

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 September 2010

	<u>3 months</u> <u>quarter ended</u> <u>30.09.10</u> RM'000 (Unaudited)	<u>3 months</u> <u>quarter ended</u> <u>30.09.09</u> RM'000 (Unaudited)	<u>Cumulative</u> <u>9 months ended</u> <u>30.09.10</u> RM'000 (Unaudited)	<u>Cumulative</u> <u>9 months ended</u> <u>30.09.09</u> RM'000 (Unaudited)
Revenue	2,233,093	2,167,473	6,608,662	6,245,969
Cost of sales	(1,437,447)	(1,402,494)	(4,246,520)	(3,995,685)
Gross profit	<u>795,646</u>	<u>764,979</u>	<u>2,362,142</u>	<u>2,250,284</u>
Other Operating Income				
Items relating to investments	47,598	-	91,757	280
Others	45,785	86,262	138,652	207,539
Distribution costs	(137)	(157)	(566)	(225)
Administrative expenses	(166,422)	(188,154)	(547,204)	(521,956)
Other operating expenses	(60,472)	(73,900)	(191,016)	(197,589)
Finance cost	(335,359)	(355,725)	(1,043,769)	(1,048,850)
Share of results of associated companies and jointly controlled entities	<u>21,588</u>	<u>660</u>	<u>(76,115)</u>	<u>(113,667)</u>
Profit before taxation	<u>348,227</u>	<u>233,965</u>	<u>733,881</u>	<u>575,816</u>
Tax expenses	(102,840)	(44,448)	(173,698)	(124,013)
Profit for the period	<u><u>245,387</u></u>	<u><u>189,517</u></u>	<u><u>560,183</u></u>	<u><u>451,803</u></u>
Other comprehensive income				
Available-for-sale financial assets				
- fair value (losses)/gains	22,011	52,352	10,886	35,548
- disposal	(58,286)	-	(58,286)	-
Movement in associate's capital reserve	(2,485)	3,228	5,724	3,228
Currency translation differences	(13,850)	585	(31,855)	1,848
Disposal of subsidiary	-	-	(3,410)	-
Other comprehensive income for the period	<u>(52,610)</u>	<u>56,165</u>	<u>(76,941)</u>	<u>40,624</u>
Total comprehensive income for the period	<u><u>192,777</u></u>	<u><u>245,682</u></u>	<u><u>483,242</u></u>	<u><u>492,427</u></u>
Profit attributable to:				
Owners of the Parent	117,828	88,710	240,338	125,013
Non-controlling interest	127,559	100,807	319,845	326,790
	<u><u>245,387</u></u>	<u><u>189,517</u></u>	<u><u>560,183</u></u>	<u><u>451,803</u></u>
Total comprehensive income attributable to:				
Owners of the Parent	65,218	144,875	166,807	165,637
Non-controlling interest	127,559	100,807	316,435	326,790
	<u><u>192,777</u></u>	<u><u>245,682</u></u>	<u><u>483,242</u></u>	<u><u>492,427</u></u>
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	3.9	2.9	7.9	4.1
Diluted (sen)	3.9	2.9	7.9	4.1

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.

