

Condensed Consolidated Income Statements  
 Quarterly report on unaudited consolidated results  
 for the period ended 31 March 2009

|  | 3 months<br><u>quarter ended</u><br><u>31.03.09</u><br>RM'000<br>(Unaudited) | 3 months<br><u>quarter ended</u><br><u>31.03.08</u><br>RM'000<br>(Unaudited) | Cumulative<br><u>3 months ended</u><br><u>31.03.09</u><br>RM'000<br>(Unaudited) | Cumulative<br><u>3 months ended</u><br><u>31.03.08</u><br>RM'000<br>(Unaudited) |
|--|--|--|---|---|
| Revenue  | 1,912,500  | 1,836,230  | 1,912,500   | 1,836,230   |
| Cost of sales  | <u>(1,243,774)</u>   | <u>(1,109,379)</u>   | <u>(1,243,774)</u>  | <u>(1,109,379)</u>  |
| Gross profit   | 668,726  | 726,851  | 668,726   | 726,851   |
| Other Operating Income   |  |  |   |   |
| Items relating to investments  | 263  | 37,512   | 263   | 37,512  |
| Others   | 38,417   | 47,039   | 38,417  | 47,039  |
| Distribution costs   | (1)  | (175)  | (1)   | (175)   |
| Administrative expenses  | (108,356)  | (114,942)  | (108,356)   | (114,942)   |
| Operating expenses   | (52,224)   | (43,129)   | (52,224)  | (43,129)  |
| Finance cost   | (352,724)  | (346,342)  | (352,724)   | (346,342)   |
| Share of results of<br>associated companies and<br>jointly controlled entities | <u>(34,626)</u>  | <u>32,694</u>  | <u>(34,626)</u>   | <u>32,694</u>   |
| Profit before taxation   | 159,475  | 339,508  | 159,475   | 339,508   |
| Taxation   | <u>(45,881)</u>  | <u>(75,829)</u>  | <u>(45,881)</u>   | <u>(75,829)</u>   |
| Net profit for the period  | <u>113,594</u>   | <u>263,679</u>   | <u>113,594</u>  | <u>263,679</u>  |
| Attributable to:   |  |  |   |   |
| Equity shareholders  | 31,284   | 157,071  | 31,284  | 157,071   |
| Minority interest  | <u>82,310</u>  | <u>106,608</u>   | <u>82,310</u>   | <u>106,608</u>  |
|  | <u>113,594</u>   | <u>263,679</u>   | <u>113,594</u>  | <u>263,679</u>  |
| Basic earnings per ordinary<br>share (sen)                                     | 1.0  | 5.2  | 1.0   | 5.2   |
| Diluted earnings per<br>ordinary share (sen)                                   | 1.0  | 5.2  | 1.0   | 5.2   |

The Condensed Unaudited Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.

