

Consolidated Condensed Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 December 2012

	3 months <u>ended</u> <u>31.12.12</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>31.12.11</u> RM'000 (Restated)	Cumulative <u>12 months ended</u> <u>31.12.12</u> RM'000 (Unaudited)	Cumulative <u>12 months ended</u> <u>31.12.11</u> RM'000 (Restated)
Revenue	1,714,697	2,411,891	8,296,662	9,336,809
Cost of sales	(1,154,141)	(1,650,256)	(5,859,140)	(6,497,242)
Gross profit	<u>560,556</u>	<u>761,635</u>	<u>2,437,522</u>	<u>2,839,567</u>
Other Operating Income				
Items relating to investments	-	88	1,011,546	6,709
Other operating income	117,214	120,612	338,857	297,402
Distribution costs	88	(2,808)	(213)	(8,714)
Administrative expenses	(221,134)	(168,514)	(741,805)	(649,491)
Other operating expenses	(61,788)	(91,986)	(343,732)	(283,669)
Finance cost	(272,979)	(341,168)	(1,138,532)	(1,358,959)
Share of results of associated companies and jointly controlled entities	<u>103,597</u>	<u>97,501</u>	<u>245,717</u>	<u>155,736</u>
Profit before zakat and taxation	<u>225,554</u>	<u>375,360</u>	<u>1,809,360</u>	<u>998,581</u>
Zakat expenses	(1,991)	(2,047)	(5,351)	(2,047)
Tax expenses	(56,144)	(4,525)	(258,321)	(167,261)
Profit for the period	<u>167,419</u>	<u>368,788</u>	<u>1,545,688</u>	<u>829,273</u>
Other comprehensive income				
Available-for-sale financial assets				
- fair value (losses)/gains	3,828	(12,176)	(15,355)	9,707
- disposal	-	-	-	-
Movement in associate's capital reserve	6,094	(10,422)	1,928	(5,749)
Fair value adjustment	10,626	-	(5,107)	-
Currency translation differences	460	(5,887)	(7,410)	8,392
Other comprehensive income for the period	<u>21,008</u>	<u>(28,485)</u>	<u>(25,944)</u>	<u>12,350</u>
Total comprehensive income for the period	<u>188,427</u>	<u>340,303</u>	<u>1,519,744</u>	<u>841,623</u>
Profit attributable to:				
Owners of the Parent	79,477	191,766	921,788	332,572
Non-controlling interest	87,942	177,022	623,900	496,701
	<u>167,419</u>	<u>368,788</u>	<u>1,545,688</u>	<u>829,273</u>
Total comprehensive income attributable to:				
Owners of the Parent	100,485	163,281	895,844	344,922
Non-controlling interest	87,942	177,022	623,900	496,701
	<u>188,427</u>	<u>340,303</u>	<u>1,519,744</u>	<u>841,623</u>
Earnings per share for profit attributable to the owners of the Parent				
Basic (sen)	2.6	6.3	30.3	10.9
Diluted (sen)	2.6	6.3	30.3	10.9

The Consolidated Condensed Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**Consolidated Condensed Statement of Financial Position
As at 31 December 2012**

