



MMC Group

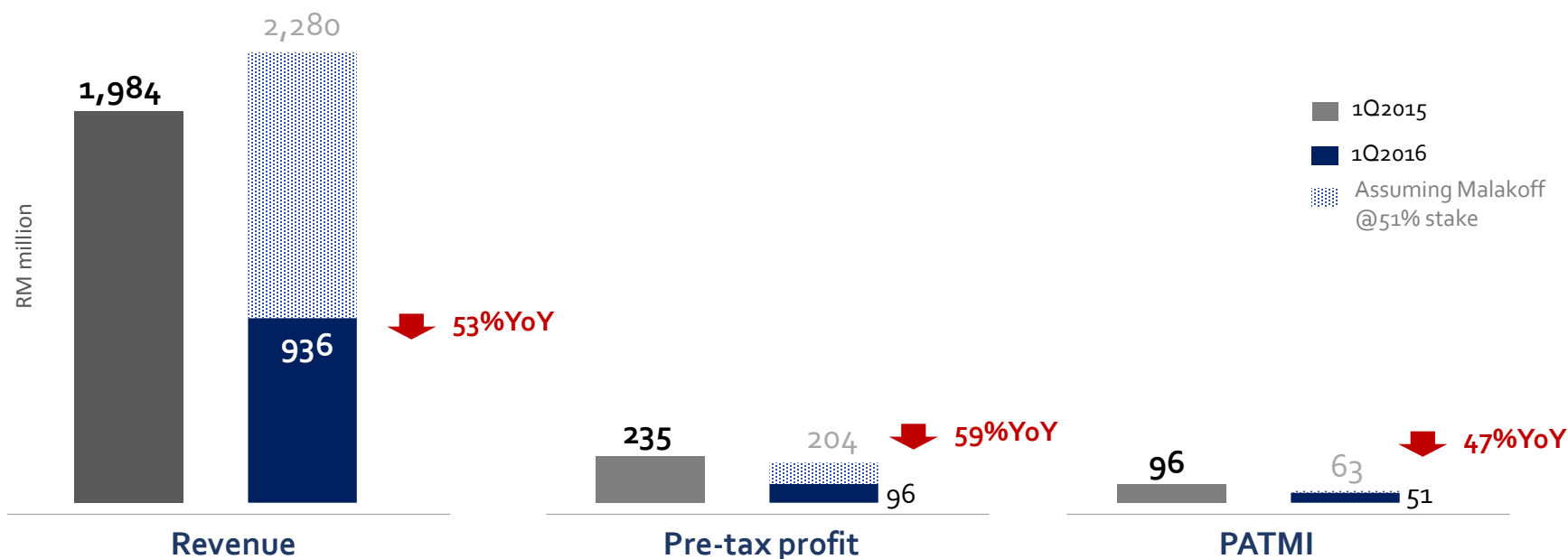
First Quarter 2016 Financial Results



Premier Utilities & Infrastructure Group

ports & logistics • energy & utilities • engineering & construction

KEY HIGHLIGHTS – Starting from a low base



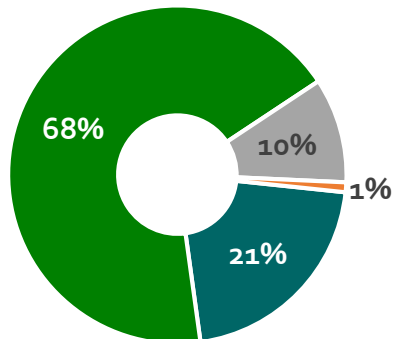
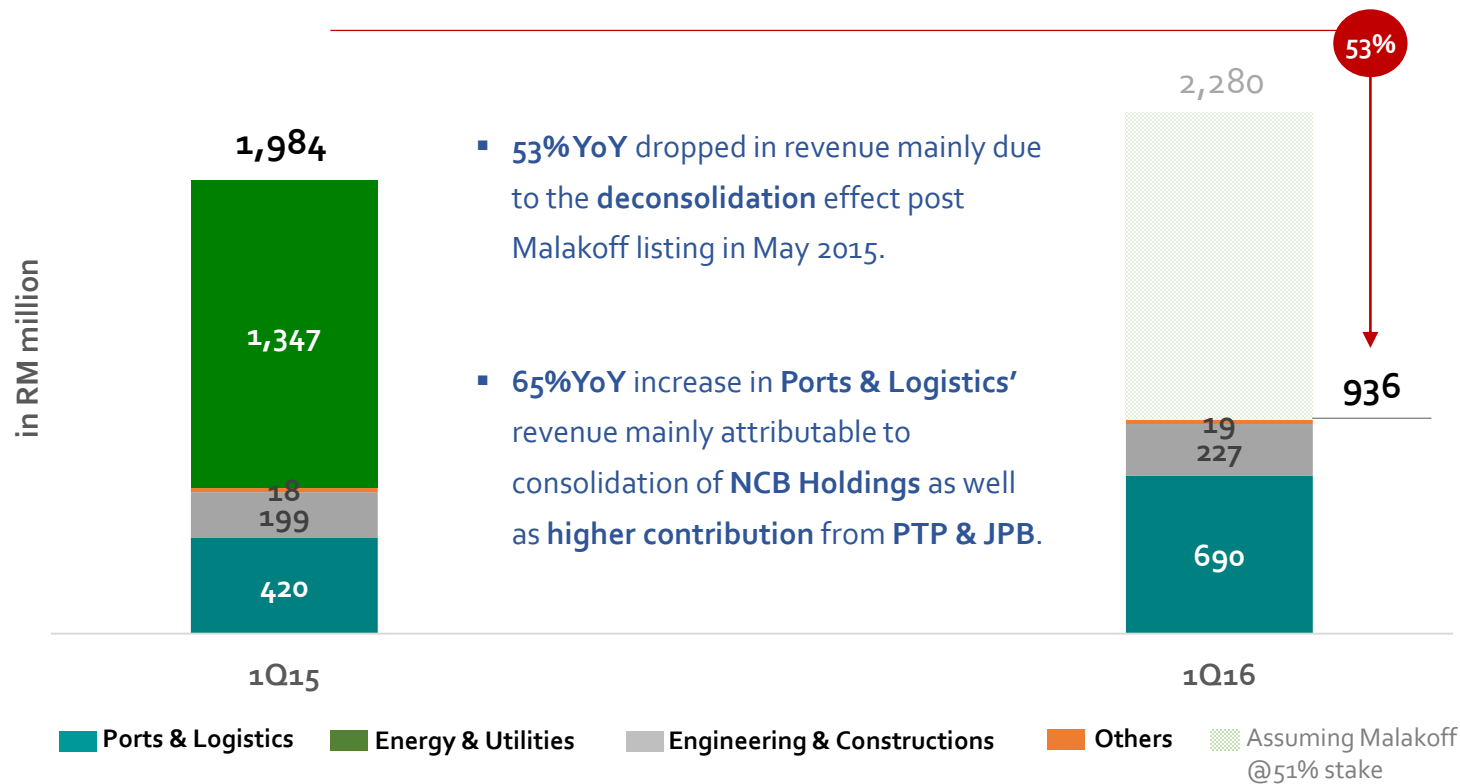
- Revenue dropped by 53% or RM1,048 mil mainly due to:

