

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 December 2016

	3 months <u>ended</u> <u>31.12.16</u> RM' 000 (Unaudited)	3 months <u>ended</u> <u>31.12.15</u> RM' 000 (Restated)	Cumulative <u>12 months ended</u> <u>31.12.16</u> RM' 000 (Unaudited)	Cumulative <u>12 months ended</u> <u>31.12.15</u> RM' 000 (Restated)
<u>Continuing operations</u>				
Revenue	1,852,095	958,490	4,627,388	3,012,972
Cost of sales	(1,207,227)	(612,970)	(2,861,988)	(1,835,251)
Gross profit	644,868	345,520	1,765,400	1,177,721
Other operating income				
- items relating to investments	-	144,898	-	144,898
- other operating income	22,451	39,388	192,477	106,399
Administrative expenses	(178,190)	(196,051)	(677,713)	(651,824)
Other operating expenses	(114,069)	(104,198)	(368,440)	(287,931)
Finance costs	(121,467)	(105,199)	(488,078)	(391,711)
Share of results of:				
- associates	37,085	42,540	174,218	179,053
- joint ventures	14,302	21,062	74,878	88,365
Profit before zakat and taxation	304,980	187,960	672,742	364,970
Zakat expenses	(6,871)	(7,987)	(6,871)	(7,987)
Tax expense	(12,664)	10,302	(64,942)	(57,742)
Profit from continuing operations	285,445	190,275	600,929	299,241
<u>Discontinued operation</u>				
Profit from discontinued operation	-	5,037	-	1,521,477
Profit for the financial period	285,445	195,312	600,929	1,820,718
Profit attributable to:				
Owners of the Parent				
- from continuing operations	267,410	170,968	549,662	244,191
- from discontinued operation	-	5,037	-	1,424,910
	267,410	176,005	549,662	1,669,101
Non-controlling interests	18,035	19,307	51,267	151,617
	285,445	195,312	600,929	1,820,718
Earnings per share attributable to owners of the Parent				
- from continuing operations				
- Basic (sen)	8.78	5.61	18.05	8.02
- from discontinued operation				
- Basic (sen)	-	0.17	-	46.79

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

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	3 months <u>ended</u> <u>31.12.16</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>31.12.15</u> RM'000 (Restated)	Cumulative <u>12 months ended</u> <u>31.12.16</u> RM'000 (Unaudited)	Cumulative <u>12 months ended</u> <u>31.12.15</u> RM'000 (Restated)
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value losses	4,945	(589)	3,681	(13,513)
Movement in associates' capital reserves	-	(14,711)	-	(14,711)
Remeasurement of defined benefit liability	(1,898)	-	(1,898)	-
Fair value adjustment of an associate-cash flow hedge	91,629	(18,085)	49,100	(18,085)
Currency translation differences	24,738	(8,499)	14,160	87,207
Other comprehensive income/(loss) from continuing operations	119,414	(41,884)	65,043	40,898
Other comprehensive loss from discontinued operation	-	-	-	(4,824)
Net cash (used in)/generated from financing activities				
Other comprehensive income/(loss) for the period	119,414	(41,884)	65,043	36,074
Total comprehensive income for the period	404,859	153,428	665,972	1,856,792
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operations	386,824	129,084	614,705	285,089
- from discontinued operation	-	5,037	-	1,420,086
	386,824	134,121	614,705	1,705,175
Non-controlling interests	18,035	19,307	51,267	151,617
	404,859	153,428	665,972	1,856,792