	As at <u>31.12.12</u> RM' 000 (Unaudited)	As at <u>31.12.11</u> RM' 000 (Restated)	As at <u>01.01.11</u> RM' 000 (Restated)
Non-Current Assets			
Property, plant and equipment	16,533,465	16,029,865	16,699,574
Investment properties	31,391	32,329	30,778
Prepaid lease payments	-	18,835	19,238
Investments in associates	2,804,490	1,463,120	1,266,913
Investment in jointly controlled entities	279,086	246,249	219,281
Available-for-sale financial assets	7,706	8,573	8,412
Property development expenditure	2,225,519	2,128,408	1,917,196
Other assets	142,266	3,307	4,214
Intangible assets	7,714,584	7,577,842	7,986,159
Deferred income tax assets	1,249,280	1,188,910	1,121,012
	<u>30,987,787</u>	<u>28,697,438</u>	<u>29,272,777</u>
Current Assets			
Inventories	722,290	719,906	585,289
Assets held for sale	-	-	103
Trade and other receivables	2,134,699	2,327,958	2,227,814
Current income tax recoverable	237,186	188,040	337,014
Amount due from holding company	2,519	5,518	5,518
Available-for-sale financial assets	88,575	85,588	81,868
Deposits, bank and cash balances	6,161,698	4,579,556	4,062,543
	<u>9,346,967</u>	<u>7,906,566</u>	<u>7,300,149</u>
	<u>40,334,754</u>	<u>36,604,004</u>	<u>36,572,926</u>
Equity			
Equity attributable to owners of the Parent			
Share capital	304,506	304,506	304,506
Reserves	6,740,578	5,966,536	5,731,693
	7,045,084	6,271,042	6,036,199
Non-controlling interest	3,184,984	3,299,047	3,119,375
Total equity	<u>10,230,068</u>	<u>9,570,089</u>	<u>9,155,574</u>
Non-Current Liabilities			
Redeemable preference shares	127,079	140,620	136,467
Borrowings	18,005,115	15,533,549	15,974,676
Land lease received in advance	296,975	158,433	162,264
Derivative financial instruments	162,750	-	-
Provision for retirement benefits	62,138	58,713	53,748
Deferred income	2,524,477	2,245,572	1,869,382
Deferred income tax liabilities	3,402,617	3,532,379	3,511,746
Other payables	128,834	18,303	24,654
	<u>24,709,985</u>	<u>21,687,569</u>	<u>21,732,937</u>
Current Liabilities			
Borrowings	3,370,283	3,443,415	3,991,739
Trade and other payables	1,972,752	1,871,226	1,626,216
Current income tax liabilities	51,666	31,705	40,409
Redeemable convertible unsecured loan stocks	-	-	26,051
	<u>5,394,701</u>	<u>5,346,346</u>	<u>5,684,415</u>
Total liabilities	<u>30,104,686</u>	<u>27,033,915</u>	<u>27,417,352</u>
Total equity and liabilities	<u>40,334,754</u>	<u>36,604,004</u>	<u>36,572,926</u>
Net assets per share attributable to ordinary equity holders of parent (sen)	231	206	198

The Consolidated Condensed Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

Consolidated Condensed Statement of Changes in Equity for the period ended 31 December 2012

	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 2012	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
Effects of changes in accounting policies - IC Int. 4	-	-	-	-	-	-	-	-	51,063	51,063	49,061	100,124
As restated	304,506	2,039,770	(22,659)	1,219,271	117,684	-	77,515	374,503	2,160,452	6,271,042	3,299,047	9,570,089
Net profit for the financial year	-	-	-	-	-	-	-	-	921,788	921,788	623,900	1,545,688
Other comprehensive (loss) / income	-	-	(7,410)	-	(15,355)	(5,107)	1,928	-	-	(25,944)	-	(25,944)
Total comprehensive income for the year	-	-	(7,410)	-	(15,355)	(5,107)	1,928	-	921,788	895,844	623,900	1,519,744
Transfer to capital reserve	-	-	-	-	-	-	-	2,300	(2,300)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(438,037)	(438,037)
Dividend	-	-	-	-	-	-	-	-	(121,802)	(121,802)	(299,926)	(421,728)
At 31 December 2012	304,506	2,039,770	(30,069)	1,219,271	102,329	(5,107)	79,443	376,803	2,958,138	7,045,084	3,184,984	10,230,068

