

**Condensed Consolidated Income Statements**  
**Quarterly report on unaudited consolidated results**  
**for the period ended 30 June 2009**

	<u>3 months</u> <u>quarter ended</u> <u>30.06.09</u> RM'000 (Unaudited)	<u>3 months</u> <u>quarter ended</u> <u>30.06.08</u> RM'000 (Unaudited)	<u>Cumulative</u> <u>6 months ended</u> <u>30.06.09</u> RM'000 (Unaudited)	<u>Cumulative</u> <u>6 months ended</u> <u>30.06.08</u> RM'000 (Unaudited)
Revenue	2,165,996	1,992,602	4,078,496	3,828,832
Cost of sales	<u>(1,349,417)</u>	<u>(1,276,805)</u>	<u>(2,593,191)</u>	<u>(2,386,184)</u>
Gross profit	816,579	715,797	1,485,305	1,442,648
Other Operating Income				
Items relating to investments	17	-	280	37,512
Others	82,860	48,752	121,277	95,791
Distribution costs	(67)	(163)	(68)	(338)
Administrative expenses	(211,946)	(108,503)	(320,302)	(223,445)
Operating expenses	(82,167)	(64,417)	(134,391)	(107,546)
Finance cost	(340,401)	(342,499)	(693,125)	(688,841)
Share of results of associated companies and jointly controlled entities	<u>(79,701)</u>	<u>57,286</u>	<u>(114,327)</u>	<u>89,980</u>
Profit before taxation	185,174	306,253	344,649	645,761
Taxation	<u>(34,383)</u>	<u>(69,178)</u>	<u>(80,264)</u>	<u>(145,007)</u>
Net profit for the period	<u><u>150,791</u></u>	<u><u>237,075</u></u>	<u><u>264,385</u></u>	<u><u>500,754</u></u>
Attributable to:				
Equity shareholders	7,118	125,922	38,402	282,993
Minority interest	<u>143,673</u>	<u>111,153</u>	<u>225,983</u>	<u>217,761</u>
	<u><u>150,791</u></u>	<u><u>237,075</u></u>	<u><u>264,385</u></u>	<u><u>500,754</u></u>
Basic earnings per ordinary share (sen)	0.2	4.1	1.3	9.3
Diluted earnings per ordinary share (sen)	0.2	4.1	1.3	9.3

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 30 June 2009**

	<b>As at</b> <b><u>30.06.09</u></b> <b>RM' 000</b> <b>(Unaudited)</b>	<b>As at</b> <b><u>31.12.08</u></b> <b>RM' 000</b> <b>(Audited)</b>
<b>Non-Current assets</b>		
Property, plant and equipment	16,812,168	16,010,857
Investment properties	32,240	32,492
Prepaid lease payments	1,212,591	650,759
Investment in associated companies	1,770,971	1,950,041
Investment in jointly controlled entities	204,458	314,498
Property development expenditure	2,037,895	40,648
Other assets	7,511	8,244
Deferred tax assets	442,096	417,315
Intangible assets	8,249,498	8,394,669
	<u>30,769,428</u>	<u>27,819,523</u>
<b>Current assets</b>		
Inventories	643,351	674,426
Trade and other receivables	2,055,368	2,237,226
Tax recoverable	184,437	140,783
Amount due from holding company	7,518	13,780
Marketable securities	61,237	61,237
Deposits, bank and cash balances	3,957,179	3,787,309
	<u>6,909,090</u>	<u>6,914,761</u>
<b>Current liabilities</b>		
Trade and other payables	2,079,956	1,912,678
Borrowings	1,984,369	2,278,454
Taxation	42,598	37,198
	<u>4,106,923</u>	<u>4,228,330</u>
<b>Net current assets</b>	<u>2,802,167</u>	<u>2,686,431</u>
	<u>33,571,595</u>	<u>30,505,954</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	304,506	304,506
Reserves	5,743,097	5,809,523
	<u>6,047,603</u>	<u>6,114,029</u>
<b>Minority interests</b>		
Total equity	<u>9,439,880</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	39,110	38,674
Borrowings	19,834,356	17,496,217
Landlease received in advance	194,958	198,204
Provision for retirement benefits	47,778	44,327
Other Payables	108,114	-
Deferred tax liabilities	3,634,993	3,096,100
	<u>33,571,595</u>	<u>30,505,954</u>
Net assets per share attributable to ordinary equity holders of parent (sen)	199	201