**Condensed Consolidated Statement of Financial Position
As at 30 September 2010**

	As at 30.09.10 RM' 000 (Unaudited)	As at 31.12.09 RM' 000 (Restated)
Non-Current Assets		
Property, plant and equipment	16,942,718	17,070,783
Investment properties	30,989	31,319
Investments in associates	1,372,251	1,615,285
Investment in jointly controlled entities	196,728	265,911
Available-for-sale financial assets	8,048	-
Property development expenditure	1,884,278	1,940,028
Other assets	4,233	6,792
Intangible assets	8,073,302	8,375,604
Deferred expenditure	17,233	17,533
Deferred income tax assets	660,746	542,011
	<u>29,190,526</u>	<u>29,865,266</u>
Current Assets		
Inventories	691,843	638,416
Assets held for sale	-	541
Trade and other receivables	2,258,381	1,813,263
Current income tax recoverable	225,157	206,914
Amount due from holding company	7,518	7,518
Available-for-sale financial assets	240,578	-
Marketable securities	-	61,237
Deposits, bank and cash balances	4,487,720	4,492,832
	<u>7,911,197</u>	<u>7,220,721</u>
Current Liabilities		
Borrowings	4,025,946	2,559,153
Trade and other payables	2,000,612	2,104,981
Current income tax liabilities	43,853	45,952
	<u>6,070,411</u>	<u>4,710,086</u>
Net Current Assets	<u>1,840,786</u>	<u>2,510,635</u>
	<u>31,031,312</u>	<u>32,375,901</u>
Equity		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	6,348,817	5,994,176
	<u>6,653,323</u>	<u>6,298,682</u>
Non-controlling interest	3,707,099	3,460,519
Total equity	<u>10,360,422</u>	<u>9,759,201</u>
Non-Current Liabilities		
Redeemable preference shares	136,692	114,051
Redeemable convertible subordinated loans	-	158,355
Redeemable convertible unsecured loan stocks	26,386	36,930
Borrowings	16,631,072	18,359,545
Land lease received in advance	167,196	171,851
Provision for retirement benefits	50,769	48,063
Deferred income	31,585	56,739
Deferred income tax liabilities	3,596,350	3,537,840
Other payables	30,840	133,326
	<u>31,031,312</u>	<u>32,375,901</u>
Net assets per share attributable to ordinary equity holders of parent (sen)	218	207

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.

Condensed Consolidated Statement of Changes in Equity for the period ended 30 September 2010

	Attributable to owners of the Parent						Capital* Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Non-distributable			Distributable							
	Share Capital RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Available-for- sale financial assets RM'000	Capital Reserves RM'000					
At 1 January 2010	304,506	2,039,770	506	1,219,271	16,104	68,649	370,876	2,282,097	6,301,779	3,460,519	9,762,298
Effects of changes in accounting policies - FRS139	-	-	-	-	264,440	-	-	9,686	274,126	(2,646)	271,480
Prior year adjustments	-	-	-	-	-	-	-	(3,097)	(3,097)	-	(3,097)
As restated	304,506	2,039,770	506	1,219,271	280,544	68,649	370,876	2,288,686	6,572,808	3,457,873	10,030,681
Profit for the period	-	-	-	-	-	-	-	240,338	240,338	319,845	560,183
Other comprehensive income	-	-	(31,855)	-	(47,400)	5,724	-	-	(73,531)	(3,410)	(76,941)
Total comprehensive income for the period	-	-	(31,855)	-	(47,400)	5,724	-	240,338	166,807	316,435	483,242
Transfer to capital reserve	-	-	-	-	-	-	1,342	(1,342)	-	-	-
Issuance of shares by a subsidiary upon conversion of redeemable convertible subordinated loans	-	-	-	-	-	-	-	-	-	158,355	158,355
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks	-	-	-	-	-	-	3,002	2,058	5,060	6,173	11,233
Dividend	-	-	-	-	-	-	-	(91,352)	(91,352)	(231,737)	(323,089)
At 30 September 2010	304,506	2,039,770	(31,349)	1,219,271	233,144	74,373	375,220	2,438,388	6,653,323	3,707,099	10,360,422
At 1 January 2009	304,506	2,039,770	139	1,219,271	(34,444)	63,329	422,783	2,098,675	6,114,029	3,245,997	9,360,026
Profit for the period	-	-	-	-	-	-	-	125,013	125,013	326,790	451,803
Other comprehensive income	-	-	1,848	-	35,548	-	-	-	40,624	-	40,624
Total comprehensive income for the period	-	-	1,848	-	35,548	-	-	125,013	165,637	326,790	492,427
Acquisition through business combination	-	-	-	-	-	-	(13,161)	-	(13,161)	77,007	63,846
Transfer to capital reserve	-	-	-	-	-	-	1,725	(1,725)	-	-	-
Dividend	-	-	-	-	-	-	-	(76,126)	(76,126)	(163,548)	(239,674)
At 30 September 2009	304,506	2,039,770	1,987	1,219,271	1,104	63,329	424,508	2,145,837	6,203,540	3,486,246	9,676,625

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

The Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.

