

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2015

	3 months ended 30.06.15 RM' 000 (Unaudited)	3 months ended 30.06.14 RM' 000 (Unaudited)	Cumulative 6 months ended 30.06.15 RM' 000 (Unaudited)	Cumulative 6 months ended 30.06.14 RM' 000 (Unaudited)
<u>Continuing operation</u>				
Revenue	742,738	1,400,608	1,379,945	2,022,757
Cost of sales	(437,765)	(1,130,581)	(813,731)	(1,525,345)
Gross profit	304,973	270,027	566,214	497,412
Other operating income				
- items relating to investments	1,344,142	2,594	1,344,142	4,730
- other operating income	28,812	13,622	49,150	28,844
Administrative expenses	(164,719)	(144,119)	(302,174)	(270,924)
Other operating expenses	(106,770)	(38,248)	(143,526)	(68,955)
Finance costs	(95,695)	(80,577)	(190,697)	(156,251)
Share of results of:				
- associates	41,263	30,485	60,354	51,329
- joint ventures	18,852	31,945	46,530	40,999
Profit before zakat and taxation	1,370,858	85,729	1,429,993	127,184
Tax expense	(31,568)	55,713	(34,330)	51,213
Profit from continuing operation	1,339,290	141,442	1,395,663	178,397
<u>Discontinued operation</u>				
Profit from discontinued operation (Note 2)	51,320	136,516	172,298	151,907
Profit for the financial period	1,390,610	277,958	1,567,961	330,304
Profit attributable to:				
Owners of the Parent				
- from continuing operation	1,326,794	105,229	1,369,556	127,457
- from discontinued operation	22,739	60,222	75,731	61,569
	1,349,533	165,451	1,445,287	189,026
Non-controlling interests	41,077	112,507	122,674	141,278
	1,390,610	277,958	1,567,961	330,304
Earnings per share attributable to owners of the Parent				
- from continuing operation				
- Basic (sen)	43.57	3.46	44.98	4.19
- Diluted (sen)	43.57	3.46	44.98	4.19
- from discontinued operation				
- Basic (sen)	0.75	1.98	2.49	2.02
- Diluted (sen)	0.75	1.98	2.49	2.02

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Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value gains/(losses)	(6,821)	2,038	(6,020)	(3,364)
- disposal	-	-	-	201
Movement in associates' capital reserves	(367)	-	(367)	-
Currency translation differences	33,707	8,656	34,177	22,570
Asset revaluation	-	2,558	-	2,558
Other comprehensive income from continuing operation	26,519	13,252	27,790	21,965
Other comprehensive income/(loss) from discontinued operation (Note 2)	12,899	(22,595)	(4,824)	(73,969)
Other comprehensive income/(loss) for the period	39,418	(9,343)	22,966	(52,004)
Total comprehensive income for the period	1,430,028	268,615	1,590,927	278,300
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operation	1,353,313	118,481	1,397,346	149,422
- from discontinued operation	35,638	37,627	70,907	(12,400)
	1,388,951	156,108	1,468,253	137,022
Non-controlling interests	41,077	112,507	122,674	141,278
	1,430,028	268,615	1,590,927	278,300