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 30 June 2009**

	Attributable to equity holders of the parent							Total RM'000	Minority interest RM'000	Total RM'000
	Non-distributable			Distributable		Capital*	Retained			
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Revaluation Reserve RM'000	Capital** Reserves RM'000	Capital* Reserves RM'000	Earnings RM'000	Total 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	-	-	-	-	-	(13,161)	-	(13,161)	77,007	63,846
Share of movement in associates's reserves	-	-	-	-	(16,804)	-	-	(16,804)	-	(16,804)
Currency translation differences	-	-	1,263	-	-	-	-	1,263	-	1,263
Net income recognised directly in equity	-	-	1,263	-	(16,804)	(13,161)	-	(28,702)	77,007	48,305
Transfer to capital reserves	-	-	-	-	-	1,150	(1,150)	-	-	-
Net profit for the period	-	-	-	-	-	-	38,402	38,402	225,983	264,385
Dividend	-	-	-	-	-	-	(76,126)	(76,126)	(156,710)	(232,836)
<b>At 30 June 2009</b>	<b>304,506</b>	<b>2,039,770</b>	<b>1,402</b>	<b>1,219,271</b>	<b>12,081</b>	<b>410,772</b>	<b>2,059,801</b>	<b>6,047,603</b>	<b>3,392,277</b>	<b>9,439,880</b>
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)
Share of movement in associates's reserves	-	-	-	-	(80,718)	-	-	(80,718)	-	(80,718)
Currency translation differences	-	-	70	-	-	-	-	70	-	70
Net income recognised directly in equity	-	-	70	-	(80,718)	-	-	(80,648)	(3,477)	(84,125)
Net profit for the period	-	-	-	-	-	-	282,993	282,993	217,761	500,754
Issuance of bonus shares	152,253	-	-	-	(152,253)	-	-	-	-	-
Dividend	-	-	-	-	-	-	(144,336)	(144,336)	(85,877)	(230,213)
<b>At 30 June 2008</b>	<b>304,506</b>	<b>2,039,770</b>	<b>70</b>	<b>1,219,271</b>	<b>75,226</b>	<b>422,400</b>	<b>1,854,732</b>	<b>5,915,975</b>	<b>3,033,950</b>	<b>8,949,925</b>

