | RM million |
| Property, plant and equipment: | |
| Authorised but not contracted for | 734 |
| Authorised and contracted for | 286 |
| | <hr/> |
| | 1,020 |
| | <hr/> |

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

The Group's profit before tax for the quarter ended 31 March 2008 of RM340 million was higher by RM202 million compared to the corresponding quarter ended 31 March 2007. The Group's improvement in performance was mainly due to higher contribution from the energy and utilities division arising from the consolidation of Malakoff Corporation Berhad's results and capital gain from the disposal of a subsidiary.

16. Variation of results against preceding quarter

The Group recorded a profit before tax of RM340 million for the current quarter compared to RM350 million in the preceding quarter.

17. Current prospects

The Board expects the Group's financial results for the current financial year ending 31 December 2008 to be better than those achieved in the last financial year ended 31 December 2007, mainly due to consolidation of Malakoff Corporation Berhad's full year results and contributions from Double Tracking Project.

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 quarter ended 31.03.08 | 3 months quarter ended 31.03.07 | Cumulative 3 months ended 31.03.08 | Cumulative 3 months ended 31.03.07 |
|----------------------|--|--|---|---|
| | RM mil | RM mil | RM mil | RM mil |
| Current tax expense | | | | |
| - current | (71) | (13) | (71) | (13) |
| - prior year | (1) | - | (1) | - |
| Deferred tax expense | | | | |
| - current | (4) | (4) | (4) | (4) |
| - prior year | - | 14 | - | 14 |
| | <u>(76)</u> | <u>(3)</u> | <u>(76)</u> | <u>(3)</u> |

The Group's effective tax rate for the current quarter is lower than the statutory income tax rate in Malaysia, mainly due to capital gain from the disposal of a subsidiary 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 or disposals of quoted securities during the current quarter.

Investments in quoted shares as at 31 March 2008:

| | At Cost RM mil | At Book Value RM mil | At Market Value RM mil |
|--------------------------|-------------------|----------------------------|------------------------------|
| Quoted in Malaysia | 62 | 61 | 339 |
| Quoted outside Malaysia | 13 | - | 3 |
| Total quoted investments | <u>75</u> | <u>61</u> | <u>342</u> |

22. Status of corporate proposals announced

There were no updates on corporate proposals announced from the previous quarter up to the date of this announcement.

23. Borrowings

| | <u>31.03.08</u> | <u>31.12.07</u> |
|---|-----------------|-----------------|
| | RM mil | RM mil |
| Current | | |
| - secured | 1,523 | 1,638 |
| - unsecured | <u>85</u> | <u>80</u> |
| | <u>1,608</u> | <u>1,718</u> |
| Non-current | | |
| - Long-term loans - secured | 2,974 | 3,064 |
| - BBA Islamic Debt Securities - secured | 730 | 902 |
| - Medium Term Notes - secured | 5,167 | 5,155 |
| - Sukuk Ijarah Bonds - secured | 762 | 760 |
| - Al Istina - secured | 5,739 | 5,807 |
| - Junior Sukuk - unsecured | 1,700 | 1,700 |
| - Redeemable Unsecured | | |
| Loan Stock - unsecured | <u>176</u> | <u>196</u> |
| | <u>17,248</u> | <u>17,584</u> |
| - Redeemable convertible | | |
| subordinated loans - unsecured | <u>158</u> | <u>158</u> |
| - Redeemable preference share | <u>114</u> | <u>114</u> |

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 14 May 2008, is as follows:

| | <u>Contracted amount '000</u> | <u>RM'000 equivalent</u> |
|-----|-----------------------------------|------------------------------|
| USD | 3,230 | 10,606 |

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 2007.

25. Changes in material litigation

There were no significant 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 2007.

26. Dividend Payable

No dividends have been recommended by the Directors for the current financial period ended 31 March 2008. No dividends were declared by the Directors for the corresponding financial period ended 31 March 2007.

27. Earnings per ordinary share

Basic/Diluted Earnings Per Ordinary Share

| | 3 months quarter ended | 3 months quarter ended | Cumulative 3 months ended | Cumulative 3 months ended |
|--|------------------------------|------------------------------|---------------------------------|---------------------------------|
| | <u>31.03.08</u> | <u>31.03.07</u> | <u>31.03.08</u> | <u>31.03.07</u> |
| Profit for the year attributable to shareholders of the Company (RM mil) | 157 | 92 | 157 | 92 |
| Weighted average number of ordinary shares in issue ('mil) | 3,045.1 | 3,045.1 | 3,045.1 | 3,045.1 |
| Basic/diluted earnings per ordinary share (sen) | 5.2 | 3.0 | 5.2 | 3.0 |

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 22 May 2008.

By Order of the Board
Azlan Shahrin (L.S. No.0009026)
Secretary
Kuala Lumpur
22 May 2008