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Financial Position

	As at 30.06.15 RM' 000 (Unaudited)	As at 31.12.14 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	6,988,368	21,203,402
Finance lease receivables	-	1,990,974
Investment properties	27,698	28,104
Interests in associates	4,795,448	2,545,302
Investments in joint arrangements	255,429	287,490
Available-for-sale financial assets	3,635	3,635
Inventories	1,525,585	1,751,122
Trade and other receivables	258,949	388,692
Derivative financial instruments	21,000	119,042
Intangible assets	1,863,708	6,902,658
Deferred tax assets	828,927	1,601,951
	<u>16,568,747</u>	<u>36,822,372</u>
Current Assets		
Inventories	219,012	540,187
Trade and other receivables	1,143,485	2,589,856
Derivative financial instruments	369	15
Tax recoverable	29,960	322,560
Available-for-sale financial assets	77,484	80,864
Deposits, bank and cash balances	879,524	5,036,025
	<u>2,349,834</u>	<u>8,569,507</u>
Assets held for sale	-	12,997
Total Assets	<u>18,918,581</u>	<u>45,404,876</u>
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	8,622,288	7,200,928
	<u>8,926,794</u>	<u>7,505,434</u>
Non-controlling interests	630,929	2,828,729
Total equity	<u>9,557,723</u>	<u>10,334,163</u>
Non-Current Liabilities		
Redeemable preference shares	91,360	89,739
Borrowings	6,266,356	23,981,508
Land lease received in advance	268,839	267,508
Provision for retirement benefits	14,376	87,054
Deferred income	143,416	2,967,614
Derivative financial instruments	-	167,338
Deferred tax liabilities	578,042	3,302,373
Trade and other payables	48,293	39,633
	<u>7,410,682</u>	<u>30,902,767</u>
Current Liabilities		
Borrowings	816,654	1,670,441
Trade and other payables	1,106,550	2,268,622
Tax payables	760	43,991
Deferred income	26,212	156,571
Derivative financial instruments	-	28,321
	<u>1,950,176</u>	<u>4,167,946</u>
Total Liabilities	<u>9,360,858</u>	<u>35,070,713</u>
Total equity and liabilities	<u>18,918,581</u>	<u>45,404,876</u>
Net assets per share attributable to owners of the Parent (sen)	293	246

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2015

	Attributable to owners of the parent						Distributable					
	Non-distributable			Available- for- sale financial assets			Cash flow hedge reserves	Capital reserves	Capital* reserves	Retained earnings	Total	Non- controlling interests (NCI)
Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Revaluation reserve RM'000	RM'000	RM'000	RM'000						
At 1 January 2015	304,506	2,039,770	(3,028)	1,219,271	69,754	75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163
Net profit for the financial period	-	-	-	-	-	-	-	-	1,445,287	1,445,287	122,674	1,567,961
Other comprehensive income/ (loss)	-	-	34,177	-	(6,020)	(4,824)	(367)	-	-	22,966	-	22,966
Total comprehensive income/(loss) for the financial period	-	-	34,177	-	(6,020)	(4,824)	(367)	-	1,445,287	1,468,253	122,674	1,590,927
Disposal of a subsidiary	-	-	23,661	(1,191,151)	-	(70,554)	-	-	1,191,151	(46,893)	(2,256,474)	(2,303,367)
Dividends	-	-	-	-	-	-	-	-	-	-	(64,000)	(64,000)
At 30 June 2015	304,506	2,039,770	54,810	28,120	63,734	69	9,036	380,253	6,046,496	8,926,794	630,929	9,557,723

* - 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 2014.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2014

	Attributable to owners of the parent Non-distributable						Distributable					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Revaluation reserve RM'000	Available- for- sale financial assets RM'000	Cash flow hedge reserves RM'000	Capital reserves RM'000	Capital* reserves RM'000	Retained earnings RM'000					
At 1 January 2014	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,031,644	7,216,043	2,998,046	10,214,089		
Net profit for the financial period	-	-	-	-	-	-	-	-	189,026	189,026	141,278	330,304		
Other comprehensive income/ (loss)	-	-	22,570	2,558	(3,163)	(73,969)	-	-	-	(52,004)	-	(52,004)		
Total other comprehensive income/(loss) for the financial period	-	-	22,570	2,558	(3,163)	(73,969)	-	-	189,026	137,022	141,278	278,300		
Transfer to capital reserves	-	-	-	-	-	-	-	1,150	(1,150)	-	-	-		
Interim dividend in respect of financial year ending 31 December 2014	-	-	-	-	-	-	-	-	-	-	(79,515)	(79,515)		
Final dividend in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	(91,352)	(91,352)	-	(91,352)		
At 30 June 2014	304,506	2,039,770	(4,332)	1,221,829	80,175	102,181	9,163	380,253	3,128,168	7,261,713	3,059,809	10,321,522		