\* - 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 30 June 2009**

	<b>6 months ended 30.06.09 RM' 000 (Unaudited)</b>	<b>6 months ended 30.06.08 RM' 000 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	344,649	645,761
Adjustments for:		
Non-cash items	570,653	650,094
Interest expense	693,125	688,841
Interest income	(84,243)	(81,802)
Dividend income	(1,815)	(1,815)
Share of results in associates and jointly controlled entities	114,327	(89,980)
Operating profit before working capital changes	1,636,696	1,811,099
Changes in working capital:		
Net change in current assets	308,673	(355,849)
Net change in current liabilities	(271,676)	423,606
Cash generated from operations	1,673,693	1,878,856
Tax paid	(185,296)	(81,560)
Land lease received in advance	(295)	-
Retirement benefits paid	(326)	(245)
<b>Net cash generated from operating activities</b>	<b>1,487,776</b>	<b>1,797,051</b>
<b>Cash flows from investing activities</b>		
Net cash inflow from disposals of subsidiaries	-	90,140
Net cash outflow from acquisition of associates	-	(13,672)
Net cash outflow from acquisition of subsidiary	(1,618,427)	-
Additional investment in a jointly controlled entity	-	(5,000)
Purchase of property, plant and equipment	(699,051)	(627,709)
Redemption / (subscription) RULS in a subsidiary	8,000	15,200
Proceeds from sale of property, plant and equipment	1,148	4,848
Interest received	84,243	81,802
Dividend received	133,272	18,799
Research and development expenses paid	-	(72)
<b>Net cash used in investing activities</b>	<b>(2,090,815)</b>	<b>(435,664)</b>
<b>Cash flows from financing activities</b>		
Drawdown of term loans	2,828,904	392,364
Government grant received	22,794	-
Repayment of term loans	(1,152,965)	(511,192)
Dividend paid	(76,126)	(144,336)
Dividend paid to minority shareholder	(156,710)	(85,877)
Interest paid	(693,125)	(688,841)
<b>Net cash used in financing activities</b>	<b>772,772</b>	<b>(1,037,882)</b>
Net increase in cash and cash equivalents	169,733	323,505
Effects of changes in exchange rate	1,263	70
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>3,926,021</b>	<b>3,601,257</b>
<b>Cash and cash equivalents comprise:</b>		
Deposits and bank balances	3,957,179	3,632,391
Designated accounts	(12,442)	(12,442)
Pledge deposits	(17,906)	(16,802)
Bank overdrafts	(810)	(1,890)
	<b>3,926,021</b>	<b>3,601,257</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 except for the adoption of a new accounting policy on Government Grants in accordance with FRS 120: Accounting for Government Grants and Disclosure of Government Assistance following the acquisition of Senai Airport Terminal Services Sdn. Bhd. which is as follows:

"Government grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants

shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis."

### **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 30 June 2009.

## 8. Dividend paid

In respect of the financial year ended 31 December 2008, as reported in Directors' report during that financial year, a final single-tier dividend of 2.5 sen per share on the 3,045,058,552 ordinary shares amounting to RM76,126,463.91, was paid on 26 June 2009.

## 9. Segment Reporting

The Group's segmental report for the six-month financial period ended 30 June 2009 is as follows:

	<u>Transport &amp; Logistics</u> RM mil	<u>Energy &amp; Utilities</u> RM mil	<u>Engineering &amp; Construction</u> RM mil	<u>Others</u> RM mil	<u>Total</u> RM mil
<b><u>Revenue</u></b>					
Total	577	3,508	4	6	4,095
Inter-segment	(7)	(8)	(2)	-	(17)
External	570	3,500	2	6	4,078
<b><u>Results</u></b>					
Segment Profit /(Loss)	140	981	(9)	(45)	1,067
Items relating to investments					-
Interest income					84
Finance cost					(693)
Share of results of associates and joint ventures	-	(22)	(88)	(4)	(114)
Profit before Taxation					344
Taxation					(80)
Profit after Taxation					264

The Group's segmental report for the corresponding six-month financial period ended 30 June 2008 is as follows:

	<u>Transport &amp; Logistics</u> RM mil	<u>Energy &amp; Utilities</u> RM mil	<u>Engineering &amp; Construction</u> RM mil	<u>Others</u> RM mil	<u>Total</u> RM mil
<b>Revenue</b>					
Total	604	3,172	98	27	3,901
Inter-segment	-	-	(72)	-	(72)
External	604	3,172	26	27	3,829
<b>Results</b>					
Segment Profit /(Loss)	200	966	(26)	(15)	1,125
Items relating to investments					38
Interest income					82
Finance cost					(689)
Share of results of associates and joint ventures	-	15	78	(3)	90
Profit before Taxation					646
Taxation					(145)
Profit after Taxation					501

## 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

- a) Salalah Power Holdings Limited ("SPHL"), a company which Malakoff Corporation Berhad ("MCB") (a 51% subsidiary of MMC Corporation Berhad) has a 43.4% indirect interest in, had on 19 July 2009 entered into a Share Purchase Agreement with Oman Technical Partners Limited ("OTPL"), Oman Power and Water Procurement Company SAOC ("OPWP") and Electricity



Holding Company SAOC ("EHC") to divest its direct 46% interest in Dhofar Power Company SAOG ("DPC"), comprising 9,062,920 preference shares of Omani Riyal 1.00 each, for a cash consideration of Omani Riyal 13.42 million, equivalent to RM124.8 million. MCB's portion of the Proposed Divestment is Omani Riyal 5.83 million, equivalent to RM54.17 million.

