

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

	3 months ended 30.09.15 RM' 000 (Unaudited)	3 months ended 30.09.14 RM' 000 (Unaudited)	Cumulative 9 months ended 30.09.15 RM' 000 (Unaudited)	Cumulative 9 months ended 30.09.14 RM' 000 (Unaudited)
<u>Continuing operations</u>				
Revenue	674,537	325,980	2,054,482	2,348,737
Cost of sales	(408,550)	(68,869)	(1,222,281)	(1,594,214)
Gross profit	265,987	257,111	832,201	754,523
Other operating income				
- items relating to investments	-	1,743	1,344,142	6,473
- other operating income	17,861	14,876	67,011	43,720
Administrative expenses	(153,599)	(127,237)	(455,773)	(398,161)
Other operating expenses	(40,207)	(56,915)	(183,733)	(125,870)
Finance costs	(95,815)	(93,750)	(286,512)	(250,001)
Share of results of:				
- associates	76,159	14,538	136,513	65,867
- joint ventures	20,773	6,707	67,303	47,706
Profit before zakat and taxation	91,159	17,073	1,521,152	144,257
Zakat expenses	-	(3,500)	-	(3,500)
Tax expense	(33,714)	37,392	(68,044)	88,605
Profit from continuing operations	57,445	50,965	1,453,108	229,362
<u>Discontinued operation</u>				
Profit from discontinued operations (Note 2)	-	128,075	172,298	279,982
Profit for the financial period	57,445	179,040	1,625,406	509,344
Profit attributable to:				
Owners of the Parent				
- from continuing operations	47,809	49,606	1,417,365	177,063
- from discontinued operation	-	55,148	75,731	116,717
	47,809	104,754	1,493,096	293,780
Non-controlling interests	9,636	74,286	132,310	215,564
	57,445	179,040	1,625,406	509,344
Earnings per share attributable to owners of the Parent				
- from continuing operations				
- Basic (sen)	1.57	1.63	46.55	5.81
- Diluted (sen)	1.57	1.63	46.55	5.81
- from discontinued operation				
- Basic (sen)	-	1.81	2.49	3.83
- Diluted (sen)	-	1.81	2.49	3.83

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	3 months <u>ended</u> <u>30.09.15</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>30.09.14</u> RM'000 (Unaudited)	Cumulative <u>9 months ended</u> <u>30.09.15</u> RM'000 (Unaudited)	Cumulative <u>9 months ended</u> <u>30.09.14</u> RM'000 (Unaudited)
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value losses	(6,904)	(7,350)	(12,924)	(10,714)
- disposal	-	-	-	201
Remeasurement of defined benefit liability	-	(2,034)	-	(2,034)
Currency translation differences	61,896	(20,891)	95,706	1,679
Effect of future corporate tax rate reduction on revaluation reserve	-	900	-	3,458
Other comprehensive income/(loss) from continuing operations	<u>54,992</u>	<u>(29,375)</u>	<u>82,782</u>	<u>(7,410)</u>
Other comprehensive loss from discontinued operation (Note 2)	<u>-</u>	<u>(31,320)</u>	<u>(4,824)</u>	<u>(105,289)</u>
Other comprehensive income/(loss) for the period	54,992	(60,695)	77,958	(112,699)
Total comprehensive income for the period	<u><u>112,437</u></u>	<u><u>118,345</u></u>	<u><u>1,703,364</u></u>	<u><u>396,645</u></u>
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operations	102,801	20,231	1,500,147	169,653
- from discontinued operation	-	23,828	70,907	11,428
	<u>102,801</u>	<u>44,059</u>	<u>1,571,054</u>	<u>181,081</u>
Non-controlling interests	9,636	74,286	132,310	215,564
	<u>112,437</u>	<u>118,345</u>	<u>1,703,364</u>	<u>396,645</u>

