

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 March 2015

	3 months ended 31.03.15 RM'000 (Unaudited)	3 months ended 31.03.14 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.15 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.14 RM'000 (Unaudited)
Continuing operation				
Revenue	637,207	622,149	637,207	622,149
Cost of sales	(375,966)	(394,764)	(375,966)	(394,764)
Gross profit	261,241	227,385	261,241	227,385
Other operating income				
- items relating to investments	-	2,136	-	2,136
- other operating income	20,338	15,222	20,338	15,222
Administrative expenses	(137,455)	(126,805)	(137,455)	(126,805)
Other operating expenses	(36,756)	(30,707)	(36,756)	(30,707)
Finance costs	(95,002)	(75,674)	(95,002)	(75,674)
Share of results of:				
- associates	19,091	20,844	19,091	20,844
- joint ventures	27,678	9,054	27,678	9,054
Profit before zakat and taxation	59,135	41,455	59,135	41,455
Tax expense	(2,762)	(4,500)	(2,762)	(4,500)
Profit from continuing operation	56,373	36,955	56,373	36,955
Discontinuing operation				
Profit from discontinuing operations (Note 2)	120,978	15,391	120,978	15,391
Profit for the financial period	177,351	52,346	177,351	52,346
Profit attributable to:				
Owners of the Parent				
- from continuing operation	42,762	22,228	42,762	22,228
- from discontinuing operation	52,992	1,347	52,992	1,347
	95,754	23,575	95,754	23,575
Non-controlling interests	81,597	28,771	81,597	28,771
	177,351	52,346	177,351	52,346
Earnings per share attributable to owners of the Parent				
- from continuing operation				
- Basic (sen)	1.40	0.73	1.40	0.73
- Diluted (sen)	1.40	0.73	1.40	0.73
- from discontinuing operations				
- Basic (sen)	1.74	0.04	1.74	0.04
- Diluted (sen)	1.74	0.04	1.74	0.04

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 Comprehensive Income
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	3 months <u>ended</u> <u>31.03.15</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>31.03.14</u> RM'000 (Unaudited)	Cumulative <u>3 months ended</u> <u>31.03.15</u> RM'000 (Unaudited)	Cumulative <u>3 months ended</u> <u>31.03.14</u> RM'000 (Unaudited)
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value gains/(losses)	801	(5,402)	801	(5,402)
- disposal	-	201	-	201
Currency translation differences	470	13,914	470	13,914
Other comprehensive income from continuing operation	1,271	8,713	1,271	8,713
Other comprehensive loss from discontinuing operation (Note 2)	(17,723)	(51,374)	(17,723)	(51,374)
Other comprehensive loss for the period	(16,452)	(42,661)	(16,452)	(42,661)
Total comprehensive income for the period	160,899	9,685	160,899	9,685
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operation	44,033	30,941	44,033	30,941
- from discontinuing operation	35,269	(50,027)	35,269	(50,027)
	79,302	(19,086)	79,302	(19,086)
Non-controlling interests	81,597	28,771	81,597	28,771
	160,899	9,685	160,899	9,685

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 31.03.15 RM' 000 (Unaudited)	As at 31.12.14 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	6,809,900	21,203,402
Finance lease receivables	-	1,990,974
Investment properties	27,985	28,104
Interests in associates	1,303,243	2,545,302
Investments in joint arrangements	256,771	287,490
Available-for-sale financial assets	3,635	3,635
Inventories	1,768,200	1,751,122
Trade and other receivables	263,879	388,692
Derivative financial instruments	20,447	119,042
Intangible assets	1,856,525	6,902,658
Deferred tax assets	844,409	1,601,951
	<u>13,154,994</u>	<u>36,822,372</u>
Current Assets		
Inventories	33,606	540,187
Trade and other receivables	1,524,204	2,589,856
Derivative financial instruments	-	15
Tax recoverable	32,449	322,560
Available-for-sale financial assets	84,305	80,864
Deposits, bank and cash balances	941,447	5,036,025
	<u>2,616,011</u>	<u>8,569,507</u>
Assets classified held for sale		
- Discontinuing operation (Note 2)	29,411,259	-
- Others	11,338	12,997
	<u>32,038,608</u>	<u>8,582,504</u>
Total Assets	<u><u>45,193,602</u></u>	<u><u>45,404,876</u></u>
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	7,280,230	7,200,928
	<u>7,584,736</u>	<u>7,505,434</u>
Non-controlling interests	2,846,326	2,828,729
Total equity	<u>10,431,062</u>	<u>10,334,163</u>
Non-Current Liabilities		
Redeemable preference shares	90,550	89,739
Borrowings	6,298,885	23,981,508
Land lease received in advance	266,171	267,508
Provision for retirement benefits	12,243	87,054
Deferred income	157,155	2,967,614
Derivative financial instruments	-	167,338
Deferred tax liabilities	582,530	3,302,373
Trade and other payables	39,953	39,633
	<u>7,447,487</u>	<u>30,902,767</u>