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

The Consolidated Condensed Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

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

	Attributable to owners of the Parent						Capital*	Retained Earnings	Total	Non-controlling interests	Total Equity
	Non-distributable				Distributable						
	Share Capital	Share Premium	Currency Translation Reserve	Revaluation Reserve	Available-for-sale financial assets	Capital Reserves					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	(558,073)	(558,073)	(689,581)	(1,247,654)
As restated	304,506	2,039,770	(31,051)	1,219,271	107,977	83,264	375,864	1,936,598	6,036,199	3,119,375	9,155,574
Net profit for the financial year	-	-	-	-	-	-	-	332,573	332,573	496,701	829,274
Other comprehensive income / (loss)	-	-	8,392	-	9,707	(5,749)	-	-	12,350	-	12,350
Total comprehensive income for the year	-	-	8,392	-	9,707	(5,749)	-	332,573	344,923	496,701	841,624
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
Disposal of investments	-	-	-	-	-	-	-	-	-	1,701	1,701
Dividend	-	-	-	-	-	-	-	(106,577)	(106,577)	(348,869)	(455,446)
At 31 December 2011	304,506	2,039,770	(22,659)	1,219,271	117,684	77,515	374,503	2,160,452	6,271,042	3,299,047	9,570,089

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

The Consolidated Condensed Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**Unaudited Consolidated Condensed Statement of Cash Flows
for the period ended 31 December 2012**

	12 months ended 31.12.12 RM'000 (Unaudited)	12 months ended 31.12.11 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	1,809,360	998,581
Adjustments for:		
Non-cash items	113,533	1,091,032
Interest expense	1,138,532	1,358,959
Interest income	(190,965)	(201,456)
Dividend income	(3,255)	(2,790)
Share of results in associates and jointly controlled entities	(245,717)	(155,736)
Operating profit before working capital changes	2,621,488	3,088,590
Changes in working capital:		
Net change in current assets	(107,346)	(312,440)
Net change in current liabilities	125,250	240,728
Cash generated from operations	2,639,392	3,016,878
Designated account and pledged deposits	16,381	(416)
Deferred income received	330,787	329,493
Tax paid	(427,760)	(74,651)
Zakat paid	(5,351)	(2,047)
Land lease received in advance	160,428	19,309
Retirement benefits paid	(1,907)	(4,467)
Net cash generated from operating activities	2,711,970	3,284,099
Cash flows from investing activities		
Net cash inflow from disposals of subsidiaries	81,080	167
Net cash inflow from disposal of associates	75,568	-
Net cash outflow from acquisition of associates	(347,563)	(183,878)
Net cash inflow from acquisition of subsidiary	41,678	-
New investment in a jointly controlled entity	(9,875)	(125)
Purchase of property, plant and equipment	(2,151,395)	(157,893)
Purchase of investment property	-	(2,307)
Purchase of other assets	-	(359)
Redemption of RULS in a subsidiary	44,735	22,021
Proceeds from sale of property, plant and equipment	1,107	7,264
Proceeds from sale of other non current asset	-	3,763
Additional property development expenditure	(97,642)	(211,212)
Interest received	190,965	201,456
Dividend received	135,910	94,754
Distribution from jointly controlled entity	93,000	43,000
Net cash used in from investing activities	(1,942,432)	(183,349)
Cash flows from financing activities		
Drawdown of term loans	9,516,026	1,166,625
Government grant received	-	54,990
Repayment of term loans	(7,115,950)	(1,992,376)
Dividend paid	(121,802)	(106,577)
Dividend paid to minority shareholder	(299,926)	(348,869)
Interest paid	(1,138,532)	(1,358,959)
Net cash generated from / (used in) financing activities	839,816	(2,585,166)

The Consolidated Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

**Unaudited Consolidated Condensed Statement of Cash Flows
for the period ended 31 December 2012 (Continued)**

	12 months ended 31.12.12 RM'000 (Unaudited)	12 months ended 31.12.11 RM'000 (Unaudited)
Net increase in cash and cash equivalents	1,609,354	515,584
Effects of changes in exchange rate	(12,519)	8,392
Cash & Cash Equivalents at beginning of financial year	<u>4,563,066</u>	<u>4,039,090</u>
Cash and cash equivalents at end of financial year	<u>6,159,901</u>	<u>4,563,066</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	6,161,698	4,579,556
Designated accounts	(1)	(1)
Pledge deposits	-	(16,381)
Bank overdrafts	<u>(1,796)</u>	<u>(108)</u>
	<u>6,159,901</u>	<u>4,563,066</u>

The Consolidated Condensed Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011.