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

Condensed Consolidated Statement of Financial Position

	As at <u>31.12.16</u> RM' 000 (Unaudited)	As at <u>31.12.15</u> RM' 000 (Restated)	As at <u>1.1.15</u> RM' 000 (Restated)
Non-Current Assets			
Property, plant and equipment	8,384,244	8,353,914	21,203,402
Finance lease receivables	-	-	1,990,974
Investment properties	29,921	30,615	28,104
Interests in associates	4,554,247	4,490,229	2,507,715
Investments in joint arrangements	313,141	271,522	287,490
Available-for-sale financial assets	3,352	3,144	3,635
Inventories	1,734,356	1,381,246	1,751,122
Trade and other receivables	109,362	192,754	388,692
Derivative financial instruments	-	-	99,147
Intangible assets	2,917,527	2,855,513	6,902,658
Deferred tax assets	770,301	744,960	1,601,951
	<u>18,816,451</u>	<u>18,323,897</u>	<u>36,764,890</u>
Current Assets			
Inventories	224,856	467,000	540,187
Trade and other receivables	2,282,718	1,544,216	2,589,856
Derivative financial instruments	26,395	16,282	19,910
Tax recoverable	45,602	76,813	322,560
Available-for-sale financial assets	77,642	70,481	80,864
Deposits, bank and cash balances	1,224,587	1,299,623	5,036,025
	<u>3,881,800</u>	<u>3,474,415</u>	<u>8,589,402</u>
Assets held for sale	<u>1,297</u>	<u>520</u>	<u>12,997</u>
Total Assets	<u><u>22,699,548</u></u>	<u><u>21,798,832</u></u>	<u><u>45,367,289</u></u>
Equity and Liabilities			
Equity attributable to owners of the Parent			
Share capital	304,506	304,506	304,506
Reserves	9,222,041	8,732,786	7,181,759
	<u>9,526,547</u>	<u>9,037,292</u>	<u>7,486,265</u>
Non-controlling interests	700,316	933,127	2,810,311
Total equity	<u>10,226,863</u>	<u>9,970,419</u>	<u>10,296,576</u>
Non-Current Liabilities			
Redeemable preference shares	50,023	70,188	89,739
Borrowings	7,554,564	7,368,442	23,981,508
Land lease received in advance	254,229	262,743	267,508
Provision for retirement benefits	15,486	13,380	87,054
Deferred income	259,464	299,046	2,967,614
Derivative financial instruments	-	-	167,338
Deferred tax liabilities	527,647	549,966	3,302,373
Trade and other payables	307,478	281,299	218,922
	<u>8,968,891</u>	<u>8,845,064</u>	<u>31,082,056</u>
Current Liabilities			
Borrowings	1,491,759	1,354,059	1,670,441
Trade and other payables	1,960,065	1,593,036	2,089,333
Tax payables	22,652	7,002	43,991
Deferred income	29,302	29,252	156,571
Derivative financial instruments	15	-	28,321
	<u>3,503,793</u>	<u>2,983,349</u>	<u>3,988,657</u>
Total Liabilities	<u>12,472,684</u>	<u>11,828,413</u>	<u>35,070,713</u>
Total equity and liabilities	<u><u>22,699,547</u></u>	<u><u>21,798,832</u></u>	<u><u>45,367,289</u></u>
Net assets per share attributable to owners of the Parent (sen)	313	297	246
Net cash (used in)/generated from financing activities			

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 December 2016

	Attributable to owners of the parent Non-distributable					Distributable					
	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Revaluation reserve* RM'000	Available-for-sale financial assets RM'000	Cash flow hedge reserves RM'000	Capital** reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests (NCI) RM'000	Total equity RM'000
At 1 January 2016	304,506	2,039,770	83,925	28,120	56,241	(18,015)	374,945	6,182,252	9,051,744	933,127	9,984,871
Prior year adjustments	-	-	-	-	-	-	-	(14,452)	(14,452)	-	(14,452)
As restated	304,506	2,039,770	83,925	28,120	56,241	(18,015)	374,945	6,167,800	9,037,292	933,127	9,970,419
Net profit for the financial period	-	-	-	-	-	-	-	549,662	549,662	51,267	600,929
Other comprehensive loss	-	-	14,160	-	3,681	49,100	-	(1,898)	65,043	-	65,043
Total comprehensive (loss)/ income for the financial period	-	-	14,160	-	3,681	49,100	-	547,764	614,705	51,267	665,972
Acquisition through business combination	-	-	-	-	-	-	-	-	-	809	809
Acquisition of NCI	-	-	-	-	-	-	-	(8,777)	(8,777)	7,181	(1,596)
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(960)	(960)	(255,980)	(256,940)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(6,086)	(6,086)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(30,002)	(30,002)
Final dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	-	-	(115,712)	(115,712)	-	(115,712)
At 31 December 2016	304,506	2,039,770	98,085	28,120	59,922	31,085	374,945	6,590,115	9,526,548	700,316	10,226,864

* - The revaluation reserves relates to business combination of a subsidiary prior to the adoption of MFRS.

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

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 2015.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 December 2015

	Attributable to owners of the parent					Distributable						
	Non-distributable											
	Share capital	Share premium	Currency translation reserve	Revaluation reserve*	Available-for-sale financial assets	Cash flow hedge reserves	Capital reserves	Capital** reserves	Retained earnings	Total	Non-controlling interests (NCI)	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
Prior year adjustments	-	-	-	-	-	-	-	-	(19,169)	(19,169)	(18,418)	(37,587)
As restated	304,506	2,039,770	(3,028)	1,219,271	69,754	75,447	9,403	380,253	3,390,889	7,486,265	2,810,311	10,296,576
Net profit for the financial period	-	-	-	-	-	-	-	-	1,669,101	1,669,101	151,617	1,820,718
Other comprehensive income/(loss)	-	-	87,207	-	(13,513)	(22,909)	(9,403)	(5,308)	-	36,074	-	36,074
Total comprehensive income/(loss) for the financial period	-	-	87,207	-	(13,513)	(22,909)	(9,403)	(5,308)	1,669,101	1,705,175	151,617	1,856,792
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	340,508	340,508
Compulsory acquisition of NCI	-	-	-	-	-	-	-	-	(679)	(679)	(65,746)	(66,425)
Disposal of a subsidiary	-	-	(254)	(1,191,151)	-	(70,553)	-	-	1,215,066	(46,892)	(2,238,063)	(2,284,955)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(65,500)	(65,500)
Final dividend in respect of financial year ended 31 December 2014	-	-	-	-	-	-	-	-	(106,577)	(106,577)	-	(106,577)
At 31 December 2015	304,506	2,039,770	83,925	28,120	56,241	(18,015)	-	374,945	6,167,800	9,037,292	933,127	9,970,419

* - The revaluation reserves relates to business combination of a subsidiary prior to the adoption of MFRS.