Condensed Consolidated Balance Sheet  
As at 31 March 2009

|   | As at<br><u>31.03.09</u><br>RM' 000<br>(Unaudited) | As at<br><u>31.12.08</u><br>RM' 000<br>(Audited) |
|---|--|--|
| <b>Non-Current assets</b>   |  |  |
| Property, plant and equipment   | 16,011,432   | 16,010,857                                       |
| Investment properties   | 32,374   | 32,492   |
| Prepaid lease payments  | 648,140  | 650,759  |
| Investment in associated companies  | 1,809,348  | 1,950,041  |
| Investment in jointly controlled entities   | 339,834  | 314,498  |
| Property development expenditure  | 40,648   | 40,648   |
| Other assets  | 8,098  | 8,244  |
| Deferred tax assets   | 435,559  | 417,315  |
| Intangible assets   | 8,282,866  | 8,394,669  |
|   | <u>27,608,299</u>                                  | <u>27,819,523</u>                                |
| <b>Current assets</b>   |  |  |
| Inventories   | 743,586  | 674,426  |
| Trade and other receivables   | 2,481,853  | 2,237,226  |
| Tax recoverable   | 132,428  | 140,783  |
| Amount due from holding company   | 13,780   | 13,780   |
| Marketable securities   | 61,237   | 61,237   |
| Deposits, bank and cash balances  | 3,955,431  | 3,787,309  |
|   | <u>7,388,315</u>                                   | <u>6,914,761</u>                                 |
| <b>Current liabilities</b>  |  |  |
| Trade and other payables  | 1,977,135  | 1,912,678  |
| Borrowings  | 2,040,583  | 2,278,454  |
| Taxation  | 41,620   | 37,198   |
|   | <u>4,059,338</u>                                   | <u>4,228,330</u>                                 |
| <b>Net current assets</b>   | <u>3,328,977</u>                                   | <u>2,686,431</u>                                 |
|   | <u>30,937,276</u>                                  | <u>30,505,954</u>                                |
| <b>Financed by:</b>   |  |  |
| <b>Capital and reserves</b>   |  |  |
| Share capital   | 304,506  | 304,506  |
| Reserves  | 5,763,075  | 5,809,523  |
|   | <u>6,067,581</u>                                   | <u>6,114,029</u>                                 |
| <b>Minority interests</b>   | <u>3,226,553</u>                                   | <u>3,245,997</u>                                 |
| <b>Total equity</b>   | <u>9,294,134</u>                                   | <u>9,360,026</u>                                 |
| <b>Non current liabilities</b>  |  |  |
| Redeemable Preference Shares  | 114,051  | 114,051  |
| Redeemable convertible subordinated loans   | 158,355  | 158,355  |
| Redeemable convertible unsecured loans stocks                                       | 38,892   | 38,674   |
| Borrowings  | 18,008,207   | 17,496,217                                       |
| Landlease received in advance   | 198,327  | 198,204  |
| Provision for retirement benefits   | 44,531   | 44,327   |
| Deferred tax liabilities  | 3,080,779  | 3,096,100  |
|   | <u>30,937,276</u>                                  | <u>30,505,954</u>                                |
| <b>Net assets per share attributable to ordinary equity holders of parent (sen)</b> | <b>199</b>   | <b>201</b>                                       |

The Condensed Unaudited Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.

Condensed Unaudited Consolidated Statement of Changes in Equity  
for the period ended 31 March 2009

|  | Attributable to equity holders of the parent |               |                          |                     |                    |                   |                   | Total     | Minority interest | Total     |
|--|--|---------------|--------------------------|---------------------|--------------------|-------------------|-------------------|-----------|-------------------|-----------|
|  | Non-distributable                            |               |                          | Distributable       |                    |                   |                   |           |                   |           |
|  | Share Capital                                | Share Premium | Foreign Exchange Reserve | Revaluation Reserve | Capital** Reserves | Capital* Reserves | Retained Earnings |           |                   |           |
|  | RM'000                                       | RM'000        | RM'000                   | RM'000              | RM'000             | RM'000            | RM'000            | RM'000    | RM'000            | RM'000    |
| At 1 January 2009                          | 304,506                                      | 2,039,770     | 139                      | 1,219,271           | 28,885             | 422,783           | 2,098,675         | 6,114,029 | 3,245,997         | 9,360,026 |
| Acquisition of subsidiary                  | -  | -             | -                        | -                   | -                  | (13,156)          | -                 | (13,156)  | 13,306            | 150       |
| Share of movement in associates's reserves | -  | -             | -                        | -                   | (64,199)           | -                 | -                 | (64,199)  | -                 | (64,199)  |
| Currency translation differences           | -  | -             | (377)                    | -                   | -                  | -                 | -                 | (377)     | -                 | (377)     |
| Net income recognised directly in equity   | -  | -             | (377)                    | -                   | (64,199)           | (13,156)          | -                 | (77,732)  | 13,306            | (64,426)  |
| Transfer to capital reserves               | -  | -             | -                        | -                   | -                  | 577               | (577)             | -         | -                 | -         |
| Net profit for the period                  | -  | -             | -                        | -                   | -                  | -                 | 31,284            | 31,284    | 82,310            | 113,594   |
| Dividend                                   | -  | -             | -                        | -                   | -                  | -                 | -                 | -         | (115,060)         | (115,060) |
| At 31 March 2009                           | 304,506                                      | 2,039,770     | (238)                    | 1,219,271           | (35,314)           | 410,204           | 2,129,382         | 6,067,581 | 3,226,553         | 9,294,134 |
| 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 |