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

Condensed Consolidated Statement of Financial Position

	As at 30.09.15 RM' 000 (Unaudited)	As at 31.12.14 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	6,960,846	21,203,402
Finance lease receivables	-	1,990,974
Investment properties	27,230	28,104
Interests in associates	5,014,330	2,545,302
Investments in joint arrangements	274,431	287,490
Available-for-sale financial assets	3,369	3,635
Inventories	1,516,283	1,751,122
Trade and other receivables	249,109	388,692
Derivative financial instruments	16,026	119,042
Intangible assets	1,862,659	6,902,658
Deferred tax assets	819,564	1,601,951
	<u>16,743,847</u>	<u>36,822,372</u>
Current Assets		
Inventories	232,616	540,187
Trade and other receivables	1,413,806	2,589,856
Derivative financial instruments	5,204	15
Tax recoverable	30,946	322,560
Available-for-sale financial assets	70,845	80,864
Deposits, bank and cash balances	907,915	5,036,025
	<u>2,661,332</u>	<u>8,569,507</u>
Assets held for sale	-	12,997
Total Assets	<u>19,405,179</u>	<u>45,404,876</u>
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	8,618,511	7,200,928
	<u>8,923,017</u>	<u>7,505,434</u>
Non-controlling interests	645,464	2,828,729
Total equity	<u>9,568,481</u>	<u>10,334,163</u>
Non-Current Liabilities		
Redeemable preference shares	69,369	89,739
Borrowings	5,976,641	23,981,508
Land lease received in advance	265,002	267,508
Provision for retirement benefits	14,611	87,054
Deferred income	136,807	2,967,614
Derivative financial instruments	-	167,338
Deferred tax liabilities	576,933	3,302,373
Trade and other payables	48,456	39,633
	<u>7,087,819</u>	<u>30,902,767</u>
Current Liabilities		
Borrowings	1,331,986	1,670,441
Trade and other payables	1,389,303	2,268,622
Tax payables	765	43,991
Deferred income	26,225	156,571
Derivative financial instruments	600	28,321
	<u>2,748,879</u>	<u>4,167,946</u>
Total Liabilities	<u>9,836,698</u>	<u>35,070,713</u>
Total equity and liabilities	<u>19,405,179</u>	<u>45,404,876</u>
Net assets per share attributable to owners of the Parent (sen)	293	246

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

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

	Attributable to owners of the parent					Distributable						
	Non-distributable		Available-			Cash flow hedge reserves	Capital reserves	Capital* reserves	Retained earnings	Total	Non- controlling interests (NCI)	Total equity
Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Revaluation reserve RM'000	for- sale financial assets RM'000	RM'000							
At 1 January 2015	304,506	2,039,770	(3,028)	1,219,271	69,754	75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163
Net profit for the financial period	-	-	-	-	-	-	-	-	1,493,096	1,493,096	132,310	1,625,406
Other comprehensive income/ (loss)	-	-	95,706	-	(12,924)	(4,824)	-	-	-	77,958	-	77,958
Total comprehensive income/(loss) for the financial period	-	-	95,706	-	(12,924)	(4,824)	-	-	1,493,096	1,571,054	132,310	1,703,364
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	4,899	4,899
Disposal of a subsidiary	-	-	23,661	(1,191,151)	-	(70,554)	-	-	1,191,151	(46,893)	(2,256,474)	(2,303,367)
Interim dividend in respect of financial year ending 31 December 2015	-	-	-	-	-	-	-	-	-	-	(64,000)	(64,000)
Final dividend in respect of financial year ended 31 December 2014	-	-	-	-	-	-	-	-	(106,578)	(106,578)	-	(106,578)
At 30 September 2015	304,506	2,039,770	116,339	28,120	56,830	69	9,403	380,253	5,987,727	8,923,017	645,464	9,568,481

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

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

	Attributable to owners of the parent Non-distributable						Distributable					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Revaluation reserve RM'000	Available- for- sale financial assets RM'000	Cash flow hedge reserves RM'000	Capital reserves RM'000	Capital* reserves RM'000	Retained earnings RM'000					
At 1 January 2014	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,031,644	7,216,043	2,998,046	10,214,089		
Net profit for the financial period	-	-	-	-	-	-	-	-	293,780	293,780	215,564	509,344		
Other comprehensive income/ (loss)	-	-	1,679	3,458	(10,513)	(105,289)	-	-	(2,034)	(112,699)	-	(112,699)		
Total other comprehensive income/(loss) for the financial period	-	-	1,679	3,458	(10,513)	(105,289)	-	-	291,746	181,081	215,564	396,645		
Transfer to capital reserves	-	-	-	-	-	-	-	1,150	(1,150)	-	-	-		
Interim dividend in respect of financial year ending 31 December 2014	-	-	-	-	-	-	-	-	-	-	(156,517)	(156,517)		
Final dividend in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	(91,352)	(91,352)	-	(91,352)		
At 30 September 2014	304,506	2,039,770	(25,223)	1,222,729	72,825	70,861	9,163	380,253	3,230,888	7,305,772	3,057,093	10,362,865		