Notes to the interim financial statements

1. Basis of preparation

The consolidated condensed interim financial information for the 12 months ended 31 December 2012 has been prepared in accordance with MFRS 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 2011, which have been prepared in accordance with the Financial Reporting Standards, the Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

These consolidated condensed interim financial statements are the Group's first MFRS consolidated condensed interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS1) has been applied. The transition from FRS to MFRS has not had a material impact on the financial performance and financial position of the Group.

2. Audit qualification

The report of the auditors on the Group's financial statements for the year ended 31 December 2011 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Unusual items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter because of their nature, size and incidence except as disclosed in Note 16.

5. 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.

6. 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 2012.

7. Dividend paid

In respect of the financial year ended 31 December 2011, as reported in the Directors' report during that financial year, a final single-tier dividend of 4.0 sen per share on the 3,045,058,552 ordinary shares amounting to RM121,802,342, was paid on 28 June 2012.

8. Segment Reporting

The Group's segmental report for the financial period ended 31 December 2012 is as follows:

	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others	Total
	RM mil	Gas RM mil	Energy RM mil	Utilities RM mil	RM mil	RM mil	RM mil
<u>Revenue</u>							
Total	1,492	1,062	5,588	135	82	31	8,390
Inter-segment	(15)	-	-	-	(79)	-	(94)
External	1,477	1,062	5,588	135	3	31	8,296
<u>Results</u>							
Profit / (Loss) before zakat and taxation	286	129	707	(11)	59	639	1,809
Finance cost	128	-	797	-	-	214	1,139
Depreciation and amortisation	229	21	843	7	-	30	1,130
Earnings Before Interest, Tax, Depreciation and Amortisation	643	150	2,347	(4)	59	883	4,078

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

	Ports & Logistics	Energy & Utilities			Engineering & Construction	Investment Holding, Corporate & Others	Total
	RM mil	Gas RM mil	Energy RM mil	Utilities RM mil	RM mil	RM mil	RM mil
	<u>Revenue</u>						
Total	1,400	2,113	5,695	117	146	35	9,506
Inter-segment	(21)	(3)	-	-	(145)	-	(169)
External	1,379	2,110	5,695	117	1	35	9,337
<u>Results</u>							
Profit / (Loss) before zakat and taxation	297	294	593	53	55	(293)	999
Finance cost	130	-	1,016	1	-	212	1,359
Depreciation and amortisation	222	45	850	7	-	31	1,155
Earnings Before Interest, Tax, Depreciation and Amortisation	649	339	2,459	61	55	(50)	3,513

9. 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 MFRS 116.

10. Events subsequent to the balance sheet date

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

11. Changes in composition of the Group

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

12. 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 2011 except for the following bank guarantees issued to third parties:

	31.12.12	31.12.11
	RM million	RM million
Subsidiaries	479.0	1,018.3

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

13. Capital commitments

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

	31.12.12
	RM million
Property, plant and equipment:	
Authorised and contracted for	5,583.4
Authorised but not contracted for	468.3
	<u>6,051.7</u>

14. Related party transactions

Significant transactions in addition to the related party transactions disclosed in the audited financial statements for the year ended 31 December 2011 are as follows:

	Financial period ended 31.12.12 RM'000
Companies subject to common significant influence	
- Operation and maintenance fee expense	275,740
- Operation and maintenance subcontract fee income	130,233
- Rental expense	1,984
Associated companies	
- Interest income on unsecured subordinated loan notes	59,922

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 2012 were RM1.7 billion and RM8.3 billion respectively compared with RM2.4 billion and RM9.3 billion in the corresponding period in 2011, representing a decrease of 29.2% and 10.8% respectively. The decrease in the Group's revenue is mainly due to the lower contribution from the Energy and Utilities sector arising from the listing of Gas Malaysia Berhad ("GMB").

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2012 were RM225.6 million and RM1,809.4 million respectively compared with RM375.4 million and RM998.6 million in the corresponding period in 2011, representing a decrease of 39.9% and an increase of 81.2% respectively. The significant improvement in the Group's yearly performance is mainly driven by the gains obtained from the disposal of 10.9% stake in GMB on Bursa Malaysia.

