Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 December 2011

	3 months ended 31.12.11 RM'000 (Unaudited)	3 months ended 31.12.10 RM'000 (Restated)	Cumulative 12 months ended 31.12.11 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.10 RM'000 (Restated)
Revenue	2,411,891	2,179,981	9,336,809	8,563,623
Cost of sales	(1,659,054)	(1,510,215)	(6,532,436)	(5,756,735)
Gross profit	752,837	669,766	2,804,373	2,806,888
Other Operating Income				
Items relating to investments	88	133,597	6,709	225,354
Others	120,612	85,453	297,402	224,105
Distribution costs	(2,808)	(132)	(8,714)	(698)
Administrative expenses	(168,514)	(139,251)	(649,491)	(686,455)
Other operating expenses	(83,188)	(314,779)	(248,475)	(505,795)
Finance cost	(341,168)	(411,567)	(1,358,959)	(1,455,336)
Share of results of associated companies and jointly controlled entities	98,863	23,774	159,486	(52,341)
Profit before zakat and taxation	376,722	46,861	1,002,331	555,722
Zakat expenses	(2,047)	(1,236)	(2,047)	(1,236)
Tax expenses	(4,525)	140,349	(167,261)	22,906
Profit for the period / year	370,150	185,974	833,023	577,392
Other comprehensive income				
Available-for-sale financial assets				
- fair value gains	(12,176)	13,245	9,707	24,131
- disposal	-	(138,412)	-	(196,698)
Movement in associate's capital reserve	(10,422)	8,891	(5,749)	14,615
Currency translation differences	(5,887)	298	8,392	(31,557)
Disposal of subsidiary	(251)	(1,239)	1,701	(4,649)
Other comprehensive income for the period / year	(28,736)	(117,217)	14,051	(194,158)
Total comprehensive income for the period / year	341,414	68,757	847,074	383,234
Profit attributable to:				
Owners of the Parent	264,566	152,169	334,485	243,861
Non-controlling interest	105,584	33,805	498,538	333,531
	370,150	185,974	833,023	577,392
Total comprehensive income attributable to:				
Owners of the Parent	236,081	35,947	346,835	54,108
Non-controlling interest	105,333	32,810	500,239	329,126
	341,414	68,757	847,074	383,234
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	8.7	5.0	11.0	8.0
Diluted (sen)	8.7	5.0	11.0	8.0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	As at 31.12.11 RM'000 (Unaudited)	As at 31.12.10 RM'000 (Restated)
Non-Current Assets		
Property, plant and equipment	16,029,865	16,699,574
Investment properties	32,329	30,778
Prepaid lease payments	18,835	19,238
Investments in associates	1,362,996	1,163,040
Investment in jointly controlled entities	246,249	219,281
Available-for-sale financial assets	8,573	8,412
Property development expenditure	2,128,408	1,917,196
Other assets	3,307	4,214
Intangible assets	7,577,842	7,986,159
Deferred income tax assets	1,188,910	1,121,012
	28,597,314	29,168,904
Current Assets		
Inventories	719,906	585,289
Assets held for sale	-	103
Trade and other receivables	2,327,958	2,227,814
Current income tax recoverable	188,040	337,014
Amount due from holding company	5,518	5,518
Available-for-sale financial assets	85,588	81,868
Deposits, bank and cash balances	4,579,556	4,062,543
	7,906,566	7,300,149
	36,503,880	36,469,053
Equity		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	5,915,473	5,678,718
	6,219,979	5,983,224
Non-controlling interest	3,249,986	3,068,477
Total equity	9,469,965	9,051,701
Non-Current Liabilities		
Redeemable preference shares	140,620	136,467
Borrowings	15,358,549	15,974,676
Land lease received in advance	158,433	162,264
Provision for retirement benefits	58,713	53,748
Deferred income	2,244,871	1,869,382
Deferred income tax liabilities	3,532,379	3,511,746
Other payables	18,303	24,654
	21,511,868	21,732,937
Current Liabilities		
Borrowings	3,618,415	3,991,739
Trade and other payables	1,871,927	1,626,216
Current income tax liabilities	31,705	40,409
Redeemable convertible unsecured loan stocks	-	26,051
	5,522,047	5,684,415
Total liabilities	27,033,915	27,417,352
Total equity and liabilities	36,503,880	36,469,053
Net assets per share attributable to ordinary equity holders of parent (sen)	204	196