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

Condensed Consolidated Statement of Cash Flows

	6 months ended <u>30.06.15</u> RM'000 (Unaudited)	6 months ended <u>30.06.14</u> RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operation	1,429,993	127,184
Discontinued operation	260,116	218,757
	<u>1,690,109</u>	<u>345,941</u>
Adjustments for:		
Non-cash items	(799,374)	677,494
Interest expense	510,729	612,888
Interest income	(84,289)	(91,289)
Dividend income	(3,186)	(558)
Share of results in associates and joint ventures	(113,797)	(93,746)
	<u>1,200,192</u>	<u>1,450,730</u>
Operating profit before working capital changes		
Changes in working capital:		
Net change in non-current inventories	60,887	(52,147)
Net change in current assets	(552,107)	(873,349)
Net change in current liabilities	(57,640)	313,912
	<u>651,332</u>	<u>839,146</u>
Cash generated from operations		
Deferred income received	110,536	136,682
Tax paid	(111,422)	(109,750)
Land lease received in advance	8,931	(2,768)
Retirement benefits paid	(3,176)	(193)
Staff loan repaid	-	37
	<u>656,201</u>	<u>863,154</u>
Net cash generated from operating activities	656,201	863,154
Cash flows from investing activities		
Net cash outflow from disposal of a subsidiary	(3,432,148)	-
Net cash outflow from additional investment in associates	(132,102)	(16,579)
Net cash outflow from acquisition of subsidiaries	-	(153,881)
Purchase of property, plant and equipment	(598,021)	(1,674,947)
Purchase of available-for-sale financial assets	(2,639)	-
Proceeds from sale of property, plant and equipment	503	680
Proceeds from sale of other non-current assets	168	-
Interest received	84,289	91,289
Dividend received from:		
- Associates	50,713	41,889
- Joint Ventures	20,000	34,000
- Others	3,186	558
	<u>(4,006,051)</u>	<u>(1,676,991)</u>
Net cash used in investing activities	(4,006,051)	(1,676,991)
Cash flows from financing activities		
Drawdown of term loans	541,925	2,979,114
Repayment of term loans	(792,935)	(1,430,110)
Dividend paid	-	(91,352)
Dividend paid to non-controlling interests of subsidiaries	(64,000)	(79,515)
Interest paid	(510,729)	(612,888)
	<u>(825,739)</u>	<u>765,249</u>
Net cash (used in) / generated from financing activities	(825,739)	765,249

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Cash Flows

	6 months ended <u>30.06.15</u> RM'000 (Unaudited)	6 months ended <u>30.06.14</u> RM'000 (Unaudited)
Net change in cash and cash equivalents	(4,175,589)	(48,588)
Foreign exchange differences	34,177	22,570
Cash and cash equivalents at beginning of the financial period	<u>5,018,675</u>	<u>4,328,561</u>
Cash and cash equivalents at end of the financial period	<u>877,263</u>	<u>4,302,543</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	879,524	4,308,894
Bank overdrafts	<u>(2,261)</u>	<u>(6,351)</u>
	<u>877,263</u>	<u>4,302,543</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Notes to the interim financial statements

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2014.

The audited financial statements of the Group for the financial year ended 31 December 2014 were prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The significant accounting policies and methods adopted in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2014.

The Group adopted the following Amendments to MFRSs effective for annual period beginning on or after 1 January 2015 as follows:

- Annual Improvements to MFRSs 2010-2012 Cycle (Amendments to MFRS 2 Share-based Payment, MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures and MFRS 138 Intangible Assets)

- Annual Improvements to MFRSs 2011-2013 Cycle (Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards, MFRS 3 Business Combinations, MFRS 13 Fair Value Measurement and MFRS 140 Investment Property)
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions

The adoption of the above did not have any material impact on the financial statements of the Group in the period of application.

2. Discontinued operation

On 15 May 2015, Malakoff Corporation Berhad ("Malakoff") completed its initial public offering ("IPO") on the Main Market of Bursa Malaysia. Following the completion of IPO listing, Malakoff ceased to be a subsidiary and in turn become an associate of the Group, of which the effect is disclosed in Note 12. Malakoff's financial results for the 5 and half months of the current financial period up to the point of the completion of IPO listing were reported separately as a discontinued operation in the Condensed Consolidated Statement of Comprehensive Income.