- Deconsolidation of Malakoff post IPO listing
- However, cushioned by consolidation of NCB Holdings and higher volume handled at PTP & JPB.

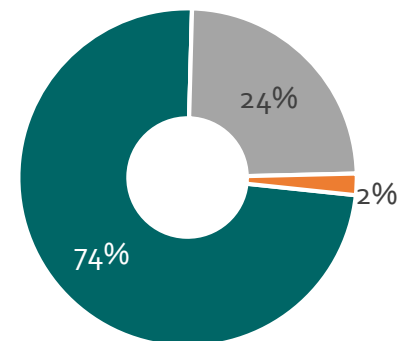
- PATMI declined by 47% or RM45 mil mainly due to:

- Lower contribution from Malakoff as associates.
- Lower contribution from Engineering & Construction division attributable to:
 - Higher completion of KVMRT SBK Line.
 - Higher loss at Zelan due to effects of discounted receivables and unrealized forex loss concerning Meena Plaza project.

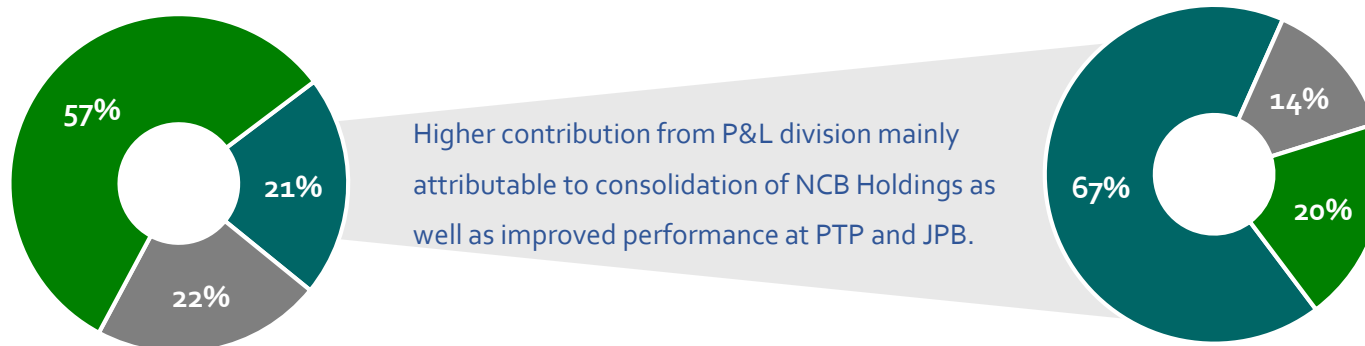
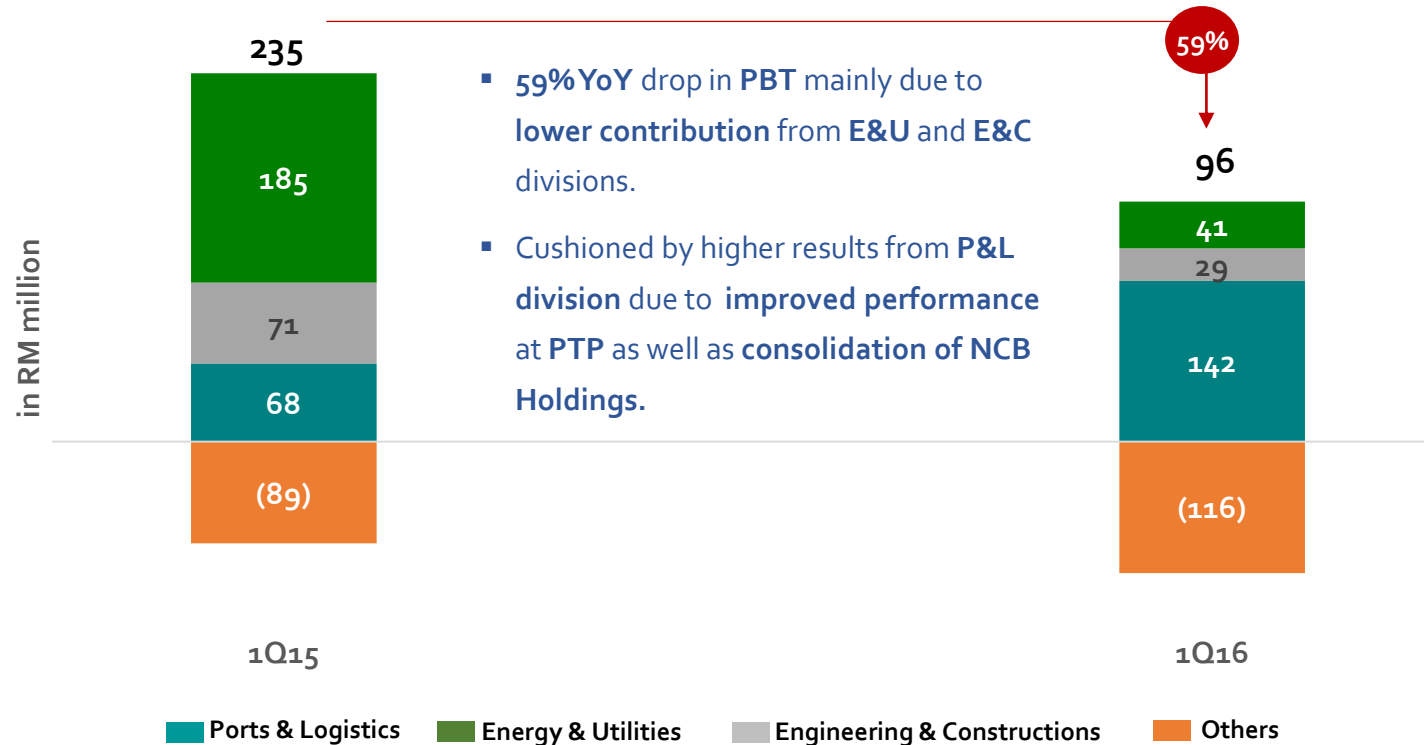
REVENUE BREAKDOWN – The Start of a New Chapter



- Following the listing of **Gas Malaysia** and **Malakoff** in 2012 and 2015 respectively, MMC will **no longer** derive its **revenue from Energy & Utilities** division



PBT BREAKDOWN – The Start of a New Chapter





Ports & Logistics

Revenue **+64%** PBT **>100%**

- Higher revenue due to consolidation of NCB Holdings as well as higher volume handled at all the ports.
- Higher PBT largely due to the inclusion of NCB Holdings as well as higher results from PTP in-line with lower operational costs incurred.