**Condensed Unaudited Consolidated Statement of Cash Flows
for the period ended 30 September 2010**

	9 months ended 30.09.10 RM' 000 (Unaudited)	9 months ended 30.09.09 RM' 000 (Unaudited)
Cash flows from operating activities		
Profit before taxation	733,881	575,816
Adjustments for:		
Non-cash items	734,751	866,407
Interest expense	1,043,769	1,048,850
Interest income	(121,431)	(122,667)
Dividend income	(2,541)	(1,815)
Share of results in associates and jointly controlled entities	76,115	113,667
Operating profit before working capital changes	2,464,544	2,480,258
Changes in working capital:		
Net change in current assets	(461,824)	260,532
Net change in current liabilities	(133,810)	(19,165)
Cash generated from operations	1,868,910	2,721,625
Tax paid	(242,392)	(266,817)
Land lease received in advance	3,063	2,186
Retirement benefits paid	(751)	(539)
Payment in lieu of windfall profit levy paid	(65,197)	(65,197)
Net cash generated from operating activities	1,563,633	2,391,258
Cash flows from investing activities		
Net cash outflow from disposals of subsidiaries	(5,171)	-
Net cash inflow from disposal of associates	60,114	52,682
Net cash outflow from acquisition of subsidiary	-	(1,618,427)
Net cash inflow from disposal of available-for-sale financial assets	61,107	-
Purchase of property, plant and equipment	(465,797)	(840,294)
Redemption of RULS in a subsidiary	12,500	8,000
Proceeds from sale of property, plant and equipment	45,816	17,661
Additional property development expenditure	(13,262)	-
Interest received	121,431	122,667
Dividend received	87,966	187,519
Distribution from jointly controlled entity	113,750	-
Net cash generated from / (used in) investing activities	18,454	(2,070,192)
Cash flows from financing activities		
Drawdown of term loans	1,078,042	2,825,081
Government grant received	-	22,794
Repayment of term loans	(1,268,677)	(1,144,840)
Dividend paid	(91,352)	(76,126)
Dividend paid to minority shareholder	(231,737)	(163,548)
Interest paid	(1,043,769)	(1,048,850)
Net cash (used in) / generated from financing activities	(1,557,493)	414,511
Net increase in cash and cash equivalents	24,594	735,577
Effects of changes in exchange rate	(31,855)	1,848
Cash & Cash Equivalents at beginning of financial period	4,474,357	3,755,025
Cash and cash equivalents at end of financial period	4,467,096	4,492,450
Cash and cash equivalents comprise:		
Deposits and bank balances	4,487,720	4,527,694
Designated accounts	(1)	(12,442)
Pledge deposits	(17,758)	(17,906)
Bank overdrafts	(2,865)	(4,896)
	4,467,096	4,492,450

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009.

Notes to the interim financial statements

1. Basis of preparation

The consolidated condensed interim financial information for the 9 months ended 30 September 2010 has been prepared in accordance with FRS 134 "Interim financial reporting" and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with the Financial Reporting Standards.

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 2009 except for the adoption of the following new and revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Int.") effective for the financial period beginning on 1 January 2010:

FRS 3	Business Combinations (revised)
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standard and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments Financial Instruments: Presentation
to FRS 132

IC Int.9 Reassessment of Embedded Derivatives

IC Int.10 Interim Financial Reporting and Impairment

IC Int.14 FRS 119 - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their interaction

The adoptions of the above FRSs do not have significant financial impact to the Group except for the adoption of the following standards as set out below:

(a) FRS 101(revised): Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:

The gains that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive gain in the statement of comprehensive income. The total comprehensive gain for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests. The effects on the comparatives to the Group on adoption of FRS 101 (revised) are as follows:

For the period ended 30 September 2009	<u>Income Statement As previously Stated</u> RM mil	<u>Effects on adoption</u> RM mil	<u>Statement of comprehensive Income As restated</u> RM mil
Profit for the period	452	-	452
Other comprehensive income	-	40	40
Total comprehensive income	452	40	492
Total comprehensive income attributable to:			
-Equity holders	125	40	165
-Minority interest	327	-	327
	452	40	492

(b) Amendment to FRS 117, Leases

Prior to the adoption of the Amendment to FRS 117, leasehold land and building were treated as operating leases. The considerations paid were classified and presented as prepaid land and building lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land and building as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. In making this judgement, the management has concluded that land and building with an initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments (i.e. the consideration paid or payable) is substantially equal to the fair value of the land and building. Accordingly, the Group has changed the classification of long leasehold land

and building from operating leases to finance leases in previous quarter. This change in classification has no effect to the profit or loss of the current period ended 30 September 2010 or the comparative prior period. The effect of the reclassification to the comparative of the prior year's statement of financial position is as follows:

Statement of Financial Position	<u>As</u> <u>previously</u> <u>stated</u> RM' 000	<u>Effects</u> <u>on</u> <u>adoption</u> RM' 000	<u>Total</u> RM' 000
As at 31 December 2009			
Prepaid lease payments	939,612	(939,612)	-
Property, Plant and Equipment	16,131,171	939,612	17,070,783

(c) FRS 139 Financial Instruments: Recognition and Measurement

The adoption of the FRS 139 has resulted in a retrospective application of the change to the accounting policy relating to the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the balance sheet date reflects the designation of the financial instrument. The Group determines the classification at initial recognition and re-evaluates this designation at each year.

(i) Available-For-Sale Financial Assets

Available-for-sale financial assets is measured at fair value initially and subsequently with unrealised gains and losses recognised directly in equity until the investment is derecognised or impaired.

(ii) Borrowings

Borrowings are initially measured at fair value including directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gain and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised or through the amortisation process.

The effects arising from the adoption of FRS139, other than those disclosed in the statement of changes in equity, is set out below:

a) Summary of significant effects on the Financial Statements as at 30 September 2010

i) Statement of Comprehensive Income

FRS 139
RM' 000

GroupIncrease/(Decrease)

Available-for-sale financial assets

- Fair value gain 10,886

- Disposal (58,286)

ii) Statement of Financial Position

GroupIncrease/(Decrease)

Other assets (1,600)

Available-for-sale financial assets 248,626

Marketable securities (61,237)

Redeemable preference shares 2,128

Borrowings (18,985)

- b) In accordance with the transitional provisions for the first time adoption of FRS 139, the above changes in accounting policy have been accounted for prospectively and the comparatives are not restated. The effects of the changes on 1 January 2010 have been accounted for by adjusting the following opening balances in the statement of financial position:-

Statement of Financial Position As at 31 December 2009	<u>As</u> <u>previously</u> <u>stated</u> RM mil	<u>Effects</u> <u>on</u> <u>adoption</u> RM mil	<u>Total</u> RM mil
Other assets	7	(2)	5
Available-for-sale financial assets	-	326	326
Marketable securities	61	(61)	-
Redeemable preference shares	114	2	116
Borrowings	20,919	(19)	20,900
Retained earnings	2,282	10	2,292
Non-controlling interest	3,461	(3)	3,457

3. Prior year adjustments

The Group has adjusted the comparative figures in accordance with the finalisation of the Purchase Price Allocation ("PPA") on the acquisition of Senai Airport Terminal Services Sdn Bhd ("SATS").

Subsequent to the preliminary assessment made in the financial year ended 31 December 2009, the Group has finalised the PPA on the acquisition of SATS within the permitted 12 months period from the date of completion of the acquisition under FRS 3: Business Combination.

The difference between the preliminary assessment, as previously reported in the financial statement for the year ended 31 December 2009 and the final assessment, in respect of the fair value of the net assets acquired, goodwill and cash flow arising from the acquisition is as follows:

Group	Preliminary		Final
	<u>Assessment</u>	<u>Adjustment</u>	<u>assessment</u>
	RM' 000	RM' 000	RM' 000
Property, plant and equipment	546,763	(91,847)	454,916
Prepaid lease payment	498,282	(192,929)	305,353
Property development expenditure	1,995,138	(112,138)	1,883,000
Intangible assets	-	168,909	168,909
Cash and cash equivalent	91,780	-	91,780
Trade and other receivables	14,671	-	14,671
Trade and other payables	(535,874)	-	(535,874)
Borrowings	(371,871)	-	(371,871)
Deferred tax liabilities	(580,666)	89,194	(491,472)
	<u>1,658,223</u>	<u>(138,811)</u>	<u>1,519,412</u>
Fair value of net assets acquired	1,658,223	(138,811)	1,519,412
Goodwill on acquisition	51,694	138,811	190,505
	<u>1,709,917</u>	<u>-</u>	<u>1,709,917</u>
Net consideration	<u>1,709,917</u>	<u>-</u>	<u>1,709,917</u>

The following tables disclose the adjustments that have been made to the comparative figures in accordance with the above.