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

Net cash (used in)/generated from financing activities

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.16</u> RM'000 (Unaudited)	12 months ended <u>31.12.15</u> RM'000 (Restated)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operations	672,742	364,970
Discontinued operation	-	1,609,295
	<u>672,742</u>	<u>1,974,265</u>
Adjustments for:		
Non-cash items	399,725	(809,739)
Interest expense	488,078	711,743
Interest income	(41,085)	(95,631)
Dividend income	(4,247)	(3,186)
Share of results in associates and joint ventures	(249,096)	(274,650)
	<u>1,266,117</u>	<u>1,502,802</u>
Operating profit before working capital changes		
Changes in working capital:		
Net change in inventories	(110,966)	(58,954)
Net change in other current assets	(662,128)	(539,380)
Net change in current liabilities	412,274	175,925
	<u>905,297</u>	<u>1,080,393</u>
Cash generated from operations		
Deferred income received	126	110,955
Tax paid	(65,742)	(155,630)
Zakat paid	(6,871)	(7,987)
Land lease received in advance	25,706	29,372
Retirement benefits paid	(982)	(4,496)
Staff loan repaid	104	38
	<u>857,638</u>	<u>1,052,645</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Net cash outflow from disposal of a subsidiary	-	(3,432,148)
Net cash outflow from liquidation of a subsidiary	(1,674)	-
Net cash outflow from additional investment in associates	-	(319,014)
Net cash inflow from acquisition of subsidiaries	809	-
Purchase of additional shares in a subsidiary from non-controlling interests	(258,536)	(66,425)
Investments in subsidiaries	-	(706,007)
Investment in joint ventures	(10,823)	(5,850)
Purchase of property, plant and equipment	(497,581)	(837,859)
Purchase of intangible assets	(102,351)	(10,191)
Purchase of available-for-sale financial assets	(3,688)	(2,639)
Proceeds from sale of property, plant and equipment	88,783	7,728
Interest received	41,085	95,631
Dividend received from:		
- Associates	138,179	161,397
- Joint Ventures	43,500	50,000
- Others	4,247	3,186
Increase in other investments	528,224	222,924
	<u>(29,826)</u>	<u>(4,839,267)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of term loans	(718,625)	(1,988,489)
Drawdown of term loans	986,513	3,019,633
Grant received	-	90,790
Dividend paid	(115,712)	(106,577)
Dividend paid to non-controlling interests of subsidiaries	(30,002)	(65,500)
Interest paid	(488,078)	(711,743)
Redemption of preference shares in a subsidiary	(22,810)	(22,810)
	<u>(388,714)</u>	<u>215,304</u>
Net cash (used in)/generated from financing activities		

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.16</u> RM'000 (Unaudited)	12 months ended <u>31.12.15</u> RM'000 (Restated)
Net decrease in cash and cash equivalents	439,098	(3,571,318)
Effects of changes in exchange rate	14,160	72,665
Cash and cash equivalents at beginning of financial period	<u>366,521</u>	<u>4,426,705</u>
Cash and cash equivalents at end of financial period	<u><u>819,779</u></u>	<u><u>928,052</u></u>
Cash and cash equivalents comprise:		
Deposits and bank balances	1,224,587	1,299,623
Less:		
Deposits with maturity more than 90 days	<u>(402,353)</u>	<u>(369,046)</u>
	822,234	930,577
Designated accounts	-	
Pledge deposits		
Bank overdrafts	<u>(2,455)</u>	<u>(2,525)</u>
	<u><u>819,779</u></u>	<u><u>928,052</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 2015.

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have 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 statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2015.

The audited financial statements of the Group for the financial year ended 31 December 2015 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 these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2015.

The Group adopted the following Amendments to MFRSs effective for annual period beginning on or after 1 January 2016 as follows:

- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 127 Separate Financial Statements - Equity Accounting in Separate Financial Statements

- Annual Improvements to MFRSs 2012-2014 Cycle (Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations, MFRS 7 Financial Instruments: Disclosures, MFRS 119 Employee Benefits, MFRS 134 Interim Financial Reporting)

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

Malaysian Accounting Standards Board had issued the following new standards which are effective for the financial periods:

- (i) Financial year beginning on or after 1 January 2018:
 - MFRS 9 Financial Instruments
 - MFRS 15 Revenue from Contracts with Customers
- (ii) Financial year beginning on or after 1 January 2019:
 - MFRS 16 Leases
- (iii) Date yet to be announced by MASB:
 - Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associates/ joint ventures. The effective date of these amendments had been subsequently deferred to a date to be announced by the Malaysian Accounting Standards Board.