Energy & Utilities

Revenue **NA** PBT **-78%**

- Following the listing of Malakoff, MMC will no longer derive its revenue from Energy & Utilities division.
- Subsequently, lower PBT achieved in-line with reduced stake at Malakoff from subsidiary (51%) to an associates (37.6%)



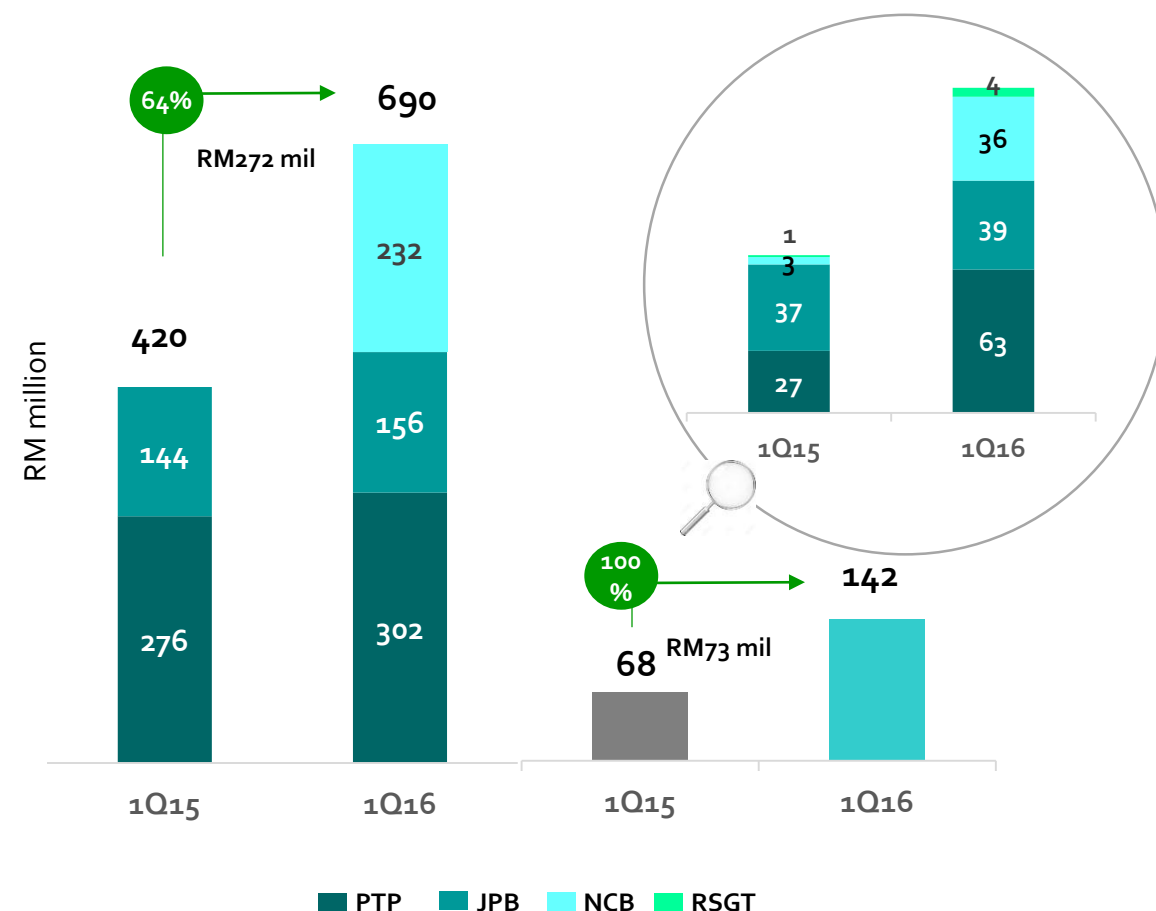
Engineering & Construction

Revenue **+14%** PBT **-60%**

- Higher revenue due to higher progress from on-going projects such as RAPID COGEN plant and Langat Centralized Treatment Plant.
- However, lower PBT recorded due to lower contribution from KVMRT SBK Line tunneling as project near completions and higher losses from Zelan's overseas project.

Revenue

Pre-tax profit



Note:

In 1Q15, MMC hold 15.7% in NCB Holdings. Current stake in NCB is 97.2%

Operational Statistics

Port of Tanjung Pelepas

Volume	1Q 2016	Growth (YoY)
Container (mil. TEUs)	2.19	3.1%

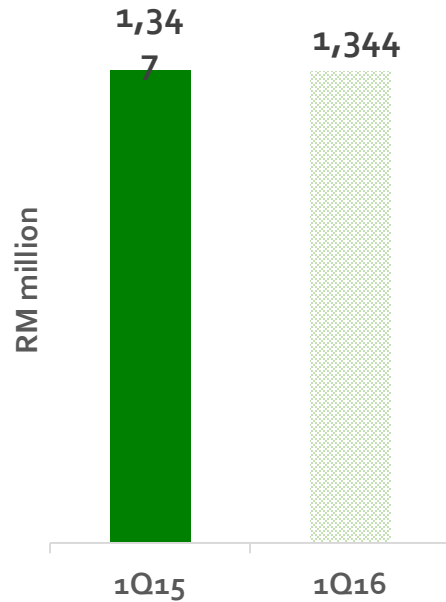
Johor Port Berhad

Conventional Cargo (in mil. FWT)	1Q 2016	Growth (YoY)
Liquid bulk	2.99	6.1%
Dry bulk	1.37	30.5%
Break bulk	0.28	35.9%
Total Conventional	4.64	12.8%
Container (in '000 TEUs)	197.2	3.3%