<u>Group</u>	Previously <u>Reported</u> RM' 000	PPA <u>finalisation</u> RM' 000	As <u>restated</u> RM' 000
Increase/ (Decrease)			
<u>Balance Sheet</u>			
Property, plant and equipment	16,223,530	(92,359)	16,131,171
Prepaid lease payment	1,133,628	(194,016)	939,612
Property development expenditure	2,052,166	(112,138)	1,940,028
Intangible assets	8,070,414	305,190	8,375,604
Reserves	5,997,273	(3,097)	5,994,176
Deferred tax liabilities	3,628,066	(90,226)	3,537,840
	<u> </u>	<u> </u>	<u> </u>
<u>Income Statement</u>			
Other operating expenses	(440,355)	(4,129)	(444,484)
Profit before taxation	685,755	(4,129)	681,626
Tax expense	(59,394)	1,032	(58,362)
Net profit for the year	626,361	(3,097)	623,264
Profit attributable to equity holders of the Parent	236,711	(3,097)	233,614
Earnings per ordinary shares:			
Basic	7.8	(0.1)	7.7
Diluted	7.8	(0.1)	7.7
	<u> </u>	<u> </u>	<u> </u>
<u>Statement of changes in equity</u>			
Retained earnings	2,282,097	(3,097)	2,279,000
	<u> </u>	<u> </u>	<u> </u>

4. Audit qualification

The report of the auditors on the Group's financial statements for the year ended 31 December 2009 was not subject to any qualification.

5. Seasonal or cyclical factors

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

6. 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.

7. 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.

8. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter ended 30 September 2010.

9. Dividend paid

In respect of the financial year ended 31 December 2009, as reported in Directors' report during that financial year, a final single-tier dividend of 3.0 sen per share on the

3,045,058,552 ordinary shares amounting to RM91,351,756.56, was paid on 27 May 2010.

10. Segment Reporting

The Group's segmental report for the nine-month financial period ended 30 September 2010 is as follows:

	<u>Transport & Logistics</u> RM mil	<u>Energy & Utilities</u> RM mil	<u>Engineering & Construction</u> RM mil	<u>Corporate & Others</u> RM mil	<u>Total</u> RM mil
<u>Revenue</u>					
Total	1,052	5,582	43	4	6,681
Inter-segment	(6)	(25)	(41)	-	(72)
External	1,046	5,557	2	4	6,609
<u>Results</u>					
Profit /(Loss) before taxation	149	743	(62)	(96)	734
Finance cost	102	825	-	117	1,044
Depreciation and amortisation	193	699	-	3	895
Earnings Before Interest, Tax, Depreciation and Amortisation	444	2,267	(62)	24	2,673

The Group's segmental report for the corresponding nine-month financial period ended 30 September 2009 is as follows:

	<u>Transport & Logistics</u> RM mil	<u>Energy & Utilities</u> RM mil	<u>Engineering & Construction</u> RM mil	<u>Corporate & Others</u> RM mil	<u>Total</u> RM mil
Revenue					
Total	897	5,362	5	7	6,271
Inter-segment	(11)	(12)	(2)	-	(25)
External	886	5,350	3	7	6,246
Results					
Profit / (Loss) before taxation	118	674	(72)	(144)	576
Finance cost	93	869	-	87	1,049
Depreciation and amortisation	167	681	3	2	853
Earnings Before Interest, Tax, Depreciation and Amortisation	378	2,224	(69)	(55)	2,478

11. 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.

12. Events subsequent to the balance sheet date

There was no material event subsequent to the end of current quarter.

13. Changes in composition of the Group

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

14. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2009 except for the following:

- (a) Bank guarantees issued to third parties:

	30.09.10	31.12.09
	RM million	RM million
Subsidiaries	<u>403.0</u>	<u>425.9</u>

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

- (b) On 28 March 2007, Prai Power Sdn Bhd ("PPSB"), a wholly-owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, commenced arbitration proceedings against Tenaga Nasional Berhad ("TNB") claiming a sum of approximately RM11,863,000 which PPSB alleged TNB had wrongfully deducted from available capacity payments due and payable to PPSB for the month of November 2006. TNB had responded stating that its deductions were in accordance with the Power Purchase Agreement between PPSB and TNB and had filed a counterclaim against PPSB. TNB had then applied to the arbitral tribunal for leave to amend its Defence and Counterclaim and to file a Rejoinder in the proceedings to introduce events and matters since June 2003.