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 Financial Position

	As at 31.03.15 RM' 000 (Unaudited)	As at 31.12.14 RM' 000 (Audited)
Current Liabilities		
Borrowings	950,441	1,670,441
Trade and other payables	1,467,643	2,268,622
Tax payables	725	43,991
Deferred income	26,199	156,571
Derivative financial instruments	-	28,321
	<u>2,445,008</u>	<u>4,167,946</u>
Liabilities classified as held for sale (Note 2)	<u>24,870,045</u>	<u>-</u>
	<u>27,315,053</u>	<u>4,167,946</u>
Total Liabilities	<u>34,762,540</u>	<u>35,070,713</u>
Total equity and liabilities	<u>45,193,602</u>	<u>45,404,876</u>
Net assets per share attributable to owners of the Parent (sen)	249	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 period ended 31 March 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	-	-	-	-	-	-	-	-	95,754	95,754	81,597	177,351
Other comprehensive income/ (loss)	-	-	470	-	801	(17,723)	-	-	-	(16,452)	-	(16,452)
Total comprehensive income/(loss) for the financial period	-	-	470	-	801	(17,723)	-	-	95,754	79,302	81,597	160,899
Dividends	-	-	-	-	-	-	-	-	-	-	(64,000)	(64,000)
At 31 March 2015	304,506	2,039,770	(2,558)	1,219,271	70,555	57,724	9,403	380,253	3,505,812	7,584,736	2,846,326	10,431,062

* - 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 period ended 31 March 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	-	-	-	-	-	-	-	-	23,575	23,575	28,771	52,346		
Other comprehensive income/ (loss)	-	-	13,914	-	(5,201)	(51,374)	-	-	-	(42,661)	-	(42,661)		
Total other comprehensive income/(loss) for the period	-	-	13,914	-	(5,201)	(51,374)	-	-	23,575	(19,086)	28,771	9,685		
Transfer to capital reserves	-	-	-	-	-	-	-	575	(575)	-	-	-		
Dividends	-	-	-	-	-	-	-	-	-	-	(6,250)	(6,250)		
At 31 March 2014	<u>304,506</u>	<u>2,039,770</u>	<u>(12,988)</u>	<u>1,219,271</u>	<u>78,137</u>	<u>124,776</u>	<u>9,163</u>	<u>379,678</u>	<u>3,054,644</u>	<u>7,196,957</u>	<u>3,020,567</u>	<u>10,217,524</u>		

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

Condensed Consolidated Statement of Cash Flows

	3 months ended <u>31.03.15</u> RM'000 (Unaudited)	3 months ended <u>31.03.14</u> RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operations	59,135	41,455
Discontinuing operations	175,533	44,576
Adjustments for:		
Non-cash items	255,216	286,139
Interest expense	309,392	304,682
Interest income	(52,642)	(45,751)
Dividend income	(2,640)	-
Share of results in associates and joint ventures	(56,911)	(38,076)
Operating profit before working capital changes	687,083	593,025
Changes in working capital:		
Net change in non-current inventories	-	(49,499)
Net change in current assets	(524,228)	(285,280)
Net change in current liabilities	(31,485)	(318,454)
Cash generated from operations	131,370	(60,208)
Deferred income received	73,418	81,710
Tax paid	(66,434)	(5,158)
Land lease received in advance	2,425	358
Retirement benefits paid	(2,695)	(264)
Staff loan repaid	-	72
Net cash generated from operating activities	138,084	16,510
Cash flows from investing activities		
Net cash outflow from additional investment in an associate	-	(16,579)
Purchase of property, plant and equipment	(235,883)	(719,865)
Purchase of available-for-sale financial assets	(2,639)	-
Redemption of RULS in a subsidiary	(45,852)	-
Proceeds from sale of property, plant and equipment	125	587
Interest received	52,642	45,751
Dividend received from:		
- Associates	22,887	12,931
- Others	2,640	-
Net cash used in investing activities	(206,080)	(677,175)
Cash flows from financing activities		
Drawdown of term loans	124,089	917,653
Repayment of term loans	(350,926)	(171,813)
Dividend paid to non-controlling interests of subsidiaries	(64,000)	(6,250)
Interest paid	(309,392)	(304,682)
Net cash (used in) / generated from financing activities	(600,229)	434,908