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

Condensed Consolidated Statement of Cash Flows

	9 months ended <u>30.09.15</u> RM'000 (Unaudited)	9 months ended <u>30.09.14</u> RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operation	1,521,152	144,257
Discontinued operation	260,116	393,533
	<u>1,781,268</u>	<u>537,790</u>
Adjustments for:		
Non-cash items	(731,993)	991,953
Interest expense	606,544	926,931
Interest income	(90,697)	(100,482)
Dividend income	(3,186)	(558)
Share of results in associates and joint ventures	(210,729)	(154,799)
	<u>1,351,207</u>	<u>2,200,835</u>
Operating profit before working capital changes		
Changes in working capital:		
Net change in non-current inventories	60,887	(127,039)
Net change in current assets	(810,987)	(578,535)
Net change in current liabilities	226,954	(200,919)
	<u>828,061</u>	<u>1,294,342</u>
Cash generated from operations		
Deferred income received	110,534	203,897
Tax paid	(137,863)	(198,684)
Zakat paid	-	(3,500)
Land lease received in advance	8,931	(6,273)
Retirement benefits paid	(3,199)	(183)
Staff loan repaid	-	18
	<u>806,464</u>	<u>1,289,617</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 additional investment in associates	(318,603)	(16,579)
Net cash inflow/(outflow) from acquisition of subsidiaries	4,899	(142,883)
Investment in joint venture	(250)	(340)
Purchase of property, plant and equipment	(649,898)	(1,946,515)
Purchase of available-for-sale financial assets	(2,639)	-
Proceeds from sale of property, plant and equipment	570	680
Proceeds from sale of other non-current assets	520	-
Interest received	90,697	100,482
Dividend received from:		
- Associates	120,983	64,129
- Joint Ventures	20,000	34,000
- Others	3,186	558
	<u>(4,162,683)</u>	<u>(1,906,468)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Drawdown of term loans	780,611	3,466,683
Repayment of term loans	(833,187)	(1,735,081)
Dividend paid	(106,578)	(91,352)
Dividend paid to non-controlling interests of subsidiaries	(64,000)	(156,517)
Interest paid	(606,544)	(926,931)
Redemption of preference shares in a subsidiary	(22,810)	-
	<u>(852,508)</u>	<u>556,802</u>
Net cash (used in) / generated from financing activities		

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

Condensed Consolidated Statement of Cash Flows

	9 months ended <u>30.09.15</u> RM'000 (Unaudited)	9 months ended <u>30.09.14</u> RM'000 (Unaudited)
Net change in cash and cash equivalents	(4,208,727)	(60,049)
Foreign exchange differences	95,706	1,679
Cash and cash equivalents at beginning of the financial period	<u>5,018,675</u>	<u>4,328,561</u>
Cash and cash equivalents at end of the financial period	<u>905,654</u>	<u>4,270,191</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	907,915	4,278,001
Bank overdrafts	<u>(2,261)</u>	<u>(7,810)</u>
	<u>905,654</u>	<u>4,270,191</u>

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

Notes to the interim financial statements

1. Basis of preparation

The interim financial 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 2014.

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

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

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

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

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

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

2. Discontinued operation

On 15 May 2015, Malakoff Corporation Berhad ("Malakoff") completed its initial public offering ("IPO") on the Main Market of Bursa Malaysia. Upon completion of the IPO listing, the Group's effective interest in Malakoff reduced from 51% to 37.6%, and the latter in turn become an associate of the Group.

Malakoff's financial results for the 5 and half months of the current financial period up to the point of the completion of IPO listing were presented separately as a discontinued operation in the Condensed Consolidated Statement of Comprehensive Income and Note 9 of Segment Reporting.