During the preliminary meeting for the arbitration held on 16 January 2008, the arbitral tribunal allowed an application by both PPSB and TNB to amend and re-file the

Statement of Claim, Defence and Counterclaim, Reply and Defence to the Counterclaim to include these events and matters from June 2003 into the proceedings.

PPSB has since issued to TNB, via its solicitors, an amended Statement of Claim revising PPSB's claim approximately from RM11,863,000 to RM113,713,000. The additional sum of RM101,850,000 being claimed is the amount due and payable by TNB to PPSB in respect of capacity payments from June 2003 to October 2006.

On 7 October 2010 the arbitral tribunal issued its award in respect of the arbitration proceedings, awarding RM2,352,311.46 to PPSB and RM10,160,663.80 to TNB. PPSB is also to pay in full the tribunal's fees and travel expenses, other expenses and administrative charges of the arbitration, as well as TNB's legal costs, expenses and disbursements in the arbitration.

- (c) On 3 November 2010, Prai Power Sdn Bhd ("PPSB"), a wholly-owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, commenced 2 legal proceedings in the High Court against GE Energy Parts Inc ("GE Inc"), GE Power Systems (M) Sdn Bhd ("GE Power System") and General Electric International, Inc. ("GEII") (collectively referred to as "GE"), for GE's breach of duty of care owed towards PPSB, in its capacity as the designers/manufacturers/suppliers of power plant equipment.

In the first legal suit, PPSB is claiming the sum of RM83,608,019.43 from GE, being the costs for the replacement of damaged equipment and the commercial losses arising from the reduction in capacity payments.

In the second legal suit, PPSB is claiming the sum of RM29,740,009.94 being the costs of the replacement of another damaged equipment and other consequential losses.

Based on solicitors' advice, PPSB believes that it has strong grounds for both claims.

- (d) 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 alleges that its claim includes this additional sum but owing to a calculation error on TNB's part, TNB had not included this additional sum as part of the earlier deductions.

On 18 November 2010, the arbitral tribunal delivered its award which ruled that SEV's claim against TNB is allowed in the sum of RM36,506,746.99 (being RM29,180,463.77 plus interest of RM7,326,283.22) and that TNB's counterclaim for metering inaccuracies is allowed in the sum of

RM17,717,335.69. TNB is to pay SEV the net difference of RM18,789,411.30 together with interest payable at the rate of 8% from 18 November 2010 until the date of payment.

15. Capital commitments

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

	30.09.10
	RM million
Property, plant and equipment:	
Authorised and contracted for	211.9
Authorised but not contracted for	158.5
	<hr/>
	370.4
	<hr/>

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

The Group's profit before tax for the nine-month financial period ended 30 September 2010 of RM733.9 million was higher by RM158.1 million compared to the corresponding financial period ended 30 September 2009.

Higher profit recorded from **Transport & Logistics division** by RM31.5 million or 26.8% attributed to higher volume in port business.

Higher profit recorded from **Energy & Utilities division** by RM69.0 million or 10.2% due to higher volume of gas sold, higher contribution from foreign associates and lower finance cost following repayment of loan during the period.

Lower losses recorded from **Corporate & Others division** by RM47.3 million or 32.8% mainly driven by the gain on disposal of investment in Sime Darby Berhad and Integrated Rubber Corporation Berhad. This was offset by higher finance costs at MMC Company level.

17. Variation of results against preceding quarter

The Group recorded a profit before tax of RM348.2 million in the current quarter as compared to RM175.2 million in the preceding quarter. This was mainly due to the higher share of result of associate coupled with gain on disposal of investment in Sime Darby Berhad.

18. Current prospects

The Board expects the Group's financial results for the current financial year ending 31 December 2010 to be better than those achieved in the last financial year ended 31 December 2009 in line with the marked improvement in the Malaysian economy.