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

	3 months ended <u>31.03.15</u> RM'000 (Unaudited)	3 months ended <u>31.03.14</u> RM'000 (Unaudited)
Net change in cash and cash equivalents	(668,225)	(225,757)
Foreign exchange differences	470	13,914
Cash and cash equivalents at beginning of the financial period	<u>5,018,675</u>	<u>4,328,560</u>
Cash and cash equivalents at end of the financial period	<u><u>4,350,920</u></u>	<u><u>4,116,717</u></u>
Cash and cash equivalents comprise:		
Deposits and bank balances	Note 1 4,352,001	4,117,838
Bank overdrafts	(1,081)	(1,121)
	<u><u>4,350,920</u></u>	<u><u>4,116,717</u></u>
Note 1:		
Cash balances as at 31 March 2015	4,352,001	
Classified assets held for sale	<u>(3,410,554)</u>	
Cash balances excluding assets held for sale	<u><u>941,447</u></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. Discontinuing operation

The discontinuing operation is in relation to the Proposed Listing of Malakoff Corporation Berhad ("Malakoff") on Bursa Malaysia, approved by the shareholders at the recent Extraordinary General Meeting (EGM) held on 30 March 2015.

The income and expense, net assets and cash flow of Malakoff ("Disposal group") that have been classified as discontinuing operation for the current quarter ended 31 March 2015 are presented as follows:

i. Results of discontinuing operation

	31.3.2015	31.3.2014
	RM mil	RM mil
Revenue	1,346.6	1,238.1
Cost of sales	(897.8)	(869.7)
Gross profit	<u>448.8</u>	<u>368.4</u>
Other operating income	53.7	42.9
Administrative expenses	(81.4)	(62.4)
Operating expenses	(41.4)	(83.4)
Finance costs	(214.4)	(229.0)
Share of results of associates/joint ventures	10.2	8.1
Profit before taxation	<u>175.5</u>	<u>44.6</u>
Tax expense	(54.6)	(29.2)
Profit for the financial period	<u><u>120.9</u></u>	<u><u>15.4</u></u>

ii. Group's statement of cash flows

	31.3.2015	31.3.2014
	RM mil	RM mil
Net cash from operating activities	213.9	187.4
Net cash from/(used in) investing activities	40.5	(424.2)
Net cash (used in)/from financing activities	(530.8)	144.5
Effect on cash flows	<u>(276.4)</u>	<u>(92.3)</u>

iii. Amount of assets and liabilities of the disposal group as at 31 March 2015 are as follows:

	31.3.2015
	RM mil
<u>Assets classified as held for sale</u>	
Property, plant and equipment	14,402.2
Intangible assets	4,922.0
Other group of assets	10,087.1
	<u>29,411.3</u>
<u>Liabilities classified as held for sale</u>	
Borrowings	18,162.0
Deferred income	2,983.9
Other group of liabilities	3,724.1
	<u>24,870.0</u>
Net assets held for sale	<u>4,541.3</u>

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 discontinuing operation application as disclosed in Note 2.

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 31 March 2015.

8. Dividend paid

There was no dividend paid during the current quarter ended 31 March 2015.

9. Segment Reporting

The Group's segmental reporting for the current quarter ended 31 March 2015 is as follows:

	Continuing Operation						Discontinuing 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	422	-	3	221	15	661	1,347	2,008
Inter-segment	(2)	-	-	(22)	-	(24)	-	(24)
External	420	-	3	199	15	637	1,347	1,984
Results								
Profit / (loss)								
before zakat and taxation	68	9	1	71	(90)	59	176	235
Finance costs	38	-	-	-	57	95	214	309
Depreciation and Amortisation	65	-	-	1	8	74	272	346
Earnings Before Interest, Tax, Depreciation and Amortisation	171	9	1	72	(25)	228	662	890

The Group's segmental reporting for the corresponding financial quarter ended 31 March 2014 is as follows:

	Continuing Operation						Discontinuing Operation		
	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others	Total	Energy & Utilities	Total	
		Gas	Utilities						
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	
Revenue									
Total	385	-	19	240	12	656	1,238	1,894	
Inter-segment	(2)	-	-	(32)	-	(34)	-	(34)	
External	383	-	19	208	12	622	1,238	1,860	
Results									
Profit / (loss)									
before zakat and taxation	59	16	1	41	(76)	41	45	86	
Finance costs	26	-	-	-	50	76	229	305	
Depreciation and Amortisation	59	-	1	2	7	69	240	309	
Earnings Before Interest, Tax, Depreciation and Amortisation	144	16	2	43	(19)	186	514	700	

10. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 March 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

Anglo-Oriental (Annuities) Sdn Bhd, ("AOA"), a wholly-owned subsidiary of MMC Corporation Berhad ("MMC"), has undertaken an offer for sale of 149,566,000 ordinary shares of RM0.10 each (assuming the over-allotment option is not exercised) in Malakoff Corporation Berhad ("Malakoff") initial public offering at an offer price of RM1.80 each.

