Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 December 2010

	3 months quarter ended 31.12.10 RM'000 (Unaudited)	3 months quarter ended 31.12.09 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.10 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.09 RM'000 (Unaudited)
Revenue	2,254,987	2,198,352	8,863,649	8,444,321
Cost of sales	(1,510,215)	(1,455,729)	(5,756,735)	(5,451,414)
Gross profit	744,772	742,623	3,106,914	2,992,907
Other Operating Income				
Items relating to investments	133,597	-	225,354	280
Others	85,453	132,893	224,105	340,432
Distribution costs	(132)	(112)	(698)	(337)
Administrative expenses	(139,251)	(176,727)	(686,455)	(698,683)
Other operating expenses	(314,779)	(246,896)	(505,795)	(444,484)
Finance cost	(411,567)	(349,657)	(1,455,336)	(1,398,507)
Share of results of associated companies and jointly controlled entities	23,774	3,685	(52,341)	(109,982)
Profit before zakat and taxation	121,867	105,809	855,748	681,626
Zakat expenses	(1,236)	-	(1,236)	-
Tax expenses	121,598	65,652	(52,100)	(58,362)
Profit for the period	242,229	171,461	802,412	623,264
Other comprehensive income				
Available-for-sale financial assets				
- fair value gains	13,245	16,158	24,131	51,706
- disposal	(138,412)	-	(196,698)	-
Movement in associate's capital reserve	8,891	934	14,615	4,162
Currency translation differences	298	(1,180)	(31,557)	668
Disposal of subsidiary	(1,239)	-	(4,649)	-
Other comprehensive income for the period	(117,217)	15,912	(194,158)	56,536
Total comprehensive income for the period	125,012	187,373	608,254	679,800
Profit attributable to:				
Owners of the Parent	104,602	108,601	344,940	233,614
Non-controlling interest	137,627	62,860	457,472	389,650
	242,229	171,461	802,412	623,264
Total comprehensive income attributable to:				
Owners of the Parent	(11,620)	124,513	155,187	290,150
Non-controlling interest	136,632	62,860	453,067	389,650
	125,012	187,373	608,254	679,800
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	3.4	3.6	11.3	7.7
Diluted (sen)	3.4	3.6	11.3	7.7

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 31 December 2010

	As at 31.12.10 RM'000 (Unaudited)	As at 31.12.09 RM'000 (Restated)
Non-Current Assets		
Property, plant and equipment	16,715,156	17,070,783
Investment properties	30,778	31,319
Investments in associates	1,163,040	1,615,285
Investment in jointly controlled entities	219,281	265,911
Available-for-sale financial assets	8,412	-
Property development expenditure	1,917,196	1,940,028
Other assets	4,214	6,792
Intangible assets	7,972,682	8,375,604
Deferred expenditure	17,133	17,533
Deferred income tax assets	670,503	542,011
	28,718,395	29,865,266
Current Assets		
Inventories	585,289	638,416
Assets held for sale	103	541
Trade and other receivables	2,227,711	1,813,263
Current income tax recoverable	337,014	206,914
Amount due from holding company	5,518	7,518
Available-for-sale financial assets	81,868	-
Marketable securities	-	61,237
Deposits, bank and cash balances	4,062,543	4,492,832
	7,300,046	7,220,721
Current Liabilities		
Borrowings	3,982,139	2,559,153
Trade and other payables	1,594,020	2,084,469
Current income tax liabilities	40,409	45,952
Redeemable convertible subordinated loans	26,051	-
	5,642,619	4,689,574
Net Current Assets	1,657,427	2,531,147
	30,375,822	32,396,413
Equity		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	6,289,766	5,994,176
	6,594,272	6,298,682
Non-controlling interest	3,808,956	3,460,519
Total equity	10,403,228	9,759,201
Non-Current Liabilities		
Redeemable preference shares	136,467	134,563
Redeemable convertible subordinated loans	-	158,355
Redeemable convertible unsecured loan stocks	-	36,930
Borrowings	15,984,276	18,359,545
Land lease received in advance	162,264	171,851
Provision for retirement benefits	53,748	48,063
Deferred income	99,439	56,739
Deferred income tax liabilities	3,511,746	3,537,840
Other payables	24,654	133,326
	30,375,822	32,396,413
Net assets per share attributable to ordinary equity holders of parent (sen)	217	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 31 December 2010