On 6 August 2009, MMC announced that the proposed divestment by SPHL of its 46% equity interest in DPC has been completed.

- b) On 8 July 2009, Senai Airport Terminal Sdn Bhd, a wholly-owned subsidiary of MMC Corporation Berhad, acquired the 2 ordinary shares of RM1.00 each in Senai High Tech Park Sdn Bhd (formerly known as Amalan Sentral (M) Sdn Bhd) ("SHTP") representing the entire issued and paid-up share capital for a cash consideration of RM2.00.

## **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 24 April 2009, MMC Corporation Berhad acquired 2,000,000 ordinary shares of RM1.00 each in Senai Airport Terminal Services Sdn Bhd ("SATS") representing the entire issued and paid-up share capital of SATS for a cash consideration of RM1.70 billion.

The fair value of the net assets acquired, goodwill and cash flow arising from the acquisition is as follows:

	Carrying value (prior to acquisition) RM' 000	Fair value (upon acquisition) RM' 000
Property, plant and equipment	188,752	314,781
Prepaid lease payment	464,756	730,263
Property development expenditure	403,402	1,995,138
Trade and other receivables	10,125	10,125
Cash and cash equivalents	91,780	91,780
Trade and other payables	(549,690)	(549,690)
Borrowings	(353,508)	(353,508)
Deferred taxation	(84,848)	(580,666)
Fair value of net assets acquired	170,769	1,658,223
Goodwill on acquisition		51,634
Net consideration		1,709,857
Less: Cash and cash equivalents of subsidiary acquired		(91,780)
Cash outflow of the Group on acquisition through business combinations		1,618,077

- b) On 24 May 2009, Anglo-Oriental (Annuities) Sdn Bhd, a 100.00% owned subsidiary, liquidated 2 ordinary shares of RM1.00 each in Anglo-Oriental Nominees Sdn Bhd ("Anglo-Oriental Nominees"), representing 100.00% of the equity interest in Anglo-Oriental Nominees.

**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:

	30.06.09	31.12.08
	RM million	RM million
Subsidiaries	437.6	481.0
	<u>437.6</u>	<u>481.0</u>
	<u><u>437.6</u></u>	<u><u>481.0</u></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. On 25 August 2008, SEV filed its reply and defence to counterclaim. TNB filed its reply to defence

to counterclaim on 24 September 2008. Subsequently TNB filed an amended defence and counterclaim dated 17 March 2009 claiming an additional sum of RM282,734.88. TNB pleaded that the deduction of RM43,692,188.47 was based on TNB's erroneous calculation and the sum of RM282,734.88 was not taken into account when the deduction was made. In this connection, TNB pleaded that the sum of RM282,734.88 is the difference between the amount that ought to have been deducted and the amount actually deducted by TNB.

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.

On 1 June 2009, the JV obtained a Stay of Proceedings from the Senior Assistant Registrar of the Court. On the same day, Wayss & Freytag filed an appeal to the High Court Judge against the Stay of Proceedings, which hearing date is not fixed as yet. The Directors are of the view that based on legal advice from solicitors, MMCEG has a good chance of successfully defending the appeal.

- 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:

	30.06.09
	RM million
Property, plant and equipment:	
Authorised and contracted for	341.0
Authorised but not contracted for	545.7
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	886.7
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## **Additional information required by the Bursa Securities Listing Requirements**

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

The Group's profit before tax for the six-month financial period ended 30 June 2009 of RM344.6 million was lower by RM301.1 million compared to the corresponding financial period ended 30 June 2008.

The Group's performance was affected by:-

- i) Lower contribution from the transportation and logistics division due to the impact of the economic downturn;
- ii) Share of losses absorbed from Zelan Berhad amounting to RM78.6 million attributed to provision for foreseeable losses for its ongoing projects in the Middle East;
- iii) The corresponding prior financial period had an exceptional gain of RM37.5 million due to the disposal of a subsidiary; and
- iv) Adjustment made to profit previously recognised in the prior year amounted to RM82.0 million for Double Track Project, due to the impact on the overall margin following the revision in the total budgeted cost to reflect the expected cost to complete the project.