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Condensed Consolidated Statement of Changes in Equity for the period ended 31 December 2011

	Attributable to owners of the Parent									Non-controlling interests	Total Equity
	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	Capital* Reserves RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2011	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
Effects of changes in accounting policies - IC Int. 4	-	-	-	-	-	-	-	(611,048)	(611,048)	(740,479)	(1,351,527)
As restated	304,506	2,039,770	(31,051)	1,219,271	107,977	83,264	375,864	1,883,623	5,983,224	3,068,477	9,051,701
Net profit for the financial year	-	-	-	-	-	-	-	334,485	334,485	498,538	833,023
Other comprehensive income / (loss)	-	-	8,392	-	9,707	(5,749)	-	-	12,350	1,701	14,051
Total comprehensive income for the year	-	-	8,392	-	9,707	(5,749)	-	334,485	346,835	500,239	847,074
Transfer to capital reserve	-	-	-	-	-	-	2,300	(2,300)	-	-	-
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks	-	-	-	-	-	-	(3,661)	158	(3,503)	30,139	26,636
Increase in investment in a subsidiary	-	-	-	-	-	-	-	-	-	92	92
Dividend	-	-	-	-	-	-	-	(106,577)	(106,577)	(348,961)	(455,538)
At 31 December 2011	304,506	2,039,770	(22,659)	1,219,271	117,684	77,515	374,503	2,109,389	6,219,979	3,249,986	9,469,965

* - 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 2010.

Condensed Consolidated Statement of Changes in Equity for the period ended 31 December 2011

	Attributable to owners of the Parent									Non-controlling interests	Total Equity
	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	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:											
- IC Int. 4	-	-	-	-	-	-	-	(509,969)	(509,969)	(616,538)	(1,126,507)
- 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	1,731,241	6,015,363	2,806,264	8,821,627
Net profit for the financial year	-	-	-	-	-	-	-	243,861	243,861	333,531	577,392
Other comprehensive income / (loss)	-	-	(31,557)	-	(172,567)	14,615	(244)	-	(189,753)	(4,405)	(194,158)
Total comprehensive income for the year	-	-	(31,557)	-	(172,567)	14,615	(244)	243,861	54,108	329,126	383,234
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	1,883,623	5,983,224	3,068,477	9,051,701

* - 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 2010.

Condensed Unaudited Consolidated Statement of Cash Flows for the period ended 31 December 2011

	12 months ended 31.12.11 RM'000 (Unaudited)	12 months ended 31.12.10 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	1,002,331	555,722
Adjustments for:		
Non-cash items	953,196	1,112,065
Interest expense	1,358,959	1,455,336
Interest income	(201,456)	(172,836)
Dividend income	(2,790)	(3,448)
Share of results in associates and jointly controlled entities	(159,486)	52,341
Operating profit before working capital changes	2,950,754	2,999,180
Changes in working capital:		
Net change in current assets	(185,725)	(335,497)
Net change in current liabilities	250,916	(523,319)
Cash generated from operations	3,015,945	2,140,364
Designated account and pledged deposits	(416)	1,793
Tax paid	(74,651)	(329,646)
Zakat paid	(2,047)	(1,236)
Land lease received in advance	19,309	13,218
Retirement benefits paid	(3,534)	(3,102)
Payment in lieu of windfall profit levy paid	-	(86,930)
Net cash generated from operating activities	**2,954,606**	**1,734,461**
Cash flows from investing activities		
Net cash outflow from disposals of subsidiaries	167	10,126
Net cash inflow from disposal of associates	-	60,113
Net cash outflow from acquisition of associates	(183,878)	-
Net cash inflow from acquisition of subsidiary	91	10
Net cash inflow from disposal of available-for-sale financial assets	-	226,726
New investment in a jointly controlled entity	(125)	-
Purchase of property, plant and equipment	(157,892)	(502,885)
Purchase of investment property	(2,307)	(66)
Purchase of other assets	(359)	(1,303)
Redemption of RULS in a subsidiary	22,021	12,500
Proceeds from sale of property, plant and equipment	7,264	1,229
Proceeds from sale of other non current asset	3,763	43,795
Additional property development expenditure	(211,212)	(46,180)
Interest received	201,456	172,836
Dividend received	94,754	98,023
Distribution from jointly controlled entity	43,000	113,750
Additional prepaid lease payment	-	(3)
Net cash (used in) / generated from investing activities	**(183,257)**	**188,671**
Cash flows from financing activities		
Drawdown of term loans	1,166,625	1,812,033
Government grant received	54,990	84,635
Deferred income received	329,493	323,442
Repayment of term loans	(1,992,376)	(2,770,527)
Repayment from holding company	-	2,000
Dividend paid	(106,577)	(91,352)
Dividend paid to minority shareholder	(348,961)	(231,737)
Interest paid	(1,358,959)	(1,455,336)
Net cash used in financing activities	**(2,255,765)**	**(2,326,842)**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Condensed Unaudited Consolidated Statement of Cash Flows for the period ended 31 December 2011 (continued)