Energy & Utilities

Energy & Utilities segment's revenue for the fourth quarter and financial year ended 31 December 2012 were RM1.3 billion and RM6.8 billion respectively compared with RM2.0 billion and RM7.9 billion in the corresponding period in 2011, representing a decrease of 35.0% and 13.9% respectively. The decrease is mainly due to reduction in MMC's shareholding of GMB upon the latter's listing in June 2012 and lower energy charges by Malakoff Corporation Berhad ("MCB") for its coal powered power plant. The energy charges were lower mainly due to lower average coal price compared to the previous period.

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2012 were RM168.6 million and RM825.6 million respectively compared with RM301.1 million and RM939.9 million in the corresponding period in 2011, representing a decrease of 44.0% and 12.2% respectively.

Lower profits from the Energy & Utilities segment was mainly due to the lower shareholding in GMB and lower profit margins as a result of the new gas tariff imposed on GMB which was effective June 2011. However, profits from Energy and Utilities were positively affected by lower finance charges incurred by MCB due to the refinancing of certain borrowings with more favourable financing rates.

Ports & Logistics

Ports & Logistics segment's revenue for the fourth quarter and financial year ended 31 December 2012 were RM364.6 million and RM1,477.1 million respectively compared with RM363.0 million and RM1,379.0 million in the corresponding period in 2011, representing an increase of 0.4% and 7.1% respectively which was mainly contributed by higher throughput from PTP's mainliners of 7.7 million TEU (2011: 7.5 million TEU). JPB's contribution in 2012 has also increased as a result of the full year impact of higher tariff which was implemented from August 2011 along with higher revenue from oil and gas equipment storage, warehousing and handling. JPB's annual throughput has increased to 32.9 million FWT (2011: 32.5 million FWT) whilst quarterly throughput has slightly decreased to 8.2 million FWT (Q4 2011: 8.4 million FWT).

The profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2012 were RM70.6 million and RM285.6 million respectively compared with RM74.9 million and RM297.5 million in the corresponding period in 2011,

representing a decrease of 5.7% and 4.0% respectively. This was mainly due to higher unit operating costs at both ports compared to the previous period. The higher unit operating costs were mainly due to higher average consumables, maintenance expenses incurred during the year and tugboat rental to cater for increased demand.

Engineering & Construction

The Engineering and Construction segment's contribution arises predominantly from joint venture arrangements which are equity accounted for at the Group level.

The segment's profit before zakat and taxation for the fourth quarter and financial year ended 31 December 2012 were RM61.9 million and RM59.0 million respectively compared with RM56.7 million and RM54.6 million in the corresponding period in 2011, representing an increase of 9.2% and 8.1% respectively.

The increase was mainly contributed by income recognised from the Klang Valley My Rapid Transit (KVMRT) project. The improvement however, was slightly offset by additional cost incurred in Double Track Project resulting from additional requirement from local authorities.

Investment Holding, Corporate & Others

Revenue from airport operations for the fourth quarter and financial year ended 31 December 2012 were RM4.9 million and RM31.3 million respectively compared with RM5.5 million and RM34.8 million in the corresponding period in 2011, representing a decrease of 10.9% and 10.1% respectively.

The loss before zakat and taxation for the fourth quarter and financial year ended 31 December 2012 were RM75.5 million and a

profit of RM639.2 million respectively compared with losses of RM56.9 million and RM293.4 million in the corresponding period in 2011 representing an increase of 32.7% and 317.9% respectively. The improvement year on year was mainly due to the gain of RM1.01 billion on disposal of 10.9% stake in GMB on the Main Market of Bursa Malaysia and the fair valuation of the remaining non-controlling interest to market price as required by MFRS 127 para 34(d) which was registered in the second quarter of 2012. This improvement was slightly offset by a reassessment of investment in the Jazan Economic City project.

16. Variation of results against preceding quarter

The Group recorded a profit before zakat and taxation of RM225.6 million in the current quarter as compared to RM256.0 million in the preceding quarter mainly due to higher income recognised from KVMRT projects offset by some outages in MCB power plant.