On 15 May 2015, Malakoff, following completion of its listing debut on the Main Market of Bursa Malaysia ceased to be a subsidiary of MMC and shall be reflected in MMC books as an investment in associate.

12. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter ended 31 March 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:

	31.03.15	31.12.14
	RM mil	RM mil
Subsidiaries	481.0	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:

	31.03.15	31.12.14
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	1519.9	1,494.0
Authorised but not contracted for	809.7	463.4
	<u>2,329.6</u>	<u>1,957.4</u>

15. Related party transactions

	31.03.15	31.12.14
	RM mil	RM mil
Associated company		
- Interest income on unsecured subordinated loan notes	17.2	15.2

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established within normal commercial terms.

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

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

For the current quarter under review, the Group recorded revenue of RM1,983.8 million, an increase of 6.6% compared with RM1,860.3 million reported in the corresponding period of the preceding year, mainly attributed to higher contribution from Malakoff in the Energy & Utilities segment coupled with higher throughput volume handled at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP").

Correspondingly, the Group's Profit before zakat and taxation increased significantly to RM234.7 million compared with RM86.0 million recorded in the corresponding period of the preceding year, primarily due to the following:

- (i) higher contribution from Malakoff in line with the full recovery of Tanjung Bin Power plant as well as contributions from Malakoff Wind Macarthur and Port Dickson Power Plant ("PD Power"); and
- (ii) higher contribution from KVMRT-SBK project in line with higher work progress performed coupled with improved profit margin largely for the tunnelling and underground construction works.

Energy & Utilities

The segment recorded an increase of 7.4% in revenue to RM1,350.3 million from RM1,257.3 million in the corresponding period of the preceding year, following full recovery of Tanjung Bin Power

plant as well as contributions from Malakoff Wind Macarthur and PD Power.

Correspondingly, the segment recorded a significant increase in Profit before zakat and taxation of RM185.9 million compared with RM62.5 million in the corresponding period of the preceding year. The significant increase was largely attributed to the improved results from Tanjung Bin Power plant following its successful recovery program that saw significant improvement in the average capacity factor of 88% (2014:56%) and absence of provision for negative billings as well as contributions from Malakoff Wind Macarthur and PD Power.

Ports & Logistics

The segment recorded an increase of 9.5% in revenue to RM419.5 million from RM383.1 million in the corresponding period of the preceding financial year, mainly due to higher throughput handled at PTP following commencement of services by 2M alliance entered between Maersk Line and Mediterranean Shipping Company (MSC).

The segment recorded higher Profit before zakat and taxation of RM67.8 million compared with RM59.1 million in the corresponding period of the preceding financial year, in line with the increase in throughput handled coupled with lower cost of repairs and maintenance works incurred.

Engineering & Construction

The segment recorded a slight decrease of 4.2% in revenue to RM199.1 million from RM207.9 million in the corresponding period of the preceding year following timely completion of Electrified Double Track Project in November 2014.

Despite the decrease, the segment recorded higher Profit before zakat and taxation of RM71.3 million compared with RM40.9 million in the corresponding period of the preceding year, mainly attributed to higher work progress performed from KVMRT-SBK project coupled with improved profit margin largely from tunnelling and underground construction works with physical completion rate recorded at 76.5%, as scheduled.

Investment Holding, Corporate & Others

The segment recorded an increase of 23.1% in revenue to RM14.9 million from RM12.1 million in the corresponding period of the preceding year, mainly due to dividend income received from investment in Sime Darby Berhad.

The segment recorded Loss before zakat and taxation of RM90.3 million compared with RM76.4 million in the corresponding period of the preceding year, mainly attributed to higher finance costs and other operating costs.

17. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation of RM234.7 million in the current quarter compared with RM347.8 million in the immediate preceding quarter, mainly attributed to the following:

- (i) recognition of sale of a parcel of land in Senai Airport City in the preceding quarter;
- (ii) absence of reimbursement from Tenaga Nasional Bhd (TNB) for Malakoff's unutilized scheduled outage hour ("USOH"); and
- (iii) timely completion of the construction of the Electrified Double Track project in the preceding quarter.