	12 months ended 31.12.11 RM'000 (Unaudited)	12 months ended 31.12.10 RM'000 (Unaudited)
Net increase / (decrease) in cash and cash equivalents	515,584	(403,710)
Effects of changes in exchange rate	8,392	(31,557)
Cash & Cash Equivalents at beginning of financial year	4,039,090	4,474,357
Cash and cash equivalents at end of financial year	**4,563,066**	**4,039,090**
Cash and cash equivalents comprise:		
Deposits and bank balances	4,579,556	4,062,543
Designated accounts	(1)	(1)
Pledge deposits	(16,381)	(15,965)
Bank overdrafts	(108)	(7,487)
	4,563,066	**4,039,090**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010.

Notes to the interim financial statements

1. Basis of preparation

The consolidated condensed interim financial information for the financial year ended 31 December 2011 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 financial year ended 31 December 2010, which have been prepared in accordance with the Financial Reporting Standards, the 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 2010 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 2011:

FRS 3	Business Combinations (revised)
FRS 7	Financial Instruments: Disclosures (amendment)
FRS 127	Consolidated and Separate Financial Statements (revised)
FRS 132	Financial Instruments: Presentation (amendment)
IC Int.4	Determining Whether an Arrangement contains a Lease
IC Int.12	Service Concession Arrangements
IC Int.18	Transfers of Assets from Customers

The adoption 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) IC Int.4 : Determining Whether an Arrangement contains a Lease

IC Interpretation 4: Determining whether an Arrangement contains a Lease, prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific assets and the arrangements conveys a right to use such assets.

The adoption of IC Interpretation 4 has resulted in the power purchase agreements of a subsidiary being accounted for as an operating lease. In prior years, these arrangements were accounted for as normal sale and purchase contracts.

The change in this accounting policy has been applied retrospectively with comparative figures restated accordingly.

(b) IC Int. 12 : Service Concession Arrangements

IC Interpretation 12: Service Concession Agreements applies to operators for public-to-private service concession arrangements. Upon adoption, the property, plant and equipment of the operator are reclassified as intangible assets and amortised over its concession period in a manner consistent with the revenue recognition method applied previously.

The following tables disclose the adjustments that have been made to the 31 December 2010 comparative figures in accordance with the above.

Group	As previously reported	IC Int. 4	IC Int. 12	As restated
		RM'000	RM'000	RM'000
Increase/(Decrease)				
Statement of Financial Position				
Property, plant and equipment	16,705,775	-	(6,201)	16,699,574
Intangible assets	7,979,958	-	6,201	7,986,159
Deferred income tax assets	670,503	450,509	-	1,121,012
Reserves	6,289,766	(611,048)	-	5,678,718
Non-controlling interest	3,808,956	(740,479)	-	3,068,477
Deferred income	99,439	1,769,943	-	1,869,382
Trade and other payables				
- current	1,594,123	32,093	-	1,626,216
Statement of Comprehensive Income				
Revenue	8,863,649	(300,026)	-	8,563,623
Gross profit	3,106,914	(300,026)	-	2,806,888
Profit before zakat and taxation	855,748	(300,026)	-	555,722
Tax expense	(52,100)	75,006	-	22,906
Profit attributable to:				
Owner of the Parent	344,940	(101,079)	-	243,861
Non-controlling interest	457,472	(123,941)	-	333,531
Total comprehensive income attributable to:				
Owner of the Parent	155,187	(101,079)	-	54,108
Non-controlling interest	453,067	(123,941)	-	329,126
Earnings per ordinary shares:				
Basic	11.3	(3.3)	-	8.0
Diluted	11.3	(3.3)	-	8.0
Statement of changes in equity				
Retained earnings	2,494,671	(611,048)	-	1,883,623
Non-controlling interest	3,808,956	(740,479)	-	3,068,477