Northport (M) Bhd

Throughput (in mil. FWT)	1Q 2016	Growth (YoY)
Liquid bulk	0.55	2.9%
Dry bulk	0.59	26.0%
Break bulk	0.63	-17.9%
RORO	0.17	35.7%
Total Conventional	1.94	2.4%
Container (in mil. TEUs)	0.79	15.5%

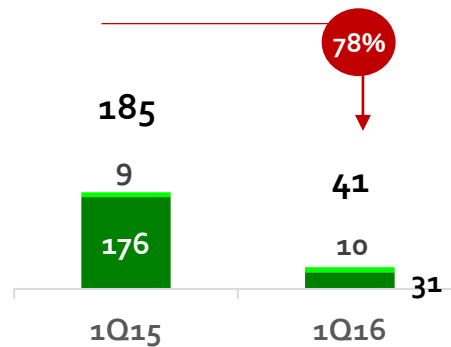
Revenue



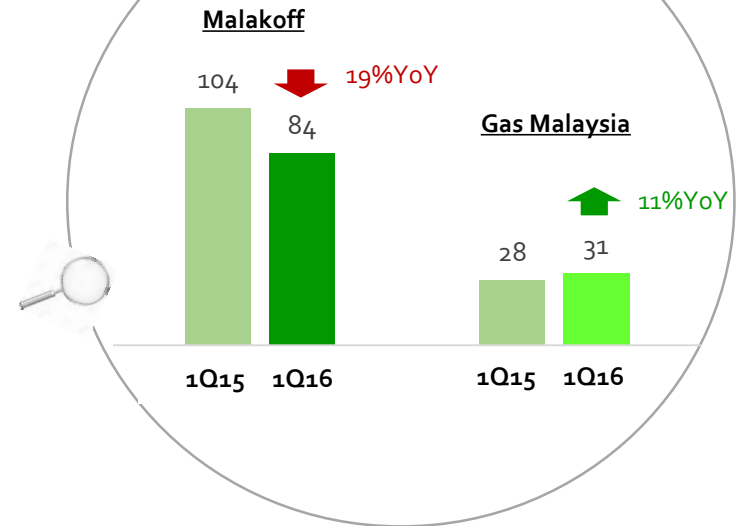
■ Malakoff ■ Gas Malaysia ■ Assuming Malakoff @51% stake

Pre-tax profit

Lower PBT at Group level mainly due to deconsolidation of Malakoff from 51% subsidiary to 37% associates



PATMI at Company Level



Malakoff

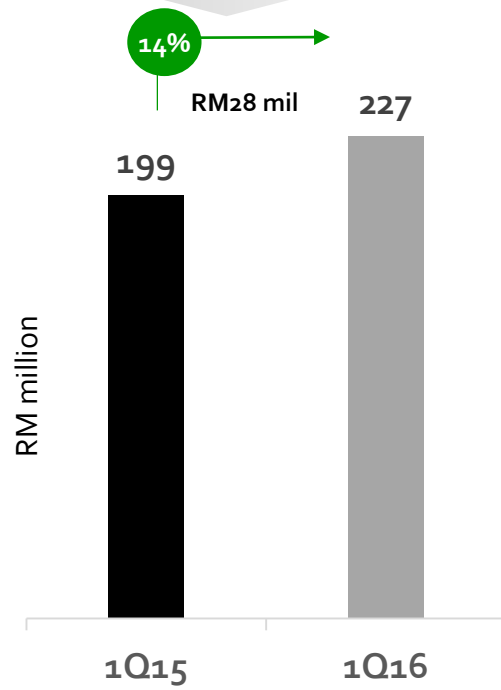
Lower profit mainly due to higher maintenance costs and share of losses from associates & JV.

Gas Malaysia

Higher profit in-line with higher volume of gas sold.

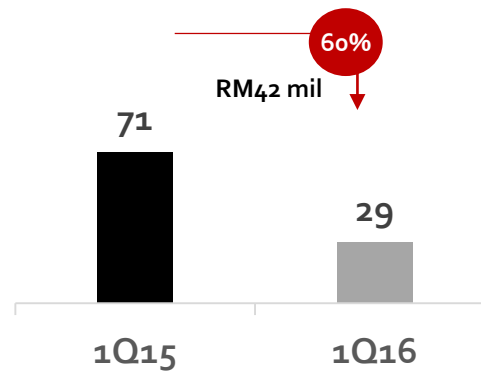
Revenue

Higher revenue in-line with progress of existing projects i.e. COGEN plant at Pengerang and Langkat Centralized Sewerage Project