19. Profit forecast or profit guarantee

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

20. Tax expense

	3 months quarter ended 30.09.10	3 months quarter ended 30.09.09	Cumulative 9 months ended 30.09.10	Cumulative 9 months ended 30.09.09
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(83)	(62)	(232)	(197)
- prior year	-	(1)	-	2
Deferred tax expense				
- current	(20)	8	58	28
- prior year	-	11	-	43
	<u>(103)</u>	<u>(44)</u>	<u>(174)</u>	<u>(124)</u>

The Group's effective tax rate for the nine-month financial period is lower than the statutory income tax rate in Malaysia, mainly due to the recognition of deferred tax income on investment tax allowance.

21. Unquoted investments and landed properties

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

22. Quoted investments

a) There was no acquisition or disposal of quoted securities during the current quarter other than the disposal of 8,000,000 ordinary shares at RM7.65 each in Sime Darby Berhad ("Sime") representing 0.1% of the equity interest in Sime for a total cash consideration of RM61.2 million resulting in a gain on disposal of RM47.6 million. Quoted securities have been reclassified to available-for-sale financial assets upon the adoption of FRS 139 on 1 January 2010.

b) Investments in quoted shares as at 30 September 2010:

	At Cost RM mil	At Carrying Value RM mil	At Market Value RM mil
Quoted in Malaysia	48	241	241
Quoted outside Malaysia	13	8	8
Total quoted investments	<u>61</u>	<u>249</u>	<u>249</u>

23. Status of corporate proposals announced

There was no corporate proposal announced and pending completion by the Group during the current quarter.

24. Borrowings

	<u>30.09.10</u> RM mil	<u>31.12.09</u> RM mil
Current		
- secured	3,512	2,197
- unsecured	<u>514</u>	<u>362</u>
	<u>4,026</u>	<u>2,559</u>

Non-current

- Term loans - secured	4,206	5,453
- Structure commodity - unsecured	50	50
- Sukuk Ijarah Bonds - secured	267	497
- ABBA Bonds - secured	490	490
- Al-Istisna Bonds - secured	320	387
- Istisna Medium Term Notes - secured	4,070	4,290
- Sukuk Medium Term Notes - secured	5,248	5,249
- Junior Sukuk - secured	1,749	1,700
- Redeemable Unsecured		
Loan Stock - unsecured	150	156
- Government Loan - unsecured	81	88
	<u>16,631</u>	<u>18,360</u>
- Redeemable convertible		
subordinated loans - unsecured	-	158
- Redeemable convertible		
loans stocks - unsecured	26	37
- Redeemable preference shares	107	114

25. Financial instruments

As at 30 September 2010, the Group's outstanding foreign currency forward contracts for the purposes of hedging certain foreign currency-denominated trade payables, as detailed below:

Type of derivative	Contract value in foreign currency ('000)	Notional value (RM' 000)	Fair value (RM' 000)	Loss/(Gain) arising from fair value changes (RM' 000)
Foreign currency forward contracts - Less than 1 year	USD419 EUR71	1,333 296	1,292 298	41 (2)
		1,629	1,590	39

The above foreign currency forward contracts were entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business

activities. Hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited.

The cash requirement for settling these foreign currency forward contracts is solely from the Group's working capital, in view of its relative immateriality.

26. Changes in material litigation

Save as disclosed under note 14 (b), (c) and (d), 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 2009.

27. Dividend Payable

No dividend has been recommended by the Directors for the current financial period ended 30 September 2010. No dividend was declared by the Directors for the corresponding financial period ended 30 September 2009.

28. Earnings per ordinary share

Basic/Diluted Earnings Per Ordinary Share

	3 months quarter ended <u>30.09.10</u>	3 months quarter ended <u>30.09.09</u>	Cumulative 9 months ended <u>30.09.10</u>	Cumulative 9 months ended <u>30.09.09</u>
Profit for the period attributable to owners of the Parent (RM mil)	118	89	240	125
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)	3.9	2.9	7.9	4.1
Diluted earnings per ordinary share (sen)	3.9	2.9	7.9	4.1

The Redeemable Convertible Unsecured Loan Stocks issued by a subsidiary as disclosed in Note 24 do not have a material impact to the dilution of the Group's earnings per share.

29. 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 24 November 2010.

By Order of the Board

Ahmad Aznan Mohd Nawawi (L.S. No.0009371)

Sazlin Ayesha Abdul Samat (L.S. No.0008112)

Secretaries

Kuala Lumpur

24 November 2010