Summary of profit contribution and other comprehensive loss from discontinued operation are presented as follows:

i. Profit from discontinued operation

	30.9.2015	30.9.2014
	RM mil	RM mil
Revenue	2,043.9	4,112.1
Cost of sales	(1,374.7)	(2,899.9)
Gross profit	<u>669.2</u>	<u>1,212.2</u>
Other operating income	76.9	169.0
Administrative expenses	(109.4)	(175.7)
Operating expenses	(63.5)	(176.4)
Finance costs	(320.0)	(676.9)
Share of results of associates/joint ventures	6.9	41.3
Profit before taxation	<u>260.1</u>	<u>393.5</u>
Tax expense	(87.8)	(113.5)
Profit for the financial period	<u><u>172.3</u></u>	<u><u>280.0</u></u>

ii. Other comprehensive loss from discontinued operation

	30.9.2015	30.9.2014
	RM mil	RM mil
Fair value adjustment-cash flow hedge	(4.8)	(105.3)

3. Audit qualification

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

4. Seasonal or cyclical factors

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

5. Unusual items

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

6. Changes in estimates

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

7. Debt and equity securities

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

8. Dividend paid

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

9. Segment Reporting

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

	Continuing Operation						Discontinued Operation [#]	
	Ports & Logistics	Energy & Gas	Utilities & Energy	Engineering & Construction	Investment Holding, Corporate & Others [^]	Total	Energy & Utilities	Group Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	Energy RM mil	RM mil
<u>Revenue</u>								
Total	1,361	-	-	709	53	2,123	2,044	4,167
Inter-segment	(10)	-	-	(59)	-	(69)	-	(69)
External	1,351	-	-	650	53	2,054	2,044	4,098
<u>Results</u>								
Profit / (loss)								
before zakat and taxation	262	30	1,404*	161	(336)	1,521	260	1,781
Finance costs	123	-	-	-	164	287	320	607
Depreciation and Amortisation	207	-	-	16	23	246	410	656
Earnings Before Interest, Tax, Depreciation and Amortisation	592	30	1,404	177	(149)	2,054	990	3,044

* Included gains arising from sale of Malakoff shares and fair value re-measurement in investment of RM388.7 million and RM955.4 million, respectively as reported in Note 12(a) of the preceding quarter period ended 30 June 2015.

[^] Water treatment subsidiaries of the Group which do not meet the quantitative thresholds required by MFRS 8 Operating Segments are included in the 'Investment Holding, Corporate & Others' segment.

[#] Discontinued operation represents Malakoff's financial results as a subsidiary of the Group prior to the completion of IPO listing as disclosed in Note 2.

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

	Continuing Operation						Discontinued Operation [#]	
	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others [^]	Total	Energy & Utilities	Group Total
	RM mil	Gas RM mil	Energy RM mil	RM mil	RM mil	RM mil	Energy RM mil	RM mil
Revenue								
Total	1,226	-	-	947	311	2,484	4,112	6,596
Inter-segment	(4)	-	-	(130)	(1)	(135)	-	(135)
External	1,222	-	-	817	310	2,349	4,112	6,461
Results								
Profit / (loss)								
before zakat and taxation	193	45	-	212	(306)	144	394	538
Finance costs	95	-	-	(2)	157	250	677	927
Depreciation and Amortisation	185	-	-	6	26	217	759	976
Earnings Before Interest, Tax, Depreciation and Amortisation	473	45	-	216	(123)	611	1,830	2,441

[^] Water treatment subsidiaries of the Group which do not meet the quantitative thresholds required by MFRS 8 Operating Segments are included in the 'Investment Holding, Corporate & Others' segment.

[#] Discontinued operation represents Malakoff's financial results as a subsidiary of the Group prior to the completion of IPO listing as disclosed in Note 2.

10. Property, plant and equipment

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

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

There were no material events subsequent to the end of the current quarter except for the proposal by MMC Port Holdings Sdn Bhd (formerly known as MMC Ventures Sdn Bhd) ("MMC Port") a wholly-owned subsidiary of MMC, to acquire the combined 53.42% equity interest in NCB Holdings Berhad ("NCB") owned by Permodalan Nasional Berhad and AmanahRaya Trustees Berhad ("Proposed Acquisition") along with the mandatory general offer for the remaining shares not already owned by MMC Port after the Proposed Acquisition ("Proposed MGO").

For further details of the aforementioned proposals please refer to Note 22.