The Group did not early adopt the aforementioned new standards.

2. Purchase Price Allocation ("PPA") on the acquisition of NCB Holdings Berhad ("NCB")

In the previous financial year ended 31 December 2015, MMC Port Holdings Sdn Bhd ("MMC Port"), a wholly-owned subsidiary of MMC acquired additional equity interest of 53.42% in NCB Holdings Bhd ("NCB"). Thereon, MMC's effective interest in NCB increased to 83.55% and NCB's result was consolidated in accordance with MFRS 3 Business Combination.

At the acquisition date, the Group had estimated the provisional goodwill at RM677 million. As allowed under MFRS 3 Business Combination, the Group has 12 months from the date of acquisition to complete the Purchase Price Allocation ("PPA").

The Group had concluded the PPA on 30 November 2016 and had adjusted the fair values of certain identifiable assets and liabilities. Correspondingly, the provisional goodwill on consolidation was revised from RM677 million to RM281 million. This revision has been accounted for retrospectively.

The following summarises the adjustments made:

<u>Group</u>	<u>Preliminary Assessment</u> RM' 000	<u>Adjustment</u> RM' 000	<u>Final assessment</u> RM' 000
Property, plant and equipment	1,011,116	274,645	1,285,761
Intangible assets	542,147	162,415	704,562
Investment properties	1,284	2,316	3,600
Other non-current assets	7,380	-	7,380
Trade and other receivables	398,478	-	398,478
Cash and cash equivalents	399,254	-	399,254
Other current assets	35,032	-	35,032
Trade and other payable	(464,943)	-	(464,943)
Borrowings	(380,850)	18,147	(362,703)
Deferred income	(83,395)	-	(83,395)
Other liabilities	(73,555)	(61,248)	(134,803)
	<u>1,391,948</u>	<u>396,275</u>	<u>1,788,223</u>

Goodwill calculation: Full amount

Purchase consideration	1,728,606
Non-controlling interest	340,508
Identifiable net assets	<u>(1,788,223)</u>
Goodwill	<u>280,891</u>

3. Comparative figures**Restatement of share of results of associates**

During the current quarter ended 31 December 2016, Lekir Bulk Terminal ("LBT") a 20% owned associate of Malakoff Corporation Berhad ("MCB") which in turn is a 37.6% owned associate of the Company, had reassessed the recognition of facility payment charged to its customer and concluded that there had been over-recognition of revenue in the previous years. As a result, thereof, LBT has restated its deferred income, deferred tax liabilities/assets and retained earnings balances in prior years, retrospectively.

The effects are as follows:

Statement of comprehensive income for the financial year ended 31 December 2015

	As previously <u>reported</u>	<u>Adjustment</u>	<u>As restated</u>
	RM' 000	RM' 000	RM' 000
Items relating to investments	1,489,040	5,037	1,494,077
Share of results of associates	188,045	(320)	187,725
Net profit attributable to owners of the Parent	1,664,384	4,717	1,669,101

Statement of financial position as at 31 December 2015

	As previously <u>reported</u> RM' 000	<u>Adjustment</u> RM' 000	<u>As</u> <u>restated</u> RM' 000
Investment in associates	4,504,681	(14,452)	4,490,229
Retained earnings	6,182,252	(14,452)	6,167,800

Statement of financial position as at 1 January 2015

	As previously <u>reported</u> RM' 000	<u>Adjustment</u> RM' 000	<u>As</u> <u>restated</u> RM' 000
Interests in associates	2,545,302	(37,587)	2,507,715
Retained earnings	3,410,058	(19,169)	3,390,889
Non-controlling interests	2,828,729	(18,418)	2,810,311

Finalisation of the Purchase Price Allocation ("PPA") on the acquisition of NCB

As disclosed in Note 2, the Group had concluded the PPA and had adjusted the fair values of certain identifiable assets and liabilities. This revision has been accounted for retrospectively. The restatement of comparatives are as follows:

Statement of financial position as at 31 December 2015

	As previously <u>reported</u> RM' 000	<u>Adjustment</u> RM' 000	<u>As</u> <u>restated</u> RM' 000
Property, plant and equipment	8,079,269	274,645	8,353,914
Intangible assets	3,089,373	(233,860)	2,855,513
Investment properties	28,299	2,316	30,615
Borrowings (Non-current)	7,386,589	(18,147)	7,368,442
Deferred tax liabilities	488,718	61,248	549,966

4. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

5. Seasonal or cyclical factors

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

6. Unusual items

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter under review because of their nature, size and incidence.

7. Changes in estimates

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

8. 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 December 2016.