Summary of profit contribution and other comprehensive income/ (loss) from discontinued operation are reported as follows:

i. Profit from discontinued operation

	30.6.2015	30.6.2014
	RM mil	RM mil
Revenue	2,043.9	2,704.2
Cost of sales	(1,374.7)	(1,918.2)
Gross profit	<u>669.2</u>	<u>786.0</u>
Other operating income	76.9	146.8
Administrative expenses	(109.4)	(120.3)
Operating expenses	(63.5)	(138.5)
Finance costs	(320.0)	(456.6)
Share of results of associates/joint ventures	6.9	1.4
Profit before taxation	<u>260.1</u>	<u>218.8</u>
Tax expense	(87.8)	(66.9)
Profit for the financial period	<u><u>172.3</u></u>	<u><u>151.9</u></u>

ii. Other comprehensive loss from discontinued operation

	30.6.2015	30.6.2014
	RM mil	RM mil
Fair value adjustment-cash flow hedge	(4.8)	(74.0)

3. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

4. Seasonal or cyclical factors

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

5. Unusual items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter under review because of their nature, size and incidence except for the completion of Malakoff's IPO listing debut on the Main Market of Bursa Malaysia on 15 May 2015 as disclosed in Notes 2 and 12.

6. Changes in estimates

There was no material change in financial estimates reported in prior interim periods that could materially affect the current interim results.

7. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 June 2015.

8. Dividend paid

There was no dividend paid during the current quarter ended 30 June 2015.

9. Segment Reporting

The Group's segmental reporting for the current financial period ended 30 June 2015 is as follows:

	Continuing Operation							Discontinued Operation	
	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others		Energy & Utilities	Total
		Gas	Energy	Utilities		Total	Total		
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<u>Revenue</u>									
Total	891	-	-	7	508	30	1,436	2,044	3,480
Inter-segment	(7)	-	-	-	(49)	-	(56)	-	(56)
External	884	-	-	7	459	30	1,380	2,044	3,424
<u>Results</u>									
Profit / (loss)									
before zakat and taxation	169	19	1,363*	(13)	112	(220)	1,430	260	1,690
Finance costs	80	-	-	-	-	111	191	320	511
Depreciation and Amortisation	139	-	-	1	15	16	171	410	581
Earnings Before Interest, Tax, Depreciation and Amortisation	388	19	1,363	(12)	127	(93)	1,792	990	2,782

* Include a gain on disposal of a subsidiary and a fair value re-measurement in investment of RM388.8 million and RM955.4 million, respectively.

The Group's segmental reporting for the corresponding financial period ended 30 June 2014 is as follows:

	Continuing Operation						Discontinued Operation	
	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others	Total	Energy & Utilities	Total
		Gas	Utilities				Energy	
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue								
Total	805	-	49	991	256	2,101	2,704	4,805
Inter-segment	(3)	-	-	(75)	-	(78)	-	(78)
External	802	-	49	916	256	2,023	2,704	4,727
Results								
Profit / (loss)								
before zakat and taxation	121	37	(2)	165	(194)	127	219	346
Finance costs	57	-	-	(1)	100	156	457	613
Depreciation and Amortisation	121	-	3	3	15	142	497	639
Earnings Before Interest, Tax, Depreciation and Amortisation	299	37	1	167	(79)	425	1,173	1,598

10. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 June 2015 except for the amounts carried forward of certain Group's properties that had been revalued in the past. These revalued properties were carried forward without any subsequent revaluation as allowed under MFRS 116.

11. Material events subsequent to the end of current interim period

- a) On 21 July 2015, MMC through its wholly-owned subsidiary, MMC Ventures Sdn Bhd acquired additional shares in NCB Holdings Berhad ("NCB") of 42,677,600 ordinary shares of RM1.00 each, representing 9.08% of the issued and paid-up share capital of NCB for a total cash consideration of RM186.5 million. As at the date of this announcement, MMC's shareholding in NCB increased to 30.13% from 21.05% reported in the current quarter under review.

- b) On 11 August 2015, Senai Airport City Sdn Bhd (formerly known as Enigma Harmoni Sdn Bhd) ("SACSB"), a wholly-owned subsidiary of Senai Airport Terminal Services Sdn Bhd, which in turn is a wholly-owned subsidiary of MMC, entered into three (3) Sale and Purchase Agreements ("SPAs") with IPark Development Sdn Bhd for the sale of three parcels of land measuring in aggregate approximately 188.743 acres located in the Mukim of Tebrau, District of Johor Bahru and Mukim of Senai, District of Kulaijaya, State of Johor for a total cash consideration of RM369,974,029 subject to the fulfilment of the terms and conditions of the SPAs. As such, the aforementioned land costs including but not limited to the development and other related costs have been reclassified from non-current to current inventories during the current quarter under review.