12. Changes in composition of the Group

a) On 21 July 2015, MMC through its wholly-owned subsidiary, MMC Port acquired additional shares in NCB of 42,677,600 ordinary shares of RM1.00 each, representing 9.08% issued and paid-up share capital of NCB for a total cash consideration of RM186.5 million. With the acquisition, MMC's effective interest in NCB increased to 30.13% for the current quarter ended 30 September 2015.

b) On 8 September 2015, Johor Port Berhad ("JPB") a wholly-owned subsidiary of MMC subscribed 5,099,999 new ordinary shares of

RM1.00 each in KOTUG Asia Sdn Bhd ("KOTUG Asia"), representing 51% equity interest in KOTUG Asia, for a total cash consideration of RM5.1 million. KOTUG Asia is involved in the provision of tug boats and maritime craft services.

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

13. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2014 except for the following bank guarantees issued to third parties:

	30.9.15	31.12.14
	RM mil	RM mil
Subsidiaries	74.2	465.0

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

14. 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 an integral part of the Project, 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 Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line. As an integral part of the Project, 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.

15. Capital commitments

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

	30.9.15	31.12.14
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	154.4	1,494.0
Authorised but not contracted for	418.2	463.4
	572.6	1,957.4
	572.6	1,957.4

Additional information required by the Bursa Securities Listing Requirements**16. Review of performance**

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

For the 9-month financial period ended 30 September 2015, the Group recorded a decrease of 36.6% in revenue to RM4,098.4 million from RM6,460.8 million reported in the corresponding period of the preceding year. The decrease was mainly due to deconsolidation of Malakoff's results upon completion of its IPO listing on 15 May 2015, absence of substantial sale of land in respect of the overall development of Senai Airport City and lower work progress recorded from Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) Line project following completion of tunnelling drive works in April 2015.

Conversely, the Group's Profit before zakat and taxation increased significantly to RM1,781.3 million compared with RM537.8 million reported in the corresponding period of the preceding year, mainly attributed to the exceptional gain of RM1,344.1 million arising from Malakoff's May 2015 IPO listing.

Energy & Utilities

The segment recorded a decrease of 50.3% in revenue to RM2,043.9 million from RM4,112.1 million reported in the corresponding period of the preceding year, primarily due to deconsolidation of Malakoff's results upon completion of its IPO listing on 15 May 2015.

Conversely, the segment recorded a significant increase in Profit before zakat and taxation of RM1,694.2 million compared with RM439.2 million reported in the corresponding period of the preceding year, primarily due to the exceptional gain of RM1,344.1 million being gain on sale of Malakoff shares and fair value re-measurement in investment of RM388.7 million and RM955.4 million, respectively following completion of Malakoff's IPO listing.

Ports & Logistics

The segment recorded revenue of RM1,351.2 million, an increase of 10.5% as compared with RM1,222.3 million reported in the corresponding period of the preceding year, mainly due to higher throughput handled at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") driven by the continuous and positive progress from 2M alliance between Maersk Line and Mediterranean Shipping Company (MSC), launched in January 2015.

The segment recorded Profit before zakat and taxation of RM262.3 million, an increase of 35.7% as compared with RM193.3 million reported in the corresponding period of the preceding year, mainly attributed to the increase in throughput handled at PTP coupled with lower operating costs incurred in line with its continuing cost efficiency and productivity programmes.

Engineering & Construction

The segment recorded a decrease of 20.4% in revenue to RM649.7 million from RM816.8 million reported in the corresponding period of the preceding year, mainly due to lower work progress recorded from KVMRT-SBK line project largely upon completion of tunnelling drive works in April 2015 and completion of Electrified Double Track Project in November 2014.

Correspondingly, the segment recorded lower Profit before zakat and taxation of RM161.2 million compared with RM212.4 million reported in the corresponding period of the preceding year, mainly attributed to lower contribution from KVMRT-SBK project following completion of tunnelling drive works as scheduled and completion of Double Track Project in November 2014.

Investment Holding, Corporate & Others

The segment recorded a decrease of 82.7% in revenue to RM53.6 million from RM310.2 million reported in the corresponding period of the preceding year, mainly due to the absence of substantial sale of land recognized in 2014 as part of the overall development of Senai Airport City.

The segment recorded Loss before zakat and taxation of RM336.5 million compared with RM306.2 million reported in the corresponding period of the preceding year, mainly attributed to provision for impairment on claims recovery of a discontinued project in Middle East.

17. Variation of results against immediate preceding quarter

The Group recorded significantly lower Profit before zakat and taxation of RM91.2 million in the current quarter compared with RM1,455.4 million in the immediate preceding quarter, mainly attributed to the exceptional gain of RM1,344.1 million

recognized in the second quarter of 2015 following completion of Malakoff IPO listing debut on Bursa Malaysia.