\* - 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.

The Condensed Unaudited Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.

**Condensed Audited Consolidated Cash Flow Statement  
For the period ended 31 March 2009**

|  | 3 months<br>ended<br>31.03.09<br>RM'000<br>(Unaudited) | 3 months<br>ended<br>31.03.08<br>RM'000<br>(Unaudited) |
|--|--|--|
| Cash flows from operating activities                           |  |  |
| Profit before taxation   | 159,475  | 339,508  |
| Adjustments for:   |  |  |
| Non-cash items   | 305,780  | 182,493  |
| Interest expense   | 352,724  | 346,342  |
| Interest income  | (42,443)   | (39,538)   |
| Share of results in associates and jointly controlled entities | 34,626   | (32,694)   |
| Operating profit before working capital changes                | 810,162  | 796,111  |
| Changes in working capital:                                    |  |  |
| Net change in current assets                                   | (319,348)  | (22,112)   |
| Net change in current liabilities                              | 62,725   | 325,783  |
| Cash generated from operations                                 | 553,539  | 1,099,782  |
| Tax paid   | (66,664)   | (64,632)   |
| Land lease received in advance                                 | 2,851  | 1,429  |
| Retirement benefits paid                                       | (108)  | -  |
| <b>Net cash generated from operating activities</b>            | <b>489,618</b>   | <b>1,036,579</b>                                       |
| Cash flows from investing activities                           |  |  |
| Net cash inflow from disposals of subsidiaries                 | -  | 90,142   |
| Net cash outflow from acquisition of associates                | -  | (13,672)   |
| Net cash outflow from acquisition of subsidiary                | (350)  | -  |
| Purchase of property, plant and equipment                      | (178,695)  | (187,862)  |
| Redemption / (subscription) RULS in a subsidiary               | 8,000  | 15,200   |
| Proceeds from sale of property, plant and equipment            | 1,148  | 260  |
| Interest received  | 42,443   | 39,538   |
| Dividend received  | -  | 2,616  |
| Research and development expenses paid                         | -  | (34)   |
| <b>Net cash used in investing activities</b>                   | <b>(127,454)</b>                                       | <b>(53,812)</b>  |
| Cash flows from financing activities                           |  |  |
| Drawdown of term loans   | 792,080  | 65,515   |
| Repayment of term loans  | (516,807)  | (338,794)  |
| Dividend paid to minority shareholder                          | (115,060)  | (4,625)  |
| Interest paid  | (352,724)  | (346,342)  |
| <b>Net cash used in financing activities</b>                   | <b>(192,511)</b>                                       | <b>(624,246)</b>                                       |
| Net increase in cash and cash equivalents                      | 169,653  | 358,521  |
| Effects of changes in exchange rate                            | (377)  | 131  |
| Cash & Cash Equivalents at beginning of financial year         | 3,755,025  | 3,277,682  |
| <b>Cash and cash equivalents at end of financial year</b>      | <b>3,924,301</b>                                       | <b>3,636,334</b>                                       |
| Cash and cash equivalents comprise:                            |  |  |
| Deposits and bank balances                                     | 3,955,431  | 3,668,198  |
| Designated accounts  | (12,442)   | (12,442)   |
| Pledge deposits  | (17,906)   | (16,802)   |
| Bank overdrafts  | (782)  | (2,620)  |
|  | <b>3,924,301</b>                                       | <b>3,636,334</b>                                       |

The Condensed Audited Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008.