Malaysian Financial Reporting Standards ("MFRS")

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting standard framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework").

The MFRS Framework comprises Standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012. It also comprises new/revised Standards recently issued by the IASB that will be effective after 1 January 2012 such as Standards on financial instruments, consolidation, joint arrangements and fair value measurement.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer ("Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group is in the process of assessing the financial effects arising from the adoption of the MFRS Framework.

3. Audit qualification

The report of the auditors on the Group's financial statements for the year ended 31 December 2010 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

Except as disclosed in Note 2, there was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter because of their nature, size and incidence.

6. Changes in estimates

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

7. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter ended 31 December 2011.

8. Dividend paid

In respect of the financial year ended 31 December 2010, as reported in the Directors' report during that financial year, a final single-tier dividend of 3.5 sen per share on the 3,045,058,552 ordinary shares amounting to RM106,577,049, was paid on 15 June 2011.

9. Segment Reporting

The Group's segmental report for the financial year ended 31 December 2011 is as follows:

	Transport & Logistics	Energy & Utilities	Engineering & Construction	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue					
Total	1,430	7,925	146	5	9,506
Inter-segment	(21)	(3)	(145)	-	(169)
External	1,409	7,922	1	5	9,337
Results					
Profit /(Loss) before taxation	239	944	54	(235)	1,002
Finance cost	156	1,018	-	185	1,359
Depreciation and amortisation	249	902	-	4	1,155
Earnings Before Interest, Tax, Depreciation and Amortisation	644	2,864	54	(46)	3,516

The Group's segmental report for the corresponding financial year ended 31 December 2010 is as follows:

	Transport & Logistics RM mil	Energy & Utilities RM mil	Engineering & Construction RM mil	Investment Holding, Corporate & Others RM mil	Total RM mil
Revenue					
Total	1,393	7,200	50	5	8,648
Inter-segment	(9)	(28)	(47)	-	(84)
External	1,384	7,172	3	5	8,564
Results					
Profit /(Loss) before taxation	181	462	(68)	(19)	556
Finance cost	145	1,148	-	162	1,455
Depreciation and amortisation	257	931	-	5	1,193
Earnings Before Interest, Tax, Depreciation and Amortisation	583	2,541	(68)	148	3,204

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

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

12. Changes in composition of the Group

There was no change in the composition of the Group during the current quarter except on 30 November 2011, Tanjung Bin Energy Sdn. Bhd. (formerly known as Transpool Sdn. Bhd.), a wholly-owned subsidiary of Malakoff Corporation Berhad, acquired the entire issued and paid-up share capital of Powerfield Sdn. Bhd. for a consideration of RM2.00.

13. 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 2010 except for the following bank guarantees issued to third parties:

	31.12.11 RM million	31.12.10 RM million
Subsidiaries	1,018.3	406.8

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

14. Capital commitments

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

	31.12.11 RM million
Property, plant and equipment:	
Authorised and contracted for	229.4
Authorised but not contracted for	269.1
	498.5

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

The Group’s revenue for the fourth quarter and financial year ended 31 December 2011 were RM2.4 billion and RM9.3 billion respectively compared with RM2.2 billion and RM8.6 billion in the corresponding periods in 2010, representing an increase of 10.6% and 9.0% respectively.

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2011 were RM376.7 million and RM1,002.3 million respectively compared with RM46.9 million and RM555.7 million in the corresponding periods in 2010, representing an increase of 703.9% and 80.4% respectively.