18. 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.

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 is also expected to record 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.

19. Profit before zakat and taxation

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

	3 months ended 31.03.15	3 months ended 31.03.14	Cumulative 3 months ended 31.03.15	Cumulative 3 months ended 31.03.14
	RM mil	RM mil	RM mil	RM mil
Interest income	(52.6)	(45.8)	(52.6)	(45.8)
Depreciation	222.5	200.2	222.5	200.2
Amortisation	123.7	109.4	123.7	109.4
Impairment of receivables	3.6	28.1	3.6	28.1
Write-back of impairment of receivables	(3.6)	-	(3.6)	-
Net unrealised foreign exchange loss	28.3	-	28.3	-
(Gain)/loss on - property, plant and equipment	(7.1)	(2.8)	(7.1)	(2.8)
- non-current assets	-	0.6	-	0.6

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 31.3.15	3 months ended 31.3.14	Cumulative 3 months ended 31.3.15	Cumulative 3 months ended 31.3.14
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(55)	(78)	(55)	(78)
- prior year	(2)	2	(2)	2
Deferred tax expense				
- current	-	65	-	65
- prior year	-	(23)	-	(23)
	<u>(57)</u>	<u>(34)</u>	<u>(57)</u>	<u>(34)</u>

The Group's effective tax rate was slightly lower than the statutory income tax rate principally due to recognition of deferred tax income from investment tax allowance from port business offset by effect of non-deductible expenses for tax purposes.

22. Status of corporate proposals announced

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

23. 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>31.03.15</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	0.8	(10.3)
Disposals	-	(0.7)
At 31.3.15/31.12.14	<u>87.9</u>	<u>84.5</u>
Less: Non-current portion	(3.6)	(3.6)
Current portion	<u>84.3</u>	<u>80.9</u>

24. Borrowings

	<u>31.03.15</u>	<u>31.12.14</u>
	RM mil	RM mil
Current		
- secured	1,274	1,223
- unsecured	409	447
	<u>1,683</u>	<u>1,670</u>
Non-current		
- secured	20,158	20,639
- unsecured	3,571	3,343
	<u>23,729</u>	<u>23,982</u>
Total borrowings	<u>25,412</u>	<u>25,652</u>

At 31 March 2015, borrowings of the disposal group classified as held for sale amounted to RM18,162 million as disclosed in Note 2.

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

Functional currency (RM)	<u>31.03.15</u>	<u>31.12.14</u>
	RM mil	RM mil
USD	313	296
AUD	481	454

25. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 March 2015 is analysed as follows:

	As at 31.03.15	As at 31.12.14
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	3,031.1	2,944.1
- Unrealised	393.9	373.5
	<u>3,425.0</u>	<u>3,317.6</u>
Total retained earnings from associated companies:		
- Realised	214.7	203.7
- Unrealised	(28.4)	(28.4)
	<u>186.3</u>	<u>175.3</u>
Total retained earnings from joint ventures:		
- Realised	26.7	23.3
- Unrealised	(25.0)	(24.9)
	<u>1.7</u>	<u>(1.6)</u>
Total retained earnings before consolidation adjustments	3,613.0	3,491.3
Less: Consolidation adjustments	(107.2)	(81.2)
Total retained earnings as per interim	<u>3,505.8</u>	<u>3,410.1</u>

26. Changes in material litigation

On 10 September 2014, the High Court dismissed Logistic Air FCZ and Logistic Air, Inc.'s ("LA") claim against Senai Airport Terminal Services Sdn Bhd ("SATS"). The High Court also allowed SATS' counterclaim of RM821,761-79 with interest and costs, and

that SATS be entitled to dispose of LA's aircrafts presently on SATS' premises. On 29 September 2014, LA filed an appeal against the decision of the High Court. On 18 March 2015, the Court of Appeal dismissed LA's appeal. LA did not file any appeal to the Federal Court within the prescribed time.

Save as disclosed above, there has been no significant change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last audited financial statements for the financial year ended 31 December 2014.

27. Dividend Payable

No interim dividend has been recommended by the Directors for the current quarter ended 31 March 2015 (31 March 2014: Nil).

28. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months ended <u>31.03.15</u>	3 months ended <u>31.03.14</u>	Cumulative 3 months ended <u>31.03.15</u>	Cumulative 3 months ended <u>31.03.14</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	96	24	96	24
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)	3.14	0.8	3.14	0.77
Diluted earnings per ordinary share (sen)	3.14	0.77	3.14	0.77

29. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 28 May 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

28 May 2015