9. Dividend paid

There was no dividend paid during the current quarter ended 31 December 2016.

10. Segment Reporting

The Group's segmental reporting for the current financial period ended 31 December 2016 is as follows:

	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others	Total
	RM mil	Gas RM mil	Energy RM mil	RM mil	RM mil	RM mil
<u>Revenue</u>						
Total	2,749	-	-	1,570	380	4,699
Inter-segment	(14)	-	-	(58)	-	(72)
External	2,735	-	-	1,512	380	4,627
<u>Results</u>						
Profit/(loss) before zakat and taxation	457	51	134	349	(318)	673
Finance costs	176	-	-	(1)	313	488
Depreciation and Amortisation	420	-	-	6	41	467
Earnings Before Interest, Tax, Depreciation and Amortisation	1,053	51	134	354	36	1,628

The Group's segmental reporting for the corresponding financial period ended 31 December 2015 is as follows:

	Continuing Operations						Discontinued Operation#	
	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others^	Total	Energy & Utilities	Total
	RM mil	Gas RM mil	Energy RM mil	RM mil	RM mil	RM mil	Energy RM mil	RM mil
<u>Revenue</u>								
Total	1,920	-	-	1,036	140	3,096	2,044	5,140
Inter-segment	(13)	-	-	(70)	-	(83)	-	(83)
External	1,907	-	-	966	140	3,013	2,044	5,057
<u>Results</u>								
Profit/(loss) before zakat and taxation	503	33	114	180	(465)	365	1,609*	1,974
Finance costs	166	-	-	-	226	392	320	712
Depreciation and Amortisation	285	-	-	7	28	320	410	730
Earnings Before Interest, Tax, Depreciation and Amortisation	954	33	114	187	(211)	1,077	2,339	3,416

Discontinued operation in relation to Malakoff's financial results as a subsidiary of the Group prior to the completion of IPO listing.

* Included gains from disposal of Malakoff shares and its fair value re-measurement in investment of RM393.8 million and RM955.4 million, respectively following completion of IPO listing.

^ Water treatment operations which did not meet the quantitative threshold required by MFRS 8 has been presented in the 'Investment Holding, Corporate & Others' segment.

11. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 December 2016 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.

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

- a) On 13 January 2017, MMC had entered into a conditional Share Sale and Purchase Agreement with Seaport Management Services Sdn Bhd to acquire 70.0% equity interest and 4,990,000 irredeemable convertible cumulative preference shares of RM1.00 each in KMB Seaport Sdn Bhd by MMC or any of its subsidiaries, for a cash consideration of RM21.0 million.
- b) On 19 January 2017, MMC Technical Services Sdn Bhd, a wholly-owned subsidiary of MMC, had entered into a Share Purchase Agreement with Melati Pertiwi Sdn Bhd for the disposal of its 100% beneficial interest in MMC Oil & Gas Engineering Sdn Bhd, for a cash consideration of RM50.0 million.

For further details of the aforementioned proposals please refer to Note 23.

13. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter ended 31 December 2016.

14. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the

financial year ended 31 December 2016 except for the following bank guarantees issued to third parties:

	31.12.16	31.12.15
	RM mil	RM mil
Subsidiaries	194.5	198.8

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

15. Provision of financial assistance

Pursuant to paragraph 8.23(1)(ii) of Bursa Securities Listing Requirements, the financial assistance provided by MMC is as follows:

- a) MMC and Gamuda Berhad ("Gamuda") joint venture was awarded the Underground Works Package for the Klang Valley Mass Rapid Transit ("KVMRT") Sungai Buloh-Kajang ("SBK") Line in 2012. MMC and Gamuda, then established a joint venture company known as MMC Gamuda KVMRT (T) Sdn Bhd, a special purpose vehicle ("SPV") to undertake the underground works package with each holding 50% interest. As required under the award, MMC and Gamuda have issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

- b) On 13 July 2015, MMC and Gamuda's jointly-controlled entity, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd, a SPV with each holding 50% interest, executed the Project Delivery Partner (PDP) Agreement for the KVMRT Sungai Buloh-Serdang-Putrajaya ("SSP") Line. As required under the award, MMC and Gamuda have issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

c) On 31 March 2016, MMC Gamuda KVMRT (T) Sdn Bhd, a jointly-controlled entity of MMC and Gamuda, has been awarded the Underground Works Package for the KVMRT SSP Line. As required under the award, MMC and Gamuda have issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

As at reporting date, the aforementioned guarantees have not been called as the SPVs are fulfilling their performance and obligations required under the Projects.

16. Capital commitments

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

	31.12.16	31.12.15
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	555.5	195.1
Authorised but not contracted for	123.1	3.2
	678.6	198.3
	678.6	198.3

Additional information required by the Bursa Securities Listing Requirements

17. Review of performance

Performance of the Group under review comprised Malakoff's financial results as a subsidiary prior to the completion of May 2015 IPO listing, which has been reported separately as a discontinued operation in Note 10.