17. Current prospects

The Board expects the Group's financial results for the current financial year to improve against the previous year.

MCB is expected to perform better from higher energy dispatch and successful implementation of its debts restructuring exercise resulting in lower interest rates.

The Board remains optimistic on the Ports & Logistics segment as the transshipment and hinterland throughput volume is expected to remain strong. Transshipment 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 through the KVMRT project which is entering its second year of the project. Contribution from the Double Tracking project will continue to be positive albeit at a lower rate as the project approaches closer towards completion.

18. Profit before zakat and taxation

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

	Current Quarter		Financial Period	
	Ended		Ended	
	31.12.12	31.12.11	31.12.12	31.12.11
	RM' 000	RM' 000	RM' 000	RM' 000
Interest income	(49,254)	(51,897)	(190,965)	(201,456)
Depreciation	176,217	182,989	717,645	746,409
Amortisation	104,197	80,235	411,509	409,079
Allowance for impaired receivables	25,632	1,487	29,329	17,560
Reversal of allowance for impaired receivables	53	(70,409)	55	(70,409)
Impairment loss on:				
- Property, plant and equipment	-	-	-	30,000
- intangible assets in an associate	-	44,123	-	44,123
- cost of investment in associate	462	4,759	2,456	4,759
- cost of investment in jointly controlled entity	-	2,170	-	2,170
Net unrealised foreign exchange loss/(gain)	141	(84)	3,737	(84)
Gain on disposal on:				
- subsidiary	-	(88)	(258,030)	(6,622)
- associate	-	-	(26,700)	-
- property, plant and equipment	(742)	(709)	(1,045)	(4,777)
- other non-current assets	731	(2,388)	910	(3,466)
Fair value gain for investment in associate	-	-	(753,515)	-

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 31.12.12	3 months ended 31.12.11	Cumulative 12 months ended 31.12.12	Cumulative 12 months ended 31.12.11
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(58)	(63)	(238)	(221)
- prior year	(2)	9	(1)	7
Deferred tax expense				
- current	4	8	(21)	5
- prior year	-	41	2	42
	<u>(56)</u>	<u>(5)</u>	<u>(258)</u>	<u>(167)</u>

The Group's effective tax rate for the financial period is lower than the statutory income tax rate in Malaysia mainly due to gain on listing of GMB on the Main Market of Bursa Malaysia and fair valuation of the remaining non-controlling interest retained to market price. This however, is offset by the interest restriction as an effect of the single tier tax system whereby there is lower taxable dividend available to be offset against interest expense.

The higher effective tax rate for the fourth quarter of 2012 compared to the corresponding period in 2011 is mainly due to lower tax allowances claimed from certain subsidiaries.

21. Status of corporate proposals announced

No other corporate proposals were announced up to the date of this announcement except for:-

- a) On 9 July 2012, an announcement was made by MMC in relation to its proposal to privatise Aliran Ihsan Resources Berhad

("AIRB") via a proposed selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965 ("Proposed SCR"). The transaction was completed on 8 February 2013 and AIRB became a wholly-owned subsidiary of MMC on the said date. Accordingly, the entire issued and paid-up share capital of AIRB was delisted from the Official List of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 27 February 2013. For details of the Proposed SCR, please refer to Bursa Malaysia's website.

- b) On 18 October 2012, an announcement was made by MMC in relation to the conditional asset sale agreement ("ASA") entered into between Sterling Asia, a wholly-owned subsidiary of Malakoff Power Berhad (which in turn is a wholly-owned subsidiary of MCB, a 51%-owned subsidiary of MMC) and HICOM Power Sdn Bhd ("HICOM Power"), a wholly-owned subsidiary of DRB-HICOM Berhad, to undertake the proposed acquisition of the entire business, including all of the assets and liabilities of HICOM Power (save for the Excluded Assets and Excluded Liabilities), from HICOM Power, for a cash consideration of RM575 million, subject to the terms and conditions contained in the ASA ("Proposed Acquisition"). The shareholders of the Company had approved the Proposed Acquisition during the Extraordinary General Meeting held on 14 December 2012 and the transaction was completed on 17 December 2012. For details of the Proposed Acquisition, please refer to Bursa Malaysia's website.
- c) On 11 December 2012, an announcement was made by MMC in relation to its proposal to list its 51%-owned subsidiary, MCB on the Main Market of Bursa Malaysia ("Proposed Listing"). MCB on 21 December 2012 had submitted an application in relation to the Proposed Listing to the Securities Commission Malaysia ("SC") and other relevant authorities. On 30 January 2013, the Shariah Advisory