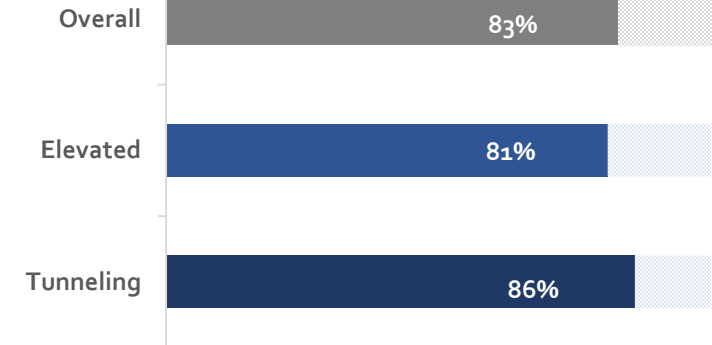


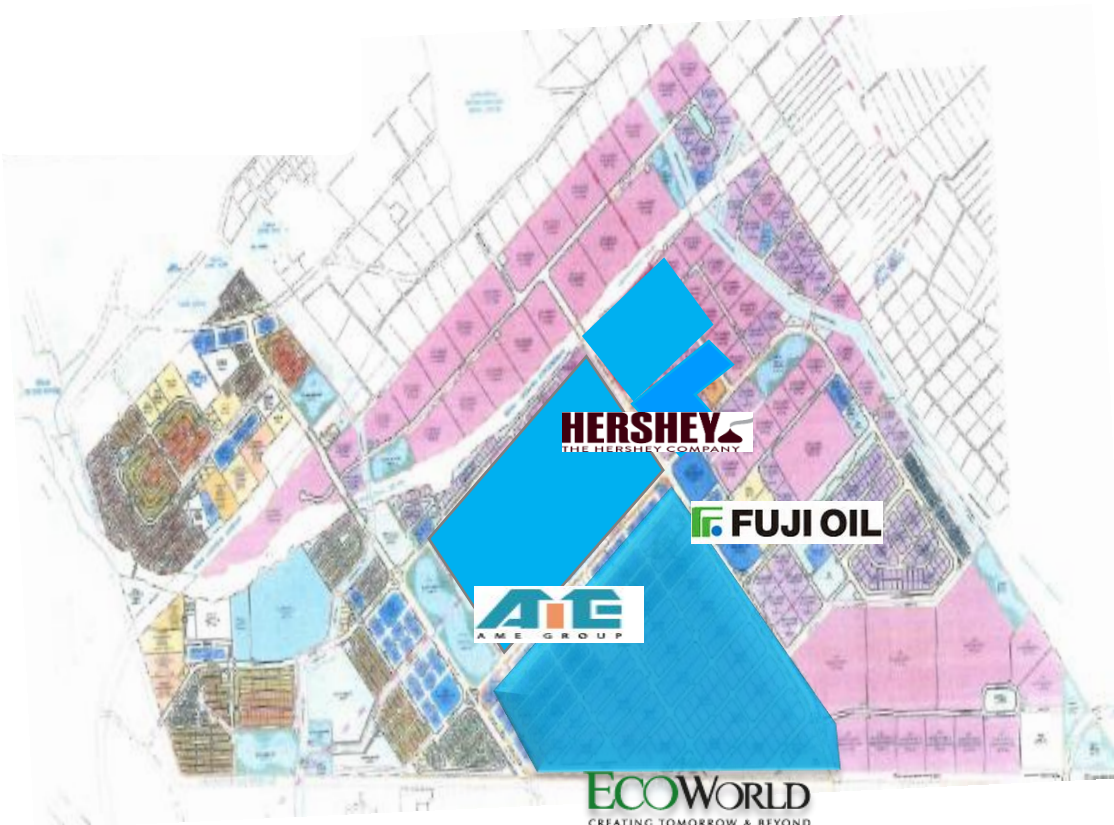
Pre-tax profit

However, lower PBT achieved due to lower contribution from KVMRT SBK Line tunneling works as the project has been substantially completed



KVMRT SBK Line Project Progress





Historical transaction

Company	*Transaction	Areas (acre)
EcoWorld	Sold	384
Hersheys	Leased (99years)	41
IPark Development (AME)	Sold	189
Fuji Oil	Leased (60 years)	25
Total		639
Balance		2,079

*Full revenue and profit recognition for all transactions upon completion of the condition precedents.

Total SAC Land: 2,718 acres

SENAI AIRPORT TERMINAL – Growing passengers



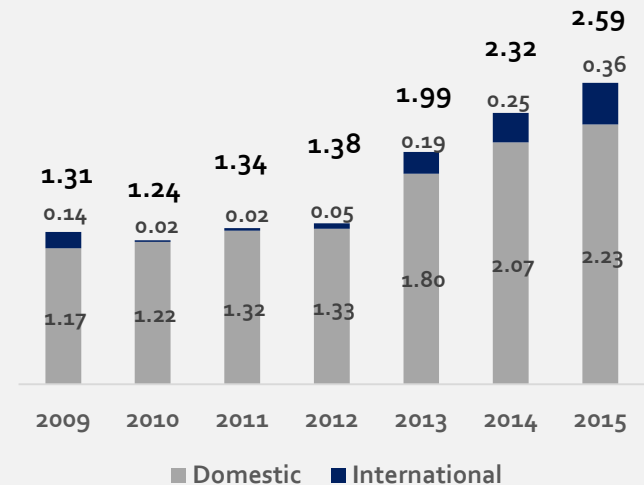
Average Flight Movement / Day : 74 flights (Arr & Dep)

Operational Statistics

Senai Airport Terminal

Operational Data	1Q 2016	Growth (YoY)
Passengers Traffic ('000)		
Domestic	586.74	4.8%
International	89.57	40.3%
Total	676.31	8.5%
Cargo (tonnage)	1,310	1.8%

Passengers handled (2009 – 2015)



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

- Growing volumes across all the ports i.e. PTP, JPB and Northport.
- Additional contribution from NCB arising from the completion of the acquisition.
- Improve operational performance due to operational and cost synergies between the ports.



Energy & Utilities

- Group's revenue and earnings will be reduced as a result of full year impact of the deconsolidation of Malakoff.
- However, the division is expected to contribute positively supported by
 - a. Commencement of an additional 1,000MW in Tanjung Bin Energy power plant on March 21st, 2016
 - b. Higher gas volume sales at Gas Malaysia



Engineering & Construction

- Substantial existing order-book anchored by KVMRT SBK Line
- Other secured project:
 - a. Langat 2 Water Treatment Plant
 - b. Langat Centralized Sewerage Project
 - c. Infra work for Rapid Pengerang co-generation plant
 - d. PDP role for KVMRT2 project
- Newly awarded projects:
 - a. Tunneling work package for KVMRT SSP Line
 - b. PDP role for Pan Borneo Sabah Highway

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

	3 months ended 31.03.16 RM'000 (Unaudited)	3 months ended 31.03.15 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.16 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.15 RM'000 (Unaudited)
Revenue	936,266	1,983,827	936,266	1,983,827
Cost of sales	(556,951)	(1,273,751)	(556,951)	(1,273,751)
Gross profit	379,315	710,076	379,315	710,076
Other operating income	24,181	74,055	24,181	74,055
Administrative expenses	(171,799)	(218,855)	(171,799)	(218,855)
Other operating expenses	(73,379)	(78,127)	(73,379)	(78,127)
Finance costs	(117,313)	(309,392)	(117,313)	(309,392)
Share of results of:				
- associates	30,599	30,608	30,599	30,608
- joint ventures	23,947	26,303	23,947	26,303
Profit before zakat and taxation	95,551	234,668	95,551	234,668
Tax expense	(29,101)	(57,317)	(29,101)	(57,317)
Profit for the financial year	66,450	177,351	66,450	177,351
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value gains	1,765	801	1,765	801
Fair value adjustment-cash flow hedge	(29,352)	(17,723)	(29,352)	(17,723)
Currency translation differences	(21,253)	470	(21,253)	470
Other comprehensive loss for the financial period	(48,840)	(16,452)	(48,840)	(16,452)
Total comprehensive income for the financial period	17,610	160,899	17,610	160,899
Profit attributable to:				
Owners of the Parent	51,342	95,754	51,342	95,754
Non-controlling interests	15,108	81,597	15,108	81,597
	66,450	177,351	66,450	177,351
Total comprehensive income attributable to:				
Owners of the Parent	2,502	79,302	2,502	79,302
Non-controlling interests	15,108	81,597	15,108	81,597
	17,610	160,899	17,610	160,899
Earnings per share attributable to owners of the Parent				
- Basic (sen)	1.7	3.1	1.7	3.1