	Attributable to owners of the Parent – Non-distributable						Distributable			Non-controlling interests	Total Equity
	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	Capital* Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	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	-	-	(37,790)	226,650	(37,717)	188,933
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	2,241,210	6,525,332	3,422,802	9,948,134
Profit for the period	-	-	-	-	-	-	-	344,940	344,940	457,472	802,412
Other comprehensive income / (loss)	-	-	(31,557)	-	(172,567)	14,615	(244)	-	(189,753)	(4,405)	(194,158)
Total comprehensive income for the period	-	-	(31,557)	-	(172,567)	14,615	(244)	344,940	155,187	453,067	608,254
Transfer to capital reserve	-	-	-	-	-	-	2,300	(2,300)	-	-	-
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	-	-	-	-	-	-	2,932	2,173	5,105	6,459	11,564
New investment in a subsidiary	-	-	-	-	-	-	-	-	-	10	10
Dividend	-	-	-	-	-	-	-	(91,352)	(91,352)	(231,737)	(323,089)
At 31 December 2010	304,506	2,039,770	(31,051)	1,219,271	107,977	83,264	375,864	2,494,671	6,594,272	3,808,956	10,403,228

Condensed Consolidated Statement of Changes in Equity for the period ended 31 December 2010 (continued)

	Attributable to owners of the Parent Non-distributable						Distributable			Non-controlling interests	Total Equity
	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	Capital* Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
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
Prior year adjustments	-	-	(301)	-	-	-	-	25,570	25,269	(24,558)	711
As restated	304,506	2,039,770	(162)	1,219,271	(34,444)	63,329	422,783	2,124,245	6,139,298	3,221,439	9,360,737
Profit for the period	-	-	-	-		-	-	233,614	233,614	389,650	623,264
Other comprehensive income	-	-	668	-	51,706	4,162	-	-	56,536	-	56,536
Total comprehensive income for the period	-	-	668	-	51,706	4,162	-	233,614	290,150	389,650	679,800
Acquisition through business combination	-	-	-	-	-	-	(13,161)	-	(13,161)	17,226	4,065
Redemption of subsidiary's redeemable convertible preference shares	-	-	-	-	-	-	(41,160)	-	(41,160)	-	(41,160)
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks	-	-	-	-	-	-	(726)	407	(319)	2,687	2,368
Transfer to capital reserve	-	-	-	-	-	-	3,140	(3,140)	-	-	-
Dividend	-	-	-	-	-	-	-	(76,126)	(76,126)	(170,483)	(246,609)
At 31 December 2009	304,506	2,039,770	506	1,219,271	17,262	67,491	370,876	2,279,000	6,298,682	3,460,519	9,759,201