Council of the SC had classified all the MCB Shares as Shariah-compliant securities while on 14 February 2013, the Ministry of International Trade and Industry, Malaysia had taken note and has no objection to the Proposed Listing. For details of the Proposed Listing, please refer to Bursa Malaysia's website.

22. Borrowings

	<u>31.12.12</u>	<u>31.12.11</u>
	RM mil	RM mil
Current		
- secured	2,921	2,914
- unsecured	<u>449</u>	<u>529</u>
	<u>3,370</u>	<u>3,443</u>
Non-current		
- Term loans - secured	2,787	3,796
- ABBA Bonds - secured	130	250
- Al-Istisna Bonds - secured	193	257
- Istisna Medium Term Notes - secured	-	3,140
- Sukuk Medium Term Notes - secured	4,642	5,300
- Sukuk Ijarah Medium Term Notes - secured	3,508	-
- Islamic Medium Term Notes - secured	705	854
- Junior Sukuk - secured	-	1,749
- Junior Sukuk Musharakah - secured	1,800	-
- Junior Term Loan Facility - secured	330	-
- Senior Sukuk Murabahah - secured	3,290	-
- Redeemable Unsecured		
Loan Stock - unsecured	61	119
- Government Loan - unsecured	58	69
- Term loans - unsecured	170	-
- Revolving credits - unsecured	100	-
- Islamic Medium Term Notes - unsecured	<u>231</u>	<u>-</u>
	<u>18,005</u>	<u>15,534</u>
- Redeemable preference shares	<u>127</u>	<u>141</u>

23. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2012 is analysed as follows:

	As at 31.12.12 RM'000
Total retained earnings of the Company and its subsidiaries:	
- Realised	2,768,882
- Unrealised	193,832
	<u>2,962,714</u>
Total retained earnings from associated companies:	
- Realised	110,838
- Unrealised	(28,371)
	<u>82,467</u>
Total retained earnings from jointly controlled entities:	
- Realised	9,712
- Unrealised	(24,989)
	<u>(15,277)</u>
Total retained earnings before consolidation adjustment	<u>3,029,904</u>
Less: Consolidation adjustment	(71,766)
Total retained earnings as per consolidated financial statements	<u><u>2,958,138</u></u>

24. Changes in material litigation

- a) A Settlement and Release Agreement was entered into between Prai Power Sdn Bhd, Natural Analysis Sdn Bhd and MCB on the one part, and GE Energy Parts Inc., GE Power Systems (Malaysia) Sdn Bhd, General Electric International Inc. and General Electric Company on the other part, on 12 December 2012. As a result of the said Settlement and Release Agreement, the parties agree to, amongst others, immediately withdraw and discontinue all legal proceedings, of which the same were accordingly withdrawn and discontinued.

Save as disclosed above, there is no significant change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries since the last audited balance sheet date as at 31 December 2011.

25. Dividend Payable

The Directors recommend the payment of a final single-tier dividend of 4.5 sen per share on the 3,045,058,552 ordinary shares, amounting to RM137,027,635 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

26. Earnings per ordinary share

Basic/Diluted Earnings Per Ordinary Share

	3 months ended <u>31.12.12</u>	3 months ended <u>31.12.11</u>	Cumulative 12 months ended <u>31.12.12</u>	Cumulative 12 months ended <u>31.12.11</u>
Profit for the period attributable to owners of the Parent (RM mil)	79	192	922	333
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)	2.6	6.3	30.3	10.9
Diluted earnings per ordinary share (sen)	2.6	6.3	30.3	10.9

27. 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 February 2013.

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 February 2013