12. Changes in composition of the Group

- a) Pursuant to the listing of Malakoff on the Main Market of Bursa Malaysia on 15 May 2015, Anglo-Oriental (Annuities) Sdn Bhd ("AOA"), a wholly-owned subsidiary of MMC undertook an offer for sale of 160,962,910 ordinary shares of RM0.10 each of Malakoff's enlarged share capital, at an offer price of RM1.80 each for a cash consideration of RM289.7 million. Upon completion of the IPO listing, the Group's effective interest in Malakoff reduced from 51% to 37.6%, and the latter in turn become an associate of the Group. The IPO listing resulted in gain on sale of Malakoff shares and a fair value re-measurement in investment of RM388.8 million and RM955.4 million, respectively.

The disposal had the following effects on the financial position of the Group:

	At date of disposal RM'000
Property, plant & equipment	14,404,360
Intangible assets	4,520,253
Investment in associates	1,192,318
Finance lease receivables	1,990,974
Trade & other receivables	1,963,969
Cash & cash equivalents	3,715,728
Other assets	1,904,590
Borrowings	(18,308,470)
Trade & other payables	(1,267,725)
Deferred income	(2,898,373)
Other liabilities	(465,459)
Deferred tax liabilities	(2,753,565)
<u>Net assets disposed</u>	<u>3,998,600</u>
<u>Goodwill on consolidation</u>	<u>336,194</u>
	4,334,794
Less: Transfer to investment in associate	(2,426,890)
Less: Non-controlling interest	(1,991,869)
<u>Less: Goodwill on consolidation</u>	<u>(21,221)</u>
	(105,186)

Total disposal proceed	(283,580)
Gain on disposal to the Group	(388,766)
Gain on fair value re-measurement	(955,376)
Total gain	(1,344,142)
Cash outflow arising from the disposal:	
Cash consideration	283,580
Cash and cash equivalents of subsidiary disposed	(3,715,728)
Net cash outflow to the Group	(3,432,148)

- b) On 16 June 2015, MMC Ventures Sdn Bhd, a wholly-owned subsidiary of MMC acquired additional 25,000,000 ordinary shares of RM1.00 each, representing 5.32% issued and paid-up share capital of NCB for a total cash consideration of RM86.3 million. With the acquisition, MMC's effective interest in NCB stood at 21.05% as at end of the current quarter ended 30 June 2015.

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 30 June 2015.

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 2014 except for the following bank guarantees issued to third parties:

	30.6.15	31.12.14
	RM mil	RM mil
Subsidiaries	73.6	465.0

Bank guarantees issued to third parties are mainly in relation to performance bonds and payments guarantee for utilities facilities.

14. Capital commitments

Capital commitments of the Group not provided for in the interim financial report are as follows:

	30.6.15	31.12.14
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	171.0	1,494.0
Authorised but not contracted for	418.0	463.4
	<u>589.0</u>	<u>1,957.4</u>

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

Performance of the Group under review includes Malakoff's financial results currently presented as discontinued operation, disclosed in notes 2 and 9.

For the 6-month financial period ended 30 June 2015, the Group recorded a decrease of 27.6% in revenue to RM3,423.9 million from RM4,727.0 million reported in the corresponding period of the preceding year. The decrease was mainly due to deconsolidation of Malakoff's results following its listing debut on Bursa Malaysia on 15 May 2015 and lower work progress recorded from Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) Line project largely upon completion of tunnelling drive works in April 2015.

Conversely, the Group's Profit before zakat and taxation increased significantly to RM1,690.1 million compared with RM345.9 million recorded in the corresponding period of the preceding year, mainly attributed to the exceptional gain of RM1,344.1 million arising from Malakoff's May 2015 listing debut on Bursa Malaysia.

Energy & Utilities

The segment recorded a decrease of 25.5% in revenue to RM2,051.1 million from RM2,753.3 million in the corresponding period of the preceding year, primarily due to deconsolidation of Malakoff's results following its listing debut on Bursa Malaysia on 15 May 2015.