For the financial year ended 31 December 2016, the Group recorded RM4,627.4 million in revenue, a 8.5% decrease from RM5,056.9 million reported in the preceding financial year, primarily due to effect of deconsolidation of Malakoff, post May 2015 listing.

Excluding the exceptional gains of RM1,349.2 million from Malakoff's May 2015 listing and gain on fair value re-measurement of RM130.5 million from additional acquisition of interest in NCB, the Group's Profit before zakat and taxation increased to RM672.7 million compared with RM494.5 million reported in the preceding financial year, primarily due to the following:

- i. Effects of NCB's consolidated revenue following completion of acquisition of additional shares in December 2015,
- ii. Substantial sale of land in respect of the overall development of Senai Airport City ("SAC"),
- iii. Contribution from KVMRT-SBK line as the project is at its tail-end,
- iv. Absence of provision for impairment on claims recovery of a discontinued project in Middle East, and

- v. Absence of provision for litigation costs in relation to Stormwater Management & Road Tunnel ("SMART") project and reversal of interest portion from the provision upon settlement.

This was partially offset by:

- i. Effect of deconsolidation of Malakoff results, post May 2015 listing whereby MMC Group's effective interest in Malakoff reduced from 51% to 37.6% and the latter became an associate of the Group, and
- ii. Losses from Zelan Berhad resulting from effects of discounted receivables and provision of rectification of defect works concerning Meena Plaza project, Abu Dhabi and diminution of interest from receivables of the concession income concerning construction of International Islamic University Campus ("IIUM"), Pahang.

Energy & Utilities

The segment recorded substantial decrease in both Revenue and Profit before zakat and taxation by RM2,043.9 million and RM1,571.4 million, respectively compared to financial results reported in the preceding financial year, primarily due to the effect of deconsolidation of Malakoff results, post May 2015 listing and absence of exceptional gains of RM1,349.2 million related to Malakoff's May 2015 listing.

Ports & Logistics

The segment recorded revenue of RM2,735.1 million, an increase of 43.4% compared with RM1,907.2 million reported in the preceding financial year, primarily due to effects of NCB's consolidated revenue following completion of acquisition of additional shares in December 2015.

However, the segment recorded Profit before zakat and taxation of RM456.7 million, a decrease of 9.2% compared with RM502.8 million reported in the preceding financial year. This is due to absence of gain on fair value re-measurement of RM130.5 million upon additional acquisition of equity interest in NCB in December 2015, which is partially offset by effects of NCB's consolidation as explained above.

Engineering & Construction

The segment recorded revenue of RM1,511.9 million, an increase of 56.5% compared with RM966.1 million reported in the preceding financial year. The increase was mainly due to substantial completion of KVMRT-SBK line and higher work progress recorded from Langat Sewerage Plant project.

The segment recorded an increase of 94.1% in Profit before zakat and taxation to RM348.9 million from RM179.7 million reported in the preceding financial year, primarily due to the following:

- i. Substantial completion of KVMRT-SBK line,
- ii. Absence of additional provision for litigation costs in relation to Stormwater Management & Road Tunnel ("SMART") project and reversal of interest portion from the provision upon settlement,
- iii. Gain arising from disposal of land of MMC Tepat Teknik ("MMCTTSB") following compulsory acquisition in relation to infrastructure development project, and
- iv. Write back of provision in respect of Electrified Double Track Project upon expiry of Defect Liability Period (DLP) for Spine and Spur lines.

However, these were partially offset by the effects from discounted receivables and provision on rectification of defect works concerning Meena Plaza project and diminution of interest from receivables of the concession income concerning IIUM project in Zelan Berhad.

Investment Holding, Corporate & Others

The segment recorded higher revenue of RM380.3 million compared with RM139.8 million reported in the preceding financial year, mainly due to sale of land in respect of the overall development of SAC.

The segment recorded lower Loss before zakat and taxation of RM317.7 million compared with RM464.6 million reported in the preceding financial year, mainly attributed to gain on sale of SAC land as explained above and absence of provision for impairment on claims recovery of a discontinued project in Middle East, partially offset by higher finance costs and other operating expenses.

18. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation of RM305.0 million in the current quarter compared with RM124.1 million in the immediate preceding quarter, mainly attributed to:

- i. Completion of land sale in respect of the overall development of SAC and substantial completion of KVMRT-SBK line project,
- ii. Reversal of interest portion from the provision for litigation costs in relation to Stormwater Management & Road Tunnel ("SMART") project,

This was partially offset by:

- i. absence of gain on disposal of MMCTTSB land following compulsory acquisition in relation to infrastructure development project in the current quarter, and
- ii. Losses from Zelan Berhad resulting from effects of discounted receivables, provision of rectification of defect works and diminution of interest from receivables of the concession income.