Energy & Utilities

Energy & Utilities segment’s revenue for the fourth quarter and financial year ended 31 December 2011 were RM2.0 billion and RM7.9 billion respectively compared with RM1.8 billion and RM7.2 billion in the corresponding periods in 2010, representing an increase of 11.0% and 10.5% respectively.

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2011 were RM302.0 million and RM943.6 million respectively compared with a loss of RM56.5 million and a profit of RM461.6 million in the corresponding periods in 2010, representing an increase of 635.0% and 104.4% respectively.

Higher profits from the Energy & Utilities segment mainly due to higher average dispatch factor achieved by Malakoff's power plants compared to the previous year. This was driven by higher dispatch factor from Malakoff's coal fired plant, Tanjung Bin Power Sdn. Bhd. ("TPB") in response to the shortage of power caused by the gas curtailment which hindered the dispatch of the gas fired plants.

Lower finance charges resulting from loan repayments during the year, coupled with improved performance of Malakoff's associate, Kapar Energy Venture Sdn. Bhd. had also contributed to higher profits for the Group.

Other contributing factors relate to cost cutting measures employed resulting in lower administrative and other operating expenses across the Energy & Utilities segment companies.

This was however, offset by lower margins (margin per mmBtu of gas sold has decreased by 13.7%) on the new gas tariff imposed on Gas Malaysia Berhad, (effective June 2011) despite higher volume of gas sold for the year which was 6.0% higher than the previous year.

Transport & Logistics

Transport & Logistics segment's revenue for the fourth quarter and financial year ended 31 December 2011 were RM365.8 million and RM1.41 billion respectively compared with RM337.0 million and RM1.38 billion in the corresponding periods in 2010, representing an increase of 8.5% and 1.8% respectively.

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2011 were RM56.9 million and RM238.7 million respectively compared with RM31.3 million and RM180.6 million in the corresponding periods in 2010, representing an increase of 81.6% and 32.2% respectively. This was mainly driven by higher throughput volume at both Pelabuhan Tanjung Pelepas (“PTP”) and Johor Port Berhad (“JPB”).

PTP handled 7,540,929 TEUs which was higher by 15.4% compared to the previous year whilst JPB’s liquid bulk and dry bulk businesses registered 11.6 million Freight Weight Tonne (“FWT”) (higher than previous year by 7.6%) and 4.1 million FWT (higher than previous year by 9.0%) respectively.

Contribution from Senai Airport Terminal Sdn. Bhd. (“SATS”) had declined due to lower revenue from ground and cargo handling.

Engineering & Construction

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2011 were RM56.7 million and RM54.6 million respectively compared with a loss of RM6.0 million and RM67.8 million in the corresponding periods in 2010, representing an increase of 1,040.1% and 180.5% respectively. This was mainly contributed by higher percentage of completion achieved for the Double Tracking Project for the current year of 15.9% coupled with the absence of profit revisions for the project in the current year.

Lower losses registered from our associate, Zelan Berhad had also contributed towards the higher profits for this segment.

Investment Holding, Corporate & Others

Investment Holding, Corporate & Others segment's revenue for the fourth quarter and financial year ended 31 December 2011 were RM2.6 million and RM4.9 million respectively compared with RM1.2 million and RM5.1 million in the corresponding periods in 2010, representing an increase of 113.8% and a decrease of 3.2% respectively.

The loss before zakat and taxation for the fourth quarter and financial year ended 31 December 2011 were RM38.9 million and RM234.6 million respectively compared with a profit of RM78.0 million and a loss of RM18.7 million in the corresponding periods in 2010. Poorer performance from this segment for the year compared to the previous year was mainly due to the absence of gain from disposal of investments. The segment had recognised gains of RM181.2 million and RM45.9 million from the sale of Sime Darby Berhad shares and investment in associates, Integrated Rubber Corporation Berhad respectively in 2010.

16. Variation of results against preceding quarter

The Group recorded a profit before zakat and taxation of RM376.7 million in the current quarter as compared to RM220.9 million in the preceding quarter driven by higher profits from the Energy & Utilities segment following higher dispatch factor from Malakoff's power plants.