**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 2008. 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 2008.

**2. Changes in Accounting Policies**

The significant accounting policies, method of computation and basis of consolidation applied in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2008.

**3. Audit qualification**

The report of the auditors on the Group's financial statements for the year ended 31 December 2008 was not subject to any qualification.

**4. Seasonal or cyclical factors**

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

**5. Unusual items**

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

**6. Changes in estimates**

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

**7. Debt and equity securities**

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter ended 31 March 2009.

**8. Dividend paid**

There was no dividend paid during the quarter ended 31 March 2009.

**9. Segment Reporting**

The Group's segmental report for the three-month financial period ended 31 March 2009 is as follows:

|   | <u>Transport<br/>&amp;<br/>Logistics</u><br>RM mil | <u>Energy<br/>&amp;<br/>Utilities</u><br>RM mil | <u>Engineering<br/>&amp;<br/>Construction</u><br>RM mil | <u>Others</u><br>RM mil | <u>Total</u><br>RM mil |
|---|--|---|---|-------------------------|------------------------|
| <b>Revenue</b>  |  |   |   |                         |                        |
| Total   | 270  | 1,638   | 9   | 1                       | 1,918                  |
| Inter-segment   | -  | (3)   | (3)   | -                       | (6)                    |
| External  | 270  | 1,635   | 6   | 1                       | 1,912                  |
| <b>Results</b>  |  |   |   |                         |                        |
| Segment Profit<br>/(Loss)                               | 61   | 451   | 1   | (8)                     | 505                    |
| Items relating to<br>investments                        |  |   |   |                         | -                      |
| Interest income   |  |   |   |                         | 42                     |
| Finance cost  |  |   |   |                         | (353)                  |
| Share of results<br>of associates and<br>joint ventures | -  | (10)  | (25)  | -                       | (35)                   |
| Profit before<br>Taxation                               |  |   |   |                         | 159                    |
| Taxation  |  |   |   |                         | (46)                   |
| Profit after<br>Taxation                                |  |   |   |                         | 113                    |

The Group's segmental report for the corresponding three-month financial period ended 31 March 2008 is as follows:

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

#### 10. 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 FRS 116.

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

The Group had recently received a part payment of RM271 million in settlement of the outstanding receivables as at 31 December 2008 of Southern Water Corporation Sdn. Bhd. and Equiventures Sdn. Bhd.



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

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

- a) On 22 January 2009, the Company converted its cash advances to Recycle Energy Sdn Bhd ("RESB") for additional 42,500,000 ordinary shares of RM1.00 each representing additional 26% of its equity interest. This has effectively increased the Group's interest in RESB from 51% to 77%.
- b) On 4 February 2009, Malakoff Corporation Berhad's wholly-owned offshore subsidiary, Malakoff International Limited subscribed to 1,400 shares of BHD 100 each totalling up to RM1.41 million in Kingdom Utility Holding Company ("KUH"), a company incorporated in Bahrain, representing 33.3% of the total issued and paid-up share capital of KUH.

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

There was no change in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2008 as disclosed in the financial statements of the Group for the financial year ended 31 December 2008, except for the following:

- a) Bank guarantees issued to third parties:

|              | 31.03.09     | 31.12.08     |
|--------------|--------------|--------------|
|              | RM million   | RM million   |
| Subsidiaries | 401.0        | 481.0        |
|              | <u>401.0</u> | <u>481.0</u> |