* - 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 31 December 2010

	12 months ended 31.12.10 RM'000 (Unaudited)	12 months ended 31.12.09 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	855,748	681,626
Adjustments for:		
Non-cash items	1,184,463	1,277,687
Interest expense	1,455,336	1,398,507
Interest income	(172,836)	(158,667)
Dividend income	(3,448)	(7,368)
Share of results in associates and jointly controlled entities	52,341	109,982
Operating profit before working capital changes	3,371,604	3,301,767
Changes in working capital:		
Net change in current assets	(314,429)	51,677
Net change in current liabilities	(521,770)	(245,516)
Cash generated from operations	2,535,405	3,107,928
Tax paid	(329,640)	(300,798)
Zakat paid	(1,236)	-
Land lease received in advance	13,218	13,894
Retirement benefits paid	(3,102)	(3,719)
Payment in lieu of windfall profit levy paid	(86,930)	-
Net cash generated from operating activities	**2,127,715**	**2,817,305**
Cash flows from investing activities		
Net cash outflow from disposals of subsidiaries	10,126	-
Net cash inflow from disposal of associates	60,113	52,682
Net cash inflow / (outflow) from acquisition of subsidiary	10	(1,278,137)
Net cash inflow from disposal of available-for-sale financial assets	226,726	-
Additional investment in a jointly controlled entity	-	(31,663)
Purchase of property, plant and equipment	(503,647)	(725,223)
Purchase of investment property	(66)	(30)
Redemption of RULS in a subsidiary	12,500	8,000
Proceeds from sale of property, plant and equipment	45,048	36,195
Proceeds from sale of other non current asset	-	8,342
Additional property development expenditure	(46,180)	(19,647)
Interest received	172,836	158,667
Dividend received	98,023	98,500
Distribution from jointly controlled entity	113,750	154,247
Additional prepaid lease payment	(3)	(1,300)
Repayment of land lease received in advance	-	(20,725)
Net cash generated from / (used in) investing activities	**189,236**	**(1,560,092)**
Cash flows from financing activities		
Drawdown of term loans	1,752,905	2,890,308
Government grant received	84,635	71,355
Repayment of term loans	(2,711,399)	(1,805,349)
Dividend paid	(91,352)	(76,126)
Dividend paid to minority shareholder	(231,737)	(170,483)
Interest paid	(1,523,713)	(1,398,507)
Redemption of preference shares in a subsidiary	-	(41,160)
Net cash used in financing activities	**(2,720,661)**	**(529,962)**

Condensed Unaudited Consolidated Statement of Cash Flows for the period ended 31 December 2010 (continued)

	12 months ended 31.12.10 RM'000 (Unaudited)	12 months ended 31.12.09 RM'000 (Unaudited)
Net increase in cash and cash equivalents	(403,710)	727,251
Effects of changes in exchange rate	(31,557)	668
Cash & Cash Equivalents at beginning of financial period	4,474,357	3,746,438
Cash and cash equivalents at end of financial period	**4,039,090**	**4,474,357**
Cash and cash equivalents comprise:		
Deposits and bank balances	4,062,543	4,492,832
Designated accounts	(1)	(1)
Pledge deposits	(15,965)	(17,758)
Bank overdrafts	(7,487)	(716)
	4,039,090	**4,474,357**

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 12 months ended 31 December 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, MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965.

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 (revised)
FRS 139	Financial Instruments: Recognition and Measurement

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 the 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 31 December 2009	Income Statement As previously stated	Effects on adoption	Statement of comprehensive Income As restated
	RM mil	RM mil	RM mil
Profit for the period	623	-	623
Other comprehensive income	-	57	57
Total comprehensive income	623	57	680
Total comprehensive income attributable to:			
-Owners of the Parent	233	57	290
-Non-controlling interest	390	-	390
	623	57	680

(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 31 December 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 As at 31 December 2009	As previously stated	Effects on adoption	As restated
	RM'000	RM'000	RM'000
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 FRS 139, 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 31 December 2010

i) Statement of Comprehensive Income

	FRS 139
	RM'000
Group	
Increase/(Decrease)	
Available-for-sale financial assets	
- Fair value gain	24,131
- Disposal	(196,698)

ii) Statement of Financial Position

Group	
Increase/(Decrease)	
Other assets	(1,600)
Available-for-sale financial assets	90,280
Marketable securities	(61,237)
Redeemable preference shares	(2,128)
Borrowings	67,817

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	As previously stated	Effects on adoption	As restated
	RM mil	RM mil	RM mil
Other assets	7	(2)	5
Available-for-sale financial assets	-	326	326
Marketable securities	61	(61)	-
Redeemable preference shares	114	(2)	112
Borrowings	20,919	68	20,987
Reserves	5,997	227	6,224
Non-controlling interest	3,461	(38)	3,423

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:

	Preliminary Assessment	Adjustment	Final assessment
Group	RM'000	RM'000	RM'000
Property, plant and equipment	546,762	(91,847)	454,915
Prepaid lease payment	498,283	(192,929)	305,354
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)
Fair value of net assets acquired	1,658,223	(138,811)	1,519,412
Goodwill on acquisition	51,694	138,811	190,505
Net consideration	1,709,917	-	1,709,917

The following tables disclose the adjustments that have been made to the 31 December 2009 comparative figures in accordance with the above.