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>31.03.16</u> RM' 000 (Unaudited)	As at <u>31.12.15</u> RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,064,259	8,079,269
Investment properties	28,238	28,299
Interests in associates	4,496,817	4,504,681
Investments in joint arrangements	296,975	271,522
Available-for-sale financial assets	2,977	3,144
Inventories	1,384,530	1,381,246
Trade and other receivables	191,365	192,754
Intangible assets	3,091,037	3,089,373
Deferred tax assets	797,607	744,960
	<u>18,353,805</u>	<u>18,295,248</u>
Current Assets		
Inventories	471,657	467,000
Trade and other receivables	1,603,800	1,544,216
Derivative financial instruments	13,331	16,282
Tax recoverable	73,818	76,813
Available-for-sale financial assets	74,142	70,481
Deposits, bank and cash balances	1,371,323	1,299,623
	<u>3,608,071</u>	<u>3,474,415</u>
Assets held for sale	<u>708</u>	<u>520</u>
Total Assets	<u><u>21,962,584</u></u>	<u><u>21,770,183</u></u>
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	8,748,976	8,747,238
	<u>9,053,482</u>	<u>9,051,744</u>
Non-controlling interests	732,017	933,127
Total equity	<u><u>9,785,499</u></u>	<u><u>9,984,871</u></u>
Non-Current Liabilities		
Redeemable preference shares	70,840	70,188
Borrowings	7,824,032	7,386,589
Land lease received in advance	262,391	262,743
Provision for retirement benefits	16,401	13,380
Deferred income	292,733	299,046
Deferred tax liabilities	555,073	488,718
Trade and other payables	343,878	281,299
	<u>9,365,348</u>	<u>8,801,963</u>
Current Liabilities		
Borrowings	1,324,234	1,354,059
Trade and other payables	1,446,035	1,593,036
Tax payables	5,282	7,002
Deferred income	28,400	29,252
Derivative financial instruments	7,786	-
	<u>2,811,737</u>	<u>2,983,349</u>
Total Liabilities	<u><u>12,177,085</u></u>	<u><u>11,785,312</u></u>
Total equity and liabilities	<u><u>21,962,584</u></u>	<u><u>21,770,183</u></u>
Net assets per share attributable to owners of the Parent (sen)	297	297

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 March 2016

	Attributable to owners of the parent					Distributable					
	Non-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
Net profit for the financial period	-	-	-	-	-	-	-	51,342	51,342	15,108	66,450
Other comprehensive income/(loss)	-	-	(21,253)	-	1,765	(29,352)	-	-	(48,840)	-	(48,840)
Total comprehensive income/(loss) for the financial period	-	-	(21,253)	-	1,765	(29,352)	-	51,342	2,502	15,108	17,610
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(764)	(764)	(216,217)	(216,981)
At 31 March 2016	304,506	2,039,770	62,672	28,120	58,006	(47,367)	374,945	6,232,830	9,053,482	732,017	9,785,499

* - 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.

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 period ended 31 March 2015

	Attributable to owners of the parent Non-distributable						Distributable					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	Total RM'000	Non- controlling interests (NCI) 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 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.

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 Cash Flows

	3 months ended 31.03.16 RM'000 (Unaudited)	3 months ended 31.03.15 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	95,551	234,668
Adjustments for:		
Non-cash items	154,115	255,216
Interest expense	117,313	309,392
Interest income	(11,679)	(52,642)
Dividend income	(1,729)	(2,640)
Share of results in associates and joint ventures	(54,546)	(56,911)
Operating profit before working capital changes	299,025	687,083
Changes in working capital:		
Net change in non-current inventories	(7,941)	-
Net change in current assets	(160,507)	(524,228)
Net change in current liabilities	(20,925)	(31,485)
Cash generated from operations	109,652	131,370
Deferred income received	-	73,418
Tax paid	(14,118)	(66,434)
Land lease received in advance	15,103	2,425
Retirement benefits paid	(749)	(2,695)
Staff loan repaid	38	-
Net cash generated from operating activities	109,926	138,084
Cash flows from investing activities		
Purchase of additional shares in a subsidiary from non-controlling interests	(216,981)	-
Investment in joint venture	(490)	-
Purchase of property, plant and equipment	(91,611)	(235,883)
Purchase of intangible assets	(7,507)	-
Purchase of available-for-sale financial assets	(1,729)	(2,639)
Redemption of RULS in a subsidiary	-	(45,852)
Proceeds from sale of property, plant and equipment	-	125
Interest received	11,679	52,642
Dividend received from:		
- Associates	-	22,887
- Others	1,729	2,640
Net cash used in investing activities	(304,910)	(206,080)
Cash flows from financing activities		
Repayment of term loans	(117,805)	(350,926)
Drawdown of term loans	523,125	124,089
Dividend paid to non-controlling interests of subsidiaries	-	(64,000)
Interest paid	(117,313)	(309,392)
Net cash generated from financing activities	288,007	(600,229)

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.

Condensed Consolidated Statement of Cash Flows

	3 months ended <u>31.03.16</u> RM'000 (Unaudited)	3 months ended <u>31.03.15</u> RM'000 (Unaudited)
Net increase in cash and cash equivalents	93,023	(668,225)
Effects of changes in exchange rate	(21,253)	470
Cash & Cash Equivalents at beginning of financial period	<u>1,297,098</u>	<u>5,018,675</u>
Cash and cash equivalents at end of financial period	<u>1,368,868</u>	<u>4,350,920</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	1,371,323	4,352,001
Bank overdrafts	<u>(2,455)</u>	<u>(1,081)</u>
	<u>1,368,868</u>	<u>4,350,920</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 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 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. 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.

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 under review because of their nature, size and incidence.

5. Changes in estimates

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

6. 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 2016.