17. Current prospects

The Board expects the Group’s financial results for the current financial year to improve despite the uncertainties facing the global economy.

The results from the Energy & Utilities segment is expected to top 2011 mainly due to the one-off extraordinary gain from the Proposed Listing of Gas Malaysia Berhad (“GMB”). However, it is to be noted that future contributions from GMB will be reduced following the Group’s diluted equity interest post-listing. GMB will cease to be consolidated as a subsidiary of the Group but the results will be equity accounted for as an associate.

Malakoff’s reporting of financial results will also be affected by the need to comply with development of accounting standards – IC Interpretation 4 which clarifies whether an arrangement contains a lease.

The Board remains optimistic on the Transport & Logistics segment as the transhipment and hinterland throughput volume is expected to remain robust. Transhipment which is predominantly at PTP is expected to benefit from the shipping routing strategies of its customers whilst JPB’s throughput volume will grow in line with the expected improved economic activities in Johor. In addition, JPB’s results are also expected to be better following the increase in tariff rates for certain port services.

The Engineering & Construction segment is expected to contribute positively following the commencement of the Klang Valley My Rapid Transit Project and continuous progress of the Double Tracking Project.

18. Profit before zakat and taxation

Profit before zakat and taxation is stated after charging/(crediting) the following items:

	Current Quarter Ended		Financial Year Ended	
	31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
Interest income	(51,897)	(51,406)	(201,456)	(172,836)
Depreciation	182,989	209,564	746,409	789,033
Amortisation	80,235	87,756	409,079	403,725
Allowance for impaired receivables	1,487	12,793	17,560	19,933
Reversal of allowance for impaired receivables	(70,409)	(45,657)	(70,409)	(45,657)
Impairment loss on:				
- property, plant and equipment	-	60,143	30,000	60,143
- intellectual property	-	6,399	-	6,399
- goodwill on consolidation	-	3,458	-	3,458
- intangible assets in an associate	44,123	197,929	44,123	197,929
- cost of investment in associates	4,759	4,353	4,759	4,353
- cost of investment in joint controlled entity	2,170	-	2,170	-
Net foreign exchange gain	(84)	2,734	(84)	2,734

(Gain)/Loss on disposal of subsidiaries	(88)	4	(6,709)	1,764
Gain on disposal on:				
- associate	-	-	-	(45,891)
- available-for-sale financial assets	-	(133,601)	-	(181,227)
- property, plant and equipment	(709)	409	(4,777)	(781)
- other non-current assets	(2,388)	-	(3,466)	(15,432)

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 ended 31.12.11	3 months ended 31.12.10	Cumulative 12 months ended 31.12.11	Cumulative 12 months ended 31.12.10
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(59)	(18)	(217)	(250)
- prior year	-	33	2	33
Deferred tax expense				
- current	54	92	48	207
- prior year	-	33	-	33
	(5)	140	(167)	23

The Group's effective tax rate for the financial year is lower than the statutory income tax rate in Malaysia mainly due to investment tax allowance recognised in the current year. However, this was slightly offset by the higher interest restrictions triggered by the single tier tax system.

21. Quoted investments

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

b) Investments in quoted shares as at 31 December 2011:

	At Cost RM mil	At Carrying Value RM mil	At Market Value RM mil
Quoted in Malaysia	16	86	86
Quoted outside Malaysia	13	9	9
Total quoted investments	29	95	95

22. Status of corporate proposals announced

On 31 October 2011, the shareholders of MMC had approved the Proposed Listing of Gas Malaysia Berhad ("GMB") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). MMC has been advised by GMB that GMB is still in the midst of complying with the conditions imposed by the Securities Commission for the Proposed Listing vide its letter dated 7 October 2011 and hence the Proposed Listing, barring any unforeseen circumstances, is now envisaged to be completed by the second quarter of 2012. For details of the Proposed Listing and the Circular to MMC's shareholders, please refer to details in Bursa Malaysia's website.