Conversely, the segment recorded a significant increase in Profit before zakat and taxation of RM1,629.5 million compared with RM254.0 million in the corresponding period of the preceding year, primarily due to the exceptional gain arising from Malakoff's listing debut on Bursa Malaysia as detailed in Note 12.

Ports & Logistics

The segment recorded revenue of RM884.4 million, an increase of 10.3% as compared with RM801.9 million reported in the corresponding period of the preceding year, mainly due to higher throughput handled at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") following gradual progress from 2M alliance between Maersk Line and Mediterranean Shipping Company (MSC), launched in January 2015.

The segment recorded Profit before zakat and taxation of RM168.9 million, an increase of 40% as compared with RM120.6 million reported in the corresponding period of the preceding year, in line with the increase in throughput handled at PTP coupled with lower operating costs incurred largely from fuel costs as well as repairs and maintenance works.

Engineering & Construction

The segment recorded a decrease of 50.0% in revenue to RM458.3 million from RM916.1 million in the corresponding period of the preceding year, mainly due to lower work progress recorded from KVMRT-SBK line project largely upon completion of tunnelling drive works in April 2015 and completion of Electrified Double Track Project in November 2014.

Correspondingly, the segment recorded lower Profit before zakat and taxation of RM112.1 million compared with RM165.3 million in the corresponding period of the preceding year, mainly attributed to lower contribution from KVMRT-SBK project following completion of tunnelling drive works as scheduled and completion of Double Track Project in November 2014.

Investment Holding, Corporate & Others

The segment recorded a decrease of 88.3% in revenue to RM29.9 million from RM255.6 million in the corresponding period of the preceding year, mainly due to the recognition of sale of land in 2014 by SACSB as part of the overall development of Airport City plan.

The segment recorded Loss before zakat and taxation of RM220.4 million compared with RM194.0 million in the corresponding period of the preceding year, mainly attributed to provision for impairment on claims recovery of a discontinued project in Middle East.

16. Variation of results against immediate preceding quarter

The Group recorded significantly higher Profit before zakat and taxation of RM1,455.4 million in the current quarter compared with RM234.7 million in the immediate preceding quarter, mainly attributed to the exceptional gain of RM1,344.1 million arising from Malakoff's May 2015 listing debut on Bursa Malaysia.

17. Current prospects

The Group remains positive on its prospects, driven by stable performance of its operating companies together with contribution from on-going construction projects.

Ports & Logistics division is expected to grow its revenue on the back of growing volumes at Port of Tanjung Pelepas and Johor Port. In addition, the acquisition of an additional 14.4% stake in NCB Holdings raising the total shareholding to 30.13%, further expands the Group's overall Ports & Logistics businesses.

Revenue at the Energy & Utilities division is expected to improve consistent with the full recovery of Malakoff's Tanjung Bin power plant as well as higher gas volume sales at Gas Malaysia. However upon the listing of Malakoff on 15 May 2015, the Group's revenue and earnings contribution will be reduced as a result of the deconsolidation of its financial results from the Group. The Group has also recorded significant exceptional gains arising from the listing exercise.

Substantial existing order-book provides earnings visibility for the Engineering & Construction division anchored by the KVMRT-SBK Line Project which is progressing well and is on track to be completed by July 2017. Furthermore, the Group has secured several major projects namely Langat 2 Water Treatment Plant, Langat Centralized Sewerage Project, infrastructure works for the

RAPID Pengerang co-generation plant and the appointment as Project Delivery Partner for the implementation of the Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line ("MRT Line 2") Project.

The Board expects the Group's financial performance for financial year 2015 to be better than the last financial year.