7. Dividend paid

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

8. Segment Reporting

The Group's segmental reporting for the current financial period ended 31 March 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	694	-	-	233	19	946
Inter-segment	(4)	-	-	(6)	-	(10)
External	690	-	-	227	19	936
<u>Results</u>						
Profit						
before zakat and taxation	142	10	31	29	(116)	96
Finance costs	43	-	-	-	74	117
Depreciation and Amortisation	97	-	-	-	6	103
Earnings Before Interest, Tax, Depreciation and Amortisation	282	10	31	29	(36)	316

The Group's segmental reporting for the corresponding financial period ended 31 March 2015 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	422	-	1,347	221	18	2,008
Inter-segment	(2)	-	-	(22)	-	(24)
External	420	-	1,347	199	18	1,984
<u>Results</u>						
Profit						
before zakat and taxation	68	9	176	71	(89)	235
Finance costs	38	-	214	-	57	309
Depreciation and Amortisation	65	-	272	1	8	346
Earnings Before Interest, Tax, Depreciation and Amortisation	171	9	662	72	(24)	890

9. Property, plant and equipment

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

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

- a) On 11 April 2016, Borneo Highway PDP Sdn Bhd ("BHP") which is 40% owned by UEM MMC Joint Venture Sdn Bhd ("UMJV") executed the Project Delivery Partner Agreement with the Government of Malaysia and the State Government of Sabah (collectively, the "Owner") for the implementation of Phase 1 of Pan Borneo Highway in Sabah. MMC Group's effective interest in BHP via UMJV is 20%.
- b) On 25 April 2016, MMC Shapadu (Holdings) Sdn Bhd ("MMC Shapadu"), a wholly-owned subsidiary of MMC which has been placed under member's voluntary liquidation, duly convened its final meeting. Pursuant to Section 272(5) of the Companies Act 1965, MMC Shapadu will be dissolved on the expiration of 3 months from the lodgement of related statutory return with Companies Commission of Malaysia (CCM) and the Official Receiver (OR).

11. Changes in composition of the Group

- a) On 22 January 2016, RHB Investment Bank Berhad ("RHB IB"), on behalf of MMC, announced that MMC Port Holdings Sdn Bhd (formerly known as MMC Ventures Sdn Bhd) ("MMC Port"), a wholly-owned subsidiary of MMC had on even date, despatched a notice to the shareholders of NCB Holdings Berhad ("NCB") who have not accepted the unconditional take-over offer ("NCB Shareholders")

in accordance with Subsection 223(2) of the Capital Markets and Services Act, 2007 ("CMSA") ("Notice"). Arising from the Notice, NCB Shareholders may exercise their rights to require MMC Port to acquire their shares in NCB. Consequently, MMC's effective shareholding has further increased from 86.72% to 97.22% as of 31 March 2016.

On 22 April 2016, RHB IB, on behalf of MMC, announced that the period for NCB Shareholders to exercise their rights pursuant to Subsection 223(2) of the CMSA has ended and MMC's effective shareholding as at 22 April 2016 stood at 99.04%.

- b) On 28 January 2016, MMC acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid capital of MMC Land Sdn Bhd ("MMC Land"), for a total cash consideration of RM2.00. MMC Land operates principally as an investment holding company.
- c) On the same date, MMC through its newly incorporated wholly-owned subsidiary, MMC Land acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid up capital of Northern Technocity Sdn Bhd ("NTSB") for a total cash consideration of RM2.00. NTSB shall operate as a property development company.
- d) On 4 February 2016, MMC through its wholly-owned subsidiary, MMC Utilities Limited acquired 90 ordinary shares of USD1.00 each, representing 90% issued and paid up capital of MMC Overseas Pte. Ltd. ("MMC Overseas"), an investment holding company incorporated under the Labuan Companies Act 1990, for a total cash consideration of USD90.00. With the acquisition, MMC Overseas becomes a wholly-owned subsidiary of the Group.

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 31 March 2016.

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 2015 except for the following bank guarantees issued to third parties:

	31.03.16	31.12.15
	RM mil	RM mil
Subsidiaries	201.7	198.8

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

13. 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.

14. Capital commitments

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

	31.03.16	31.12.15
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	294.0	195.1
Authorised but not contracted for	484.4	3.2
	<u>778.4</u>	<u>198.3</u>

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

For the 3-month financial period ended 31 March 2016, the Group recorded a decrease of 52.8% in revenue to RM936.3 million from RM1,983.8 million reported in the corresponding period of the preceding year, mainly due to effect of deconsolidation of Malakoff, post May 2015 listing.

Correspondingly, the Group's Profit before zakat and taxation decreased significantly to RM95.5 million compared with RM234.7 million reported in the corresponding period of the preceding year, primarily due to the following:

- i. Effect of deconsolidation of Malakoff, post May 2015 listing of which MMC Group's effective interest in Malakoff has reduced from 51% to 37.6%.
- ii. Lesser activities performed for underground works package for Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) line as constructions draw gradually towards an end, achieving 86% progress as at reporting date.
- iii. Losses from Zelan Berhad resulted from effects of discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project, Abu Dhabi.

Energy & Utilities

The segment recorded a substantial decrease in Revenue and Profit before zakat and taxation by RM1,346.6 million and RM143.5 million, respectively compared to financial results reported in corresponding period of the preceding year, primarily due to effect of deconsolidation of Malakoff, post May 2015 listing and the latter in turn became 37.6% associated company of the Group.

Ports & Logistics

The segment recorded revenue of RM690.4 million, an increase of 64.6% compared with RM419.5 million reported in the corresponding period of the preceding year. The increase was due to effect from consolidation of NCB's revenue and increased in throughput handled at both Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) and Johor Port Berhad (JPB) in line with steady progress from 2M alliance and growth in liquid and bulk cargoes.

Correspondingly, the segment recorded a significant increase in Profit before zakat and taxation to RM141.5 million from RM67.5 million reported in the corresponding period of preceding year, mainly attributed to effect from consolidation of NCB, higher throughput handled coupled with lower operational costs incurred at PTP given the continuous cost efficiency and productivity program.

Engineering & Construction

The segment recorded an increase of 13.8% in revenue to RM226.6 million from RM199.1 million reported in the corresponding period of the preceding year. The increase was mainly due to higher work progression recorded from Rapid Pengerang Co-generation plant (RAPID COGEN) and Langat Centralized Sewerage Treatment project, however partially offset by lesser activities performed for

underground works package for KVMRT-SBK line as constructions draw gradually towards an end, as scheduled.

Conversely, the segment recorded lower Profit before zakat and taxation of RM28.6 million compared with RM71.3 million reported in the corresponding period of the preceding year, mainly attributed to effects from discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project in Zelan Berhad as well as lesser contribution recorded from underground works package for KVMRT-SBK line.