23. Borrowings

	31.12.11	31.12.10
	RM mil	RM mil
Current		
- secured	3,089	3,468
- unsecured	529	524
	3,618	3,992
- Redeemable convertible loans stocks - unsecured	-	26
Non-current		
- Term loans – secured	3,621	3,630
- Sukuk Ijarah Bonds – secured	-	239
- ABBA Bonds - secured	250	370
-Al-Istisna Bonds – secured	257	320
-Istisna Medium Term Notes – secured	3,140	3,730
-Sukuk Medium Term Notes – secured	5,300	5,258
-Islamic Medium Term Notes – secured	854	451
- Junior Sukuk - secured	1,749	1,749
- Redeemable Unsecured Loan Stock - unsecured	119	150
- Government Loan – unsecured	69	78
	15,359	15,975
- Redeemable preference shares	141	136

24. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2011 is analysed as follows:

	As at 31.12.11 RM'000
Total retained earnings of the Company and its subsidiaries:	
- Realised	1,927,406
- Unrealised	321,520
	2,248,926
Total retained earnings from associated companies:	
- Realised	5,065
- Unrealised	(28,371)
	(23,306)
Total retained earnings from jointly controlled entities:	
- Realised	(34,398)
- Unrealised	26
	(34,372)
Total retained earnings before consolidation adjustment	2,191,248
Less: Consolidation adjustment	(81,859)
Total retained earnings as per consolidated financial statements	2,109,389

25. Changes in material litigation

(a) On 16 August 2011, Prai Power Sdn Bhd ("PPSB"), a wholly-owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, filed a Statement of Claim in the arbitration proceedings against Sumitomo Corporation, Japan ("Sumitomo"), for Sumitomo's breach of the duty of care it owed to PPSB under the Engineering, Procurement and Construction Contract ("EPC Contract") entered into between PPSB and Sumitomo dated 12 October 2000. Sumitomo had on 16 September 2011 filed a Statement of Defence in relation to the claim initiated by PPSB.

Under the EPC Contract, Sumitomo was to inter alia design, engineer, manufacture, erect, install and commission the Prai Power Plant for PPSB.

PPSB’s claim is that Sumitomo breached the obligations it owed to PPSB under the EPC Contract by supplying a rotor that was defective in design, manufacture and/or supply. The rotor was found damaged on 11 September 2006.

The total amount claimed by PPSB in its Statement of Claim is for the sum of RM83,608,019.43.

Based on solicitors’ advice, PPSB believes that it has strong grounds for the claim.

(b) On 22 December 2011, the High Court delivered its decision in an action by Jurutera Perunding Daya Sdn Bhd and Pengurusan Projek Daya Sdn Bhd (collectively known as “Daya Group”) against the Company and a subsidiary, Projek Lebuhraya Timur Sdn Bhd (“Pelita”) for, among others, payment of RM49.9 million, for alleged work undertaken, in respect of the privatization of the East Coast Expressway.

The High Court dismissed the Daya Group’s claim against the Company and allowed the Company’s counterclaim. The High Court however, allowed the Daya Group’s claim against Pelita and dismissed Pelita’s counterclaim. Costs and damages in the legal proceedings shall be taxed and/or assesed by the Registrar of the High Court.

Both the Daya Group and Pelita appealed against the High Court's decision on 9 January 2012 and 19 January 2012 respectively. Based on the advice by the solicitors acting for the Company and Pelita, the Directors are of the view that both the Company and Pelita have good chances to have the decision in their favour during appeal.

Save as disclosed above, 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 2010.

26. Dividend Payable

The Directors recommend the payment of a final single-tier dividend of 4.0 sen per share on the 3,045,058,552 ordinary shares, amounting to RM121,802,342 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

27. Earnings per ordinary share

Basic/Diluted Earnings Per Ordinary Share

	3 months ended 31.12.11	3 months ended 31.12.10	Cumulative 12 months ended 31.12.11	Cumulative 12 months ended 30.12.10
Profit for the period attributable to owners of the Parent (RM mil)	265	152	334	244
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)	8.7	5.0	11.0	8.0
Diluted earnings per ordinary share (sen)	8.7	5.0	11.0	8.0

The Redeemable Convertible Unsecured Loan Stocks issued by a subsidiary as disclosed in Note 23 do not have a material impact to the dilution of 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 29 February 2012.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
29 February 2012