Group	Previously Reported RM'000	PPA finalisation RM'000	As restated RM'000
Increase/(Decrease)			
Balance Sheet			
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
Income Statement			
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
Statement of changes in equity			
Retained earnings	2,282,097	(3,097)	2,279,000

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 31 December 2010 other than the disposal of 19,000,000 ordinary shares of Sime Darby Berhad (“Sime”) as disclosed in note 22(a).

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 twelve-month financial period ended 31 December 2010 is as follows:

	Transport & Logistics RM mil	Energy & Utilities RM mil	Engineering & Construction RM mil	Corporate & Others RM mil	Total RM mil
Revenue					
Total	1,392	7,501	50	5	8,948
Inter-segment	(9)	(28)	(47)	-	(84)
External	1,383	7,473	3	5	8,864
Results					
Profit /(Loss) before taxation	181	762	(68)	(19)	856
Finance cost	145	1,148	-	162	1,455
Depreciation and amortisation	257	930	-	5	1,192
Earnings Before Interest, Tax, Depreciation and Amortisation	583	2,840	(68)	148	3,503

The Group's segmental report for the corresponding twelve-month financial period ended 31 December 2009 is as follows:

	Transport & Logistics RM mil	Energy & Utilities RM mil	Engineering & Construction RM mil	Corporate & Others RM mil	Total RM mil
Revenue					
Total	1,207	7,235	11	13	8,466
Inter-segment	(4)	(15)	(3)	-	(22)
External	1,203	7,220	8	13	8,444
Results					
Profit /(Loss) before taxation	175	731	(59)	(165)	682
Finance cost	120	1,158	1	120	1,399
Depreciation and amortisation	222	910	-	3	1,135
Earnings Before Interest, Tax, Depreciation and Amortisation	517	2,799	(58)	(42)	3,216

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 except for the following:

(a) On 27 December 2010, MMC Corporation Berhad disposed off 4,000,000 ordinary shares of RM1.00 each in Timah Dermawan Sdn Bhd ("TDSB") representing 51.8% of the equity interest TDSB for a total cash consideration of RM822,063 resulting in a loss of RM3,582.

(b) On 29 December 2010, Anglo-Oriental (Annuities) Sdn Bhd, a 100.0% owned subsidiary liquidated 16,786,332 ordinary shares of RM1.00 each in MMC Exploration & Production (Thailand) limited ("MMC Thailand"), representing 100.0% of the equity interest in MMC Thailand.

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:

	31.12.10 RM million	31.12.09 RM million
Subsidiaries	406.8	425.9

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

(b) 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.

(c) The Prai Power Sdn Bhd arbitral proceedings against Tenaga Nasional Berhad has been concluded. Please refer to note 27(a) for further information.

(d) The Segari Energy Ventures Sdn Bhd arbitral proceedings against Tenaga Nasional Berhad has been concluded. Please refer to note 27(b) for further information.

15. Capital commitments

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

	31.12.10
	RM million
Property, plant and equipment:	
Authorised and contracted for	418.8
Authorised but not contracted for	190.3
	609.1

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

The Group's profit before zakat and taxation for the twelve-months financial period ended 31 December 2010 of RM855.7 million was higher by RM174.1 million compared to the corresponding financial period ended 31 December 2009.

Higher profit recorded from **Energy & Utilities division** by RM30.5 million or 4.2% 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 RM146.5 million or 88.7% 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.

The **Transport & Logistics division** recorded a fairly constant performance as in the corresponding financial period ended 31 December 2009.

17. Variation of results against preceding quarter

The Group recorded a profit before zakat and taxation of RM121.9 million in the current quarter as compared to RM348.2 million in the preceding quarter. This was mainly due to lower contribution from the energy and utilities division as a result of the provision for impairment loss on intangible assets of an associate.

18. Current prospects

The Board expects the Group's financial results for the current financial year ending 31 December 2011 to be better than those achieved in the last financial year ended 31 December 2010 in line with the improvement in our Group businesses.