Investment Holding, Corporate & Others

The segment recorded a slight increase of 3.2% in revenue to RM19.1 million from RM18.5 million reported in the corresponding period of the preceding year, mainly due to higher passenger volumes registered from airport operations.

The segment recorded Loss before zakat and taxation of RM116.3 million compared with RM89.0 million reported in the corresponding period of the preceding year, mainly attributed to higher finance costs with respect to the additional acquisition of equity interest in NCB.

16. Variation of results against immediate preceding quarter

The Group recorded significantly lower Profit before zakat and taxation of RM95.6 million in the current quarter compared with RM188.2 million in the immediate preceding quarter, mainly attributed to the following:

- (i) recognition of gain on fair value re-measurement of RM130.9 million in the preceding quarter resulted from additional acquisition of equity interest of NCB.

- (ii) partially offset by the absence of additional provision for litigation costs in relation to SMART project.

17. 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.

Ports & Logistics division is expected to increase its revenue on the back of growing volumes at Port of Tanjung Pelepas and Johor Port as well as additional contribution from NCB Holdings Berhad. NCB Holdings Berhad expands MMC's presence in the ports business from south to central region of Peninsular Malaysia. In addition, MMC will benefit from operational and cost synergies, which would further enhance the financial performance of its Ports & Logistics division.

The contribution of Energy & Utilities division to the Group's revenue and earnings has decreased as a result of the deconsolidation of Malakoff when compared to the corresponding period of the preceding year. However, the Energy & Utilities division is expected to contribute positively to the Group following the commencement of Malakoff's additional 1,000MW capacity in Tanjung Bin Energy power plant on March 21st, 2016 as well as higher gas volume sales at Gas Malaysia.

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 earnings contribution will be further boosted by the on-going mega projects namely Langat 2 Water Treatment Plant, Langat Centralized Sewerage Treatment Project, infrastructure works for the RAPID Pengerang Co-generation plant and the Project Delivery Partner (PDP) role

for the implementation of the KVMRT Sungai Buloh-Serdang-Putrajaya Line ("SSP Line") Project. In addition, the Group has recently been awarded the tunnelling work package for KVMRT SSP Line and PDP role for Pan Borneo Sabah Highway which will be amongst the key earnings drivers moving forward.

18. Profit before zakat and taxation

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

	3 months ended 31.03.16	3 months ended 31.03.15	Cumulative 3 months ended 31.03.16	Cumulative 3 months ended 31.03.15
	RM mil	RM mil	RM mil	RM mil
Interest income	(11.7)	(52.6)	(11.7)	(52.6)
Depreciation	97.6	222.5	97.6	222.5
Amortisation	5.2	123.7	5.2	123.7
Impairment of receivables	-	3.6	-	3.6
Write-back of impairment of receivables	-	(3.6)	-	(3.6)
Net unrealised foreign exchange loss	13.5	28.3	13.5	28.3
Loss/(gain) on property, plant and equipment	5.1	(7.1)	5.1	(7.1)

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 31.03.16 RM mil	3 months ended 31.03.15 RM mil	Cumulative 12 months ended 31.03.16 RM mil	Cumulative 12 months ended 31.03.15 RM mil
Current tax expense				
- current	(16)	(55)	(16)	(55)
- prior year	-	(2)	-	(2)
Deferred tax expense				
- current	(13)	-	(13)	-
- prior year	-	-	-	-
	<u>(29)</u>	<u>(57)</u>	<u>(29)</u>	<u>(57)</u>

The Group's effective tax rate for the quarter ended 31 March 2016 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

21. Status of corporate proposals announced

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

22. Available for sale financial assets

Fair value of financial instruments

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

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

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

	31.03.16	31.12.15
	RM mil	RM mil
At 1 January	73.6	84.5
Addition	1.7	2.6
Net gain/(losses) transferred to equity	1.8	(13.5)
Disposals	-	-
At 31.03.16/31.12.15	77.1	73.6
Less: Non-current portion	(3.0)	(3.1)
Current portion	74.1	70.5

23. Borrowings

	31.03.16	31.12.15
	RM mil	RM mil
Current		
- secured	637	629
- unsecured	687	725
	1,324	1,354
Non-current		
- secured	5,783	5,638
- unsecured	2,041	1,749
	7,824	7,387
Total borrowings	9,148	8,741

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

24. Realised and unrealised profit/losses disclosure

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

	31.03.16	31.12.15
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	5,974.2	5,871.3
- Unrealised	159.2	173.2
	<u>6,133.4</u>	<u>6,044.5</u>
Total retained earnings from associated companies:		
- Realised	245.3	264.6
- Unrealised	(28.4)	(28.4)
	<u>216.9</u>	<u>236.2</u>
Total retained earnings from joint ventures:		
- Realised	26.9	26.8
- Unrealised	(25.0)	(25.0)
	<u>1.9</u>	<u>1.8</u>
Total retained earnings before consolidation adjustments	6,352.2	6,282.5
Less: Consolidation adjustments	(119.4)	(100.2)
Total retained earnings as per interim	<u>6,232.8</u>	<u>6,182.3</u>

25. Changes in material litigationWayss & Freytag Litigation

a) The MMC Engineering Group Berhad - Gamuda Berhad Joint Venture's ("the JV") appeal to the Court of Appeal against the decision of the High Court in:

- i) dismissing the JV's application to set aside the Award on the basis of among others being in conflict with the public policy in Malaysia ("the section 37 Application");
- ii) dismissing the JV's application to set aside the Award on determination of questions of law arising out of the

arbitral award of 16 April 2013 ("the section 42 Application"); and

iii) allowing Wayss & Freytag's application to enforce the Arbitral Award pursuant to S. 38 of the Arbitration Act,

are fixed for hearing on 2 and 3 August 2016.

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.

26. Dividend Payable

No interim dividend has been recommended by the Directors for the current quarter ended 31 March 2016 (31 March 2015: Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended <u>31.03.16</u>	3 months ended <u>31.03.15</u>	Cumulative 3 months ended <u>31.03.16</u>	Cumulative 3 months ended <u>31.03.15</u>
Profit for the financial year attributable to owners of the Parent (RM mil)	51.3	95.8	51.3	95.8
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)	1.7	3.1	1.7	3.1

28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 31 May 2016.

By Order of the Board

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

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

Secretaries

Kuala Lumpur

31 May 2016