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

The Group recorded a profit before tax of RM185.2 million in the current quarter as compared to RM159.5 million in the preceding quarter.

The Group's performance was affected by:-

- i) Higher contribution from transportation and logistics division on the back of improved container throughput volume during the quarter;
- ii) Lower share of losses absorbed from Zelan Berhad for foreseeable losses for its ongoing projects in the Middle East amounting to RM28.4 million against RM50.2 million recognised in the preceding quarter;
- iii) Reversal of provision for doubtful debts in Aliran Ihsan Resources Berhad amounting to RM32.7 million following the collection received from SAJ Holdings Sdn. Bhd. in May 2009; and
- iv) Adjustment made to profit previously recognised in the prior year amounted to RM82.0 million for Double Track Project, due to the impact on the overall margin following the revision in the total budgeted cost to reflect the expected cost to complete the project.

**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 lower than 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 quarter ended 30.06.09	3 months quarter ended 30.06.08	Cumulative 6 months ended 30.06.09	Cumulative 6 months ended 30.06.08
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(78)	(60)	(135)	(131)
- prior year	8	2	3	1
Deferred tax expense				
- current	4	(10)	20	(14)
- prior year	32	(1)	32	(1)
	<u>(34)</u>	<u>(69)</u>	<u>(80)</u>	<u>(145)</u>

The Group's effective tax rate for the current financial period is lower than the statutory income tax rate in Malaysia, mainly due to reversal of overprovision in prior year in relation to windfall profit levy coupled with 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 30 June 2009:

	At Cost RM mil	At Book Value RM mil	At Market Value RM mil
Quoted in Malaysia	62	61	252
Quoted outside Malaysia	13	-	6
Total quoted investments	<u>75</u>	<u>61</u>	<u>258</u>

**22. Status of corporate proposals announced**

There was no corporate proposal announced during the quarter ended 30 June 2009 save for the following:

- (i) Proposed divestment by Salalah Power Holdings Limited of its 46% equity interest in Dhofar Power Company SAOG to Electricity Holding Company SAOC ("Proposed Divestment")

The Proposed Divestment has been completed.

For further details on the Proposed Divestment, please refer to Bursa Securities' website for the relevant announcements.

**23. Borrowings**

	<u>30.06.09</u>	<u>31.12.08</u>
	RM mil	RM mil
Current		
- secured	1,732	1,679
- unsecured	<u>252</u>	<u>599</u>
	<u>1,984</u>	<u>2,278</u>
Non-current		
- Long-term loans - secured	6,475	3,873
- ABBA Bonds - secured	610	610
- Medium Term Notes - secured	5,226	5,202
- Sukuk Ijarah Bonds - secured	575	672
- Al Istina - secured	5,006	5,252
- Junior Sukuk - unsecured	1,700	1,700
- Redeemable Unsecured		
Loan Stock - unsecured	172	187
- Government Loan - secured	<u>70</u>	<u>-</u>
	<u>19,834</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 31 July 2009, is as follows:

	<u>Contracted amount '000</u>	<u>RM'000 equivalent</u>
USD	1,681	5,985
EURO	2	9

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 30 June 2009. No dividend was declared by the Directors for the corresponding financial period ended 30 June 2008.

**27. Earnings per ordinary share**

Basic/Diluted Earnings Per Ordinary Share

	3 months quarter ended <u>30.06.09</u>	3 months quarter ended <u>30.06.08</u>	Cumulative 6 months ended <u>30.06.09</u>	Cumulative 6 months ended <u>30.06.08</u>
Profit for the period attributable to shareholders of the Company (RM mil)	7	126	38	283
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	0.2	4.1	1.3	9.3
Diluted earnings per ordinary share (sen)	0.2	4.1	1.3	9.3

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 18 August 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

18 August 2009