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 31.12.10	3 months quarter ended 31.12.09	Cumulative 12 months ended 31.12.10	Cumulative 12 months ended 31.12.09
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(18)	(67)	(250)	(264)
- prior year	33	19	33	21
Deferred tax expense				
- current	74	97	132	125
- prior year	33	17	33	60
	122	66	(52)	(58)

The Group's effective tax rate for the twelve-months financial period is lower than the statutory income tax rate in Malaysia, mainly due to the recognition of deferred tax income on tax allowances obtained.

21. Unquoted investments and landed properties

There was no sale of unquoted investments and landed properties during the current quarter except for a sale of investment properties. In November 2010, the Company entered into a sales and purchase agreement to dispose the properties for sales consideration of RM1 million. The disposal is expected to be completed by early May 2011.

22. Quoted investments

a) There was no acquisition or disposal of quoted securities during the current quarter other than the disposal of 19,000,000 ordinary shares of Sime Darby Berhad ("Sime") representing 0.3% of the equity interest in Sime for a total cash consideration of RM165.8 million resulting in a gain on disposal of RM133.6 million. Quoted securities have been reclassified to available-for-sale financial assets upon adoption of FRS 139 on 1 January 2010.

b) Investments in quoted shares as at 31 December 2010:

	At Cost RM mil	At Carrying Value RM mil	At Market Value RM mil
Quoted in Malaysia	16	82	82
Quoted outside Malaysia	13	8	8
Total quoted investments	29	90	90

23. Status of corporate proposals announced

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

24. Borrowings

	31.12.10 RM mil	31.12.09 RM mil
Current		
- secured	3,461	2,197
- unsecured	521	362
	3,982	2,559

- Redeemable convertible loans stocks - unsecured	26	-
Non-current		
- Term loans – secured	4,089	5,453
-Structure commodity – unsecured	-	50
- Sukuk Ijarah Bonds – secured	239	497
- ABBA Bonds - secured	370	490
-Al-Istisna Bonds – secured	321	387
-Istisna Medium Term Notes – secured	3,730	4,290
-Sukuk Medium Term Notes – secured	5,258	5,249
- Junior Sukuk - secured	1,749	1,700
- Redeemable Unsecured Loan Stock - unsecured	150	156
- Government Loan – unsecured	78	88
	15,984	18,360
- Redeemable convertible subordinated loans - unsecured	-	158
- Redeemable convertible loans stocks - unsecured	-	37
- Redeemable preference shares	136	135

25. Financial instruments

As at 31 December 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 arising from fair value changes (RM' 000)
Foreign currency forward contracts – Less than 1 year	USD207 SGD102 EUR56	646 244 231	636 242 227	10 2 4
		1,121	1,105	16

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. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2010 is analysed as follows:

	As at 31.12.10 RM'000
Total retained earnings of the Company and its subsidiaries:	
- Realised	2,701,934
- Unrealised	46,007
	2,747,941
Total retained earnings from associated companies:	
- Realised	(143,117)
- Unrealised	(28,371)
	(171,488)
Total retained earnings from jointly controlled entities:	
- Realised	(25,787)
- Unrealised	(24,794)
	(50,581)
Total retained earnings before consolidation adjustment	2,525,872
Less: Consolidation adjustment	(31,201)
Total retained earnings as per consolidated financial statements	2,494,671

27. Changes in material litigation

(a) 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.

(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 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.

Save as disclosed above and under note 14(b), there are no significant changes in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last audited balance sheet date as at 31 December 2009.

28. Dividend Payable

The Directors recommend the payment of a final single-tier dividend of 3.5 sen per share on the 3,045,058,552 ordinary shares, amounting to RM106,577,049 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

29. Earnings per ordinary share

Basic/Diluted Earnings Per Ordinary Share

	3 months quarter ended 31.12.10	3 months quarter ended 31.12.09	Cumulative 12 months ended 31.12.10	Cumulative 12 months ended 31.12.09
Profit for the period attributable to owners of the Parent (RM mil)	105	109	345	234
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)	3.4	3.6	11.3	7.7
Diluted earnings per ordinary share (sen)	3.4	3.6	11.3	7.7

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.

30. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 22 February 2011.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
22 February 2011