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

- b) On 25 June 2008, Segari Energy Ventures Sdn Bhd ("SEV"), a 93.75% owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, filed a statement of claim in arbitration proceedings against Tenaga Nasional Berhad ("TNB"), claiming a sum of RM43,692,188.47 in relation to wrongful set-off of SEV's billing statements. On 25 July 2008, TNB filed its defence and counterclaim seeking, among others, in relation to the RM43,692,188.47 claimed by SEV, a declaration that the said amounts were lawfully deducted, or alternatively, payment of the said amounts to TNB; and in respect of the metering inaccuracies, payment of all the amounts of energy payments allegedly received by SEV in excess of the sum due to SEV, which is to be determined by the arbitral tribunal. The Company is of the view, in consultation with solicitors, that there is a favourable chance of success in the arbitration proceedings.
- c) On 13 November 2008, Wayss & Freytag (Malaysia) Sdn Bhd ("Wayss & Freytag") served on MMC Engineering Group Berhad ("MMCEG"), a subsidiary of MMC, a Writ of Summons and a Statement of Claim ("the Court Action"). The Court Action is for *inter-alia*, a declaration that the MMCEG-Gamuda Berhad Joint Venture ("the JV") is in breach of the sub-contract dated 16 April 2003 ("the Sub-Contract") awarded to Wayss & Freytag to construct and complete the North Tunnel Drive of the Stormwater Management and Road Tunnel Project ("the SMART Project"), by failing to make payment of RM102,366,880.42 awarded by the Dispute Adjudication Board ("DAB") to Wayss & Freytag in respect of various claims arising out of the Sub-Contract and for damages of the same amount subsequent to the JV terminating the Sub-contract on 23 January 2006 due to

Wayss & Freytag's inordinate delay in the progress of its work. Under the Sub-contract any party who is dissatisfied with the decision of the DAB may issue a Notice of Dissatisfaction and require the matter to be referred to arbitration for final adjudication. The JV will accordingly resist the Court Action. The Directors are of the view that based on legal advice from solicitors, MMCEG has a good chance of staying the Court Action.

- d) Further to item (c) above, MMCEG and Gamuda Berhad, have on 17 December 2008, issued a Notice of Arbitration to commence arbitration proceedings against Wayss & Freytag in respect of their claims for RM154,774,949.83 against Wayss & Freytag for breach of the Sub-Contract.

Similarly, Wayss & Freytag had on 15 January 2009 issued a Notice of Arbitration to commence arbitration proceedings against MMCEG and Gamuda Berhad in respect of their claims for approximately RM151,279,445.58 against MMCEG and Gamuda Berhad for breach of the Sub-Contract.

As advised by the solicitors acting for the JV in the arbitration proceedings, the Company is of the view that MMCEG, as a party to the JV, has a good chance of success in the arbitration proceedings.

- (e) On 12 December 2006, the Group's subsidiary Southern Water Corporation Sdn. Bhd. (SWC), has initiated legal proceedings against Syarikat Air Johor Sdn. Bhd. (SAJ) for breach of contractual payment of the outstanding trade receivables amounting to RM75,037,785.06 million as at 7 December 2006, together with interest and costs, pursuant to the Concession Agreement dated 31 May 1994 entered into between SAJ and SWC.

On 11 June 2007, the court awarded a Summary Judgment Order in favour of SWC for the sum of RM73,037,785.06 million, together with interests and costs. SAJ appealed against the Summary Judgment Order. In addition, SAJ also filed a counterclaim against SWC.

Pending the outcome of their appeal against the Summary Judgment Order made in favour of SWC, SAJ also applied for a Stay of Execution of the said Order.

Subsequently, SWC applied and obtained a Garnishee Order against SAJ Holdings Sdn. Bhd. (SAJH) for the sum of RM42,930,281.91. The Garnishee Order was made absolute on 19 December 2007 and SAJH was ordered to pay SWC the sum of RM42,930,281.91 within 30 days from 19 December 2007.

SAJH appealed to the Judge in Chambers against the Garnishee Order Absolute. SAJH's application for a stay of execution of the Garnishee Order Absolute was dismissed by the Deputy Registrar. At the hearing of the appeal with respect to the Garnishee Order Absolute on 5 March 2008, SAJH also orally appealed on their application for a Stay of Execution on the Garnishee Order Absolute which was dismissed by the Deputy Registrar.