19. Current prospects

The Group remains positive of its prospects driven by stable performances of its operating companies together with contribution from on-going construction projects. The full year consolidation of NCB Holdings' result has partly offset by Malakoff's deconsolidation impact in 2016.

Ports & Logistics division is expected to register higher revenue across all the ports. Additionally, the proposed acquisition of Penang Port Sdn Bhd is expected to contribute positively to the Group's profitability in the future. The acquisition allows the Group to establish a strong foothold in the Northern region of Peninsular Malaysia and complement the Group's presence throughout the Straits of Malacca. Additionally, MMC Ports aims to realise operational and cost synergies as well as to achieve improvements in efficiency and productivity across the division.

Substantial existing order-book provides earnings visibility for the Engineering & Construction division anchored by the KVMRT-SSP Line underground work and Project Delivery Partner (PDP) role for elevated portion. Furthermore, the earnings contribution from Engineering & Construction division will be sustained by on-going projects namely Langat 2 Water Treatment Plant, Langat

Centralized Sewerage Treatment Project and our involvement in the PDP role for Pan Borneo Sabah Highway.

The Energy & Utilities division will continue to contribute positively from the Group's associated companies, namely Malakoff and Gas Malaysia.

20. Profit before zakat and taxation

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

	3 months ended 31.12.16	3 months ended 31.12.15	Cumulative 12 months ended 31.12.16	Cumulative 12 months ended 31.12.15
	RM mil (Unaudited)	RM mil (Restated)	RM mil (Unaudited)	RM mil (Restated)
Interest income	(10.9)	(4.9)	(41.1)	(95.6)
Gain on disposal of a subsidiary (including gain on fair value re-measurement on remaining non-controlling of RM955,376,000)	-	(5.0)	-	(1,349.1)
Gain on fair value re-measurement arising from acquisition of a subsidiary	-	(130.5)	-	(130.5)
Depreciation	122.7	70.6	426.4	539.6
Amortisation	14.4	2.8	40.3	189.9
Impairment of receivables	3.4	4.4	3.4	58.7
Net unrealised foreign exchange gain	(19.3)	(35.7)	(8.7)	(42.0)
(Gain)/loss on property, plant and equipment	18.5	(2.3)	(56.2)	4.7
(Reversal)/Provision for litigation costs	(21.9)	24.2	(21.9)	48.4

21. Profit forecast or profit guarantee

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

22. Tax expense

	3 months ended 31.12.16	3 months ended 31.12.15	Cumulative 12 months ended 31.12.16	Cumulative 12 months ended 31.12.15
	RM mil	RM mil	RM mil	RM mil
<u>Continuing Operations</u>				
Current tax expense				
- current	(48)	(16)	(87)	(83)
- prior year	-	4	-	2
Deferred tax expense				
- current	35	3	22	4
- prior year	-	19	-	19
	<u>(13)</u>	<u>10</u>	<u>(65)</u>	<u>(58)</u>
<u>Discontinued Operation</u>				
Current tax expense				
- current	-	-	-	(57)
Deferred tax expense				
- current	-	-	-	(31)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88)</u>
	<u>(13)</u>	<u>10</u>	<u>(65)</u>	<u>(146)</u>

The Group's effective tax rate for the financial year ended 31 December 2016 was lower than the statutory income tax rate principally due to utilisation of tax incentives and effects of the share of results from associate companies which are equity accounted for net of tax.

23. Status of corporate proposals announced

Save as disclosed below, there is no other corporate proposal announced but not completed up to the date of this announcement.

- (i) On 5 August 2016, MMC announced that it had entered into a conditional Share Sale and Purchase Agreement ("PPSB SPA") with Seaport Terminal (Johore) Sdn Bhd ("STJSB") to acquire

35,990,501 ordinary shares of RM1.00 each in Penang Port Sdn Bhd ("PPSB") representing approximately 49.0% ordinary equity interest in PPSB from STJSB for a cash consideration of RM200.0 million subject to the terms and conditions contained in the PPSB SPA.

On 3 February 2017, MMC announced that MMC and STJSB had, by way of a letter, mutually agreed to extend the period to satisfy or waive the conditions precedent in the PPSB SPA, by a period of six (6) months commencing from 6 February 2017.

(ii) On 13 January 2017, MMC announced that it had entered into a conditional Share Sale and Purchase Agreement ("KMB Seaport SPA") with Seaport Management Services Sdn Bhd ("Seaport Management") to acquire 7,000 ordinary shares of RM1.00 each representing 70.0% ordinary equity interest and 4,990,000 irredeemable convertible cumulative preference shares of RM1.00 each in KMB Seaport Sdn Bhd by MMC or any of its subsidiaries, from Seaport Management for a cash consideration of RM21.0 million subject to the terms and conditions contained in the KMB Seaport SPA.