18. Profit before zakat and taxation

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

	3 months ended 30.6.15	3 months ended 30.6.14	Cumulative 6 months ended 30.6.15	Cumulative 6 months ended 30.6.14
	RM mil	RM mil	RM mil	RM mil
Interest income	(31.6)	(45.5)	(84.3)	(91.3)
Gain on disposal of a subsidiary (including fair valuation measurement gain of RM955,376,000 (Note 12))	1,344.2	-	1,344.2	-
Depreciation	167.1	210.7	393.6	410.8
Amortisation	62.3	119.1	186.1	228.5
Impairment of receivables	56.0	3.8	59.5	31.9
Write-back of impairment of receivables	-	-	(3.6)	-
Net unrealised foreign exchange loss	-	2.6	28.3	2.5
(Gain)/loss on - property, plant and equipment	14.2	1.2	7.0	(1.6)
- non-current assets	-	20.7	-	21.3

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 30.6.15	3 months ended 30.6.14	Cumulative 6 months ended 30.6.15	Cumulative 6 months ended 30.6.14
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(44)	(103)	(99)	(181)
- prior year	-	-	(2)	2
Deferred tax expense				
- current	(21)	121	(21)	186
- prior year	-	-	-	(23)
	<u>(65)</u>	<u>18</u>	<u>(122)</u>	<u>(16)</u>

The Group's effective tax rate for the cumulative six months ended 30 June 2015 excluding item relating to investment was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes offset by recognition of deferred tax income from investment tax allowance from port business.

21. Status of corporate proposals announced

There was no corporate proposal announced and / or pending completion as at the date of this announcement.

22. Available for sale financial assets

Fair value of financial instruments

Fair values recognised in the statement of financial position are measured using the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 - Inputs other than quoted price included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derives from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, observable inputs).

A reconciliation from opening balances to fair value measurement on level 1 of the fair value hierarchy is as follows:

	<u>30.6.15</u>	<u>31.12.14</u>
	RM mil	RM mil
At 1 January	84.5	95.5
Addition	2.6	-
Net gain/(losses) transferred to equity	(6.0)	(3.7)
Disposals	-	(7.3)
At 30.6.15/31.12.14	<u>81.1</u>	<u>84.5</u>
Less: Non-current portion	(3.6)	(3.6)
Current portion	<u>77.5</u>	<u>80.9</u>

23. Borrowings

	<u>30.6.15</u>	<u>31.12.14</u>
	RM mil	RM mil
Current		
- secured	478	1,223
- unsecured	339	447
	<u>817</u>	<u>1,670</u>
Non-current		
- secured	5,890	20,639
- unsecured	376	3,343
	<u>6,266</u>	<u>23,982</u>
Total borrowings	<u>7,083</u>	<u>25,652</u>

The currency exposure profile of borrowings for the Group are as follows:

Functional currency (RM)	<u>30.6.15</u>	<u>31.12.14</u>
	RM mil	RM mil
USD	-	296
AUD	-	454

24. Realised and unrealised profit/losses disclosure

The retained earnings as at 30 June 2015 is analysed as follows:

	As at 30.6.15	As at 31.12.14
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	5,612.8	2,944.1
- Unrealised	381.2	373.5
	<u>5,994.0</u>	<u>3,317.6</u>
Total retained earnings from associated companies:		
- Realised	192.6	203.7
- Unrealised	(28.4)	(28.4)
	<u>164.2</u>	<u>175.3</u>
Total retained earnings from joint ventures:		
- Realised	27.7	23.3
- Unrealised	(25.0)	(24.9)
	<u>2.7</u>	<u>(1.6)</u>
Total retained earnings before consolidation adjustments	6,160.9	3,491.3
Less: Consolidation adjustments	(114.4)	(81.2)
Total retained earnings as per interim	<u>6,046.5</u>	<u>3,410.1</u>

25. Changes in material litigation

There has been no significant change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries during the current quarter under review.

26. Dividend Payable

No interim dividend has been recommended by the Directors for the current quarter ended 30 June 2015 (30 June 2014: Nil).

In respect of the financial year ended 31 December 2014, a final single-tier dividend of 3.5 sen per ordinary share of RM0.10 each on 3,045,058,552 ordinary shares amounting to RM106,577,049 was paid on 6 July 2015.

27. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months ended <u>30.6.15</u>	3 months ended <u>30.6.14</u>	Cumulative 6 months ended <u>30.6.15</u>	Cumulative 6 months ended <u>30.6.14</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	1,349	165	1,445	189
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)	44.32	5.43	47.46	6.21
Diluted earnings per ordinary share (sen)	44.32	5.43	47.46	6.21

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 26 August 2015.

By Order of the Board

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

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

Secretaries

Kuala Lumpur

26 August 2015