The High Court, however, granted SAJH an interim stay on 5 March 2008. SWC has lodged an appeal to the Court of Appeal against the order for an interim stay granted in favour SAJH.

The solicitors for SWC are of the opinion that the appeals by SAJ and SAJH, respectively could go either way as the parties need only to raise a triable issue of law or fact for the case to go for a full trial.

**14. Capital commitments**

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

|                                   |            |
|-----------------------------------|------------|
|                                   | 31.03.09   |
|                                   | RM million |
| Property, plant and equipment:    |            |
| Authorised and contracted for     | 459.8      |
| Authorised but not contracted for | 379.2      |
|                                   | <hr/>      |
|                                   | 839.0      |
|                                   | <hr/>      |

**Additional information required by the Bursa Securities Listing Requirements****15. Review of performance**

The Group's profit before tax for the three-month financial period ended 31 March 2009 of RM159.5 million was lower by RM180.0 million compared to the corresponding financial period ended 31 March 2008.

The Group's performance was affected by:-

- i) Lower contribution from the transportation and logistics division and energy and utilities division due to the impact of the economic downturn;
- ii) Share of losses absorbed during the current quarter from Zelan Berhad amounting to RM50.2 million attributed to provision for foreseeable losses for its ongoing projects in the Middle East; and
- iii) The prior financial period had an exceptional gain of RM37.5 million due to the disposal of a subsidiary.

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

The Group recorded a profit before tax of RM159.5 million for the current quarter compared to RM117.8 million in the preceding quarter. This is due to a higher contribution from the energy and utilities division of which there were provisions for windfall profit levy of RM141.9 million and the impairment loss on investment in an associate of RM50.6 million in the preceding quarter.

**17. Current prospects**

Due to the current adverse economic scenario, the Board expects the Group's financial results for the current financial year ending 31 December 2009 to be less satisfactory compared to those achieved in the last financial year ended 31 December 2008.

**18. Profit forecast or profit guarantee**

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

**19. Tax expense**

|                      | 3 months<br>quarter<br>ended<br>31.03.09<br>RM mil | 3 months<br>quarter<br>ended<br>31.03.08<br>RM mil | Cumulative<br>3 months<br>ended<br>31.03.09<br>RM mil | Cumulative<br>3 months<br>ended<br>31.03.08<br>RM mil |
|----------------------|--|--|---|---|
| Current tax expense  |  |  |   |   |
| - current            | (57)   | (71)   | (57)  | (71)  |
| - prior year         | (5)  | (1)  | (5)   | (1)   |
| Deferred tax expense |  |  |   |   |
| - current            | 16   | (4)  | 16  | (4)   |
| - prior year         | -  | -  | -   | -   |
|                      | <u>(46)</u>  | <u>(76)</u>  | <u>(46)</u>   | <u>(76)</u>   |

The Group's effective tax rate for the current financial year is higher than the statutory income tax rate in Malaysia, mainly due to share of losses from associated companies offsetting the deferred tax income from the Investment Tax Allowance in certain subsidiaries.

**20. Unquoted investments and landed properties**

There was no sale of unquoted investments and landed properties during the current quarter.

**21. Quoted investments**

There was no acquisition or disposal of quoted securities during the current quarter.

Investments in quoted shares as at 31 March 2009:

|                          | At Cost<br>RM mil | At<br>Book Value<br>RM mil | At<br>Market Value<br>RM mil |
|--------------------------|-------------------|----------------------------|------------------------------|
| Quoted in Malaysia       | 62                | 61                         | 207                          |
| Quoted outside Malaysia  | 13                | -                          | 6                            |
| Total quoted investments | 75                | 61                         | 213                          |

**22. Status of corporate proposals announced**Status of the Proposed SATS Acquisition

On 24 April 2009, the Company announced that the proposed acquisition of the entire issued and paid-up share capital of Senai Airport Terminal Services Sdn Bhd ("SATS") for a cash consideration of RM1.70 billion ("Proposed SATS Acquisition") has been completed.