(iii) On 19 January 2017, MMC announced that its wholly-owned subsidiary, MMC Technical Services Sdn Bhd ("MMC TSSB"), had entered into a Share Purchase Agreement ("MMCOG SPA") with Melati Pertiwi Sdn Bhd ("Melati Pertiwi") for the disposal of its 100% beneficial interest in MMC Oil & Gas Engineering Sdn Bhd by MMC TSSB to Melati Pertiwi, for a cash consideration of RM50.0 million subject to the terms and conditions contained in the MMCOG SPA.

Please refer to Bursa Securities' website for further details on the aforementioned proposals.

24. 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:

	31.12.16	31.12.15
	RM mil	RM mil
At 1 January	73.6	84.5
Addition	8.6	2.6
Net losses transferred to equity	(1.2)	(13.5)
At 31.12.16/31.12.15	<u>81.0</u>	<u>73.6</u>
Less: Non-current portion	(3.4)	(3.1)
Current portion	<u>77.6</u>	<u>70.5</u>

25. Borrowings

	31.12.16	31.12.15
	RM mil	RM mil
Current		
- secured	720	629
- unsecured	772	725
	<u>1,492</u>	<u>1,354</u>
Non-current		
- secured	5,551	5,638
- unsecured	2,003	1,730
	<u>7,554</u>	<u>7,368</u>
Total borrowings	<u>9,046</u>	<u>8,722</u>

All the borrowings of the Group are denominated in Ringgit Malaysia.

26. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2016 is analysed as follows:

	31.12.16	31.12.15
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	6,224.8	5,856.8
- Unrealised	168.4	173.2
	<u>6,393.2</u>	<u>6,030.0</u>
Total retained earnings from associated companies:		
- Realised	348.2	264.6
- Unrealised	(28.4)	(28.4)
	<u>319.8</u>	<u>236.2</u>

Total retained earnings from joint ventures:		
- Realised	18.4	26.8
- Unrealised	(25.0)	(25.0)
	<u>(6.6)</u>	<u>1.8</u>
Total retained earnings before consolidation adjustments	6,706.4	6,268.0
Less: Consolidation adjustments	<u>(116.3)</u>	<u>(100.2)</u>
Total retained earnings as per interim	<u>6,590.1</u>	<u>6,167.8</u>

27. Changes in material litigation

a) Accolade Land Litigation

A jointly controlled entity of MMC, MMC Gamuda KVMRT (PDP) Sdn Bhd ("KVMRT PDP") was served with a Writ and Statement of Claim by Accolade Land Sdn Bhd ("Accolade") on 24 June 2016.

The suit is premised on an alleged breach of an alleged contract between Accolade and Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp") relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass Rapid Transit project in which KVMRT PDP was the Project Delivery Partner.

Accolade is claiming, jointly and severally against the four defendants in the suit, damages in the sum of RM303,534,216.00 with interest and costs.

On 5 August 2016, KVMRT PDP filed an application to strike out Accolade's Writ and Statement of Claim. The other Defendants in the suit also filed their respective striking out applications.

On 15 September 2016, KVMRT PDP filed a separate application to strike out parts of Accolade's Amended Reply to KVMRT PDP's Defence ("2nd striking out application").

MMC will make the appropriate announcement if there is any material development in this matter.

b) Jurutera Perunding Daya Litigation

Pursuant to a draft judgment of the Shah Alam High Court dated 24 October 2016, the following orders were made against Projek Lebuhraya Timur Sdn Bhd ("PELITA"), a dormant subsidiary of MMC:

- i) PELITA to pay Jurutera Perunding Daya Sdn Bhd damages in the sum of RM17,268,162.98 and costs of RM50,000.00, with interest accruing on the sum of damages at 5% per annum from 24 October 2016 up to 6 years from the date of judgment; and
- ii) PELITA to pay Pengurusan Projek Daya Sdn Bhd damages in the sum of RM68,929,036.35 and costs of RM50,000.00, with interest accruing on the sum of damages at 5% per annum from 24 October 2016 up to 6 years from the date of judgment.

The Shah Alam High Court had previously dismissed Jurutera Perunding Daya Sdn Bhd and Perunding Projek Daya Sdn Bhd's (collectively, "Daya") claim against MMC on 22 December 2011, holding MMC not liable as MMC is not a party and is not privy to any of the agreements between Daya and PELITA. The Court of Appeal, on 7 September 2015, had also dismissed Daya's appeal against the Shah Alam High Court's decision.

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 during the current quarter under review.

28. Dividend Payable

A decision on the declaration of the final dividend for the financial year ended 31 December 2016 has yet to be made.

29. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended <u>31.12.16</u>	3 months ended <u>31.12.15</u>	Cumulative 12 months ended <u>31.12.16</u>	Cumulative 12 months ended <u>31.12.15</u>
Profit for the financial year attributable to owners of the Parent (RM mil)	267.4	176.0	549.7	1,669.1
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	8.8	5.8	18.1	54.8

30. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 28 February 2017.

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 2017