Status of the ESB Offer

The mandatory downstream conditional take-over offer to acquire all the remaining ordinary shares of RM1.00 each in Equiventures Sdn Bhd ("ESB") ("ESB Share(s)") not already owned by MMC and Aliran Ihsan Resources Berhad ("AIRB"), being the person acting in concert with the Company, for a cash consideration of RM9.37 per ESB Share had closed on 20 February 2009 and there is no effectual and valid unconditional acceptance.



For further details on the Proposed SATS Acquisition and the ESB Offer, please refer to Bursa Securities' website for the relevant announcements.

### 23. Borrowings

|                                | <u>31.03.09</u> | <u>31.12.08</u> |
|--------------------------------|-----------------|-----------------|
|                                | RM mil          | RM mil          |
| Current                        |                 |                 |
| - secured                      | 1,757           | 1,679           |
| - unsecured                    | <u>283</u>      | <u>599</u>      |
|                                | <u>2,040</u>    | <u>2,278</u>    |
| Non-current                    |                 |                 |
| - Long-term loans - secured    | 4,447           | 3,873           |
| - ABBA Bonds - secured         | 610             | 610             |
| - Medium Term Notes - secured  | 5,214           | 5,202           |
| - Sukuk Ijarah Bonds - secured | 674             | 672             |
| - Al Istina - secured          | 5,186           | 5,252           |
| - Junior Sukuk - unsecured     | 1,700           | 1,700           |
| - Redeemable Unsecured         |                 |                 |
| Loan Stock - unsecured         | <u>177</u>      | <u>187</u>      |
|                                | <u>18,008</u>   | <u>17,496</u>   |
| - Redeemable convertible       |                 |                 |
| subordinated loans - unsecured | <u>158</u>      | <u>158</u>      |
| - Redeemable convertible       |                 |                 |
| loans stock - unsecured        | <u>39</u>       | <u>39</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 30 April 2009, is as follows:

|      | <u>Contracted<br/>amount '000</u> | <u>RM'000<br/>equivalent</u> |
|------|-----------------------------------|------------------------------|
| USD  | 2,550                             | 9,093                        |
| EURO | 92                                | 441                          |

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 2008.

**25. Changes in material litigation**

Save as disclosed under notes 13(b) to 13(e), there was 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 2008.

**26. Dividend Payable**

No dividend has been recommended by the Directors for the current financial period ended 31 March 2009. No dividend was declared by the Directors for the corresponding financial period ended 31 March 2008.

**27. Earnings per ordinary share**

## Basic/Diluted Earnings Per Ordinary Share

|  | 3 months<br>quarter<br>ended<br><u>31.03.09</u> | 3 months<br>quarter<br>ended<br><u>31.03.08</u> | Cumulative<br>3 months<br>ended<br><u>31.03.09</u> | Cumulative<br>3 months<br>ended<br><u>31.03.08</u> |
|--|---|---|--|--|
| Profit for the period<br>attributable to shareholders<br>of the Company (RM mil) | 31  | 157   | 31   | 157  |
| Weighted average number<br>of ordinary shares<br>in issue ('mil)                 | 3,045.1   | 3,045.1   | 3,045.1  | 3,045.1  |
| Basic earnings<br>per ordinary share (sen)                                       | 1.0   | 5.2   | 1.0  | 5.2  |
| Diluted earnings<br>per ordinary share (sen)                                     | 1.0   | 5.2   | 1.0  | 5.2  |

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 28 May 2009.

By Order of the Board  
 Ahmad Aznan Mohd Nawawi (L.S. No.0009371)  
 Sazlin Ayesha Abdul Samat (L.S. No.0008112)  
 Secretaries  
 Kuala Lumpur  
 28 May 2009