18. Current prospects

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

Ports & Logistics division is expected to grow its revenue on the back of growing volumes at Port of Tanjung Pelepas and Johor Port as well as additional contribution from NCB Holdings' financial results which will be consolidated arising from the proposed acquisition. NCB Holdings expands MMC's presence in the port business from south to west of Peninsular Malaysia. In addition, MMC will capture operational and cost synergies, which would further enhance the financial performance of its ports and logistics business division.

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

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

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

19. Profit before zakat and taxation

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

	3 months ended 30.9.15	3 months ended 30.9.14	Cumulative 9 months ended 30.9.15	Cumulative 9 months ended 30.9.14
	RM mil	RM mil	RM mil	RM mil
Interest income	(6.4)	(9.2)	(90.7)	(100.5)
Gain on disposal of a subsidiary (including fair value re-measurement gain of RM955,376,000	-	-	(1,344.1)	-
Depreciation	75.4	213.1	469.0	623.9
Amortisation	1.0	123.7	187.1	352.2
(Write-back)/impairment of receivables	(1.7)	3.8	54.2	35.8
Net unrealised foreign exchange (gain)/loss	-	(1.9)	28.3	0.1
(Gain)/loss on - property, plant and equipment	-	0.3	7.0	(1.3)
- non-current assets	-	5.2	-	26.5
Provision for litigation costs	-	-	24.2	-

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 30.9.15	3 months ended 30.9.14	Cumulative 9 months ended 30.9.15	Cumulative 9 months ended 30.9.14
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(25)	(13)	(124)	(194)
- prior year	-	(1)	(2)	1
Deferred tax expense				
- current	(9)	8	(30)	194
- prior year	-	(3)	-	(26)
	<u>(34)</u>	<u>(9)</u>	<u>(156)</u>	<u>(25)</u>

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

22. Status of corporate proposals announced

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

On 19 October 2015, on behalf of the Board of Directors of MMC, RHB Investment Bank Berhad ("RHB IB") announced that MMC and MMC Port Holdings Sdn Bhd (formerly known as MMC Ventures Sdn Bhd) ("MMC Port") had entered into a conditional sale of shares agreement with Permodalan Nasional Berhad and AmanahRaya Trustees Berhad, as trustee for Amanah Saham Bumiputera, Amanah Saham Wawasan 2020 and Amanah Saham Didik (collectively known as "Vendors") ("SPA") whereby MMC Port agrees to acquire a total of

251,195,573 ordinary shares of RM1.00 each in NCB Holdings Berhad ("NCB") ("NCB Shares"), representing approximately 53.42% equity interest in NCB, for a total cash consideration of RM1,105,260,521.20 or RM4.40 per NCB Share ("Purchase Consideration") ("Proposed Acquisition"). Upon completion of the Proposed Acquisition and pursuant to Section 218(2) of the Capital Markets and Services Act 2007 and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010, MMC Port will be obliged to extend a mandatory general offer for all the remaining NCB Shares not already owned by MMC Port for a cash consideration of RM4.40 per NCB Share ("Proposed MGO").

On 25 November 2015, RHB IB announced that the non-interested shareholders of MMC had, at the Extraordinary General Meeting ("EGM"), approved and passed all the resolutions set out in the notice of EGM dated 9 November 2015.

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

23. Available for sale financial assets

Fair value of financial instruments

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

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

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

	<u>30.9.15</u>	<u>31.12.14</u>
	RM mil	RM mil
At 1 January	84.5	95.5
Addition	2.6	-
Net losses transferred to equity	(12.9)	(3.7)
Disposals	-	(7.3)
At 30.9.15/31.12.14	<u>74.2</u>	<u>84.5</u>
Less: Non-current portion	(3.4)	(3.6)
Current portion	<u>70.8</u>	<u>80.9</u>

24. Borrowings

	<u>30.9.15</u>	<u>31.12.14</u>
	RM mil	RM mil
Current		
- secured	797	1,223
- unsecured	535	447
	<u>1,332</u>	<u>1,670</u>
Non-current		
- secured	5,435	20,639
- unsecured	541	3,343
	<u>5,976</u>	<u>23,982</u>
Total borrowings	<u>7,308</u>	<u>25,652</u>

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

Functional currency (RM)	<u>30.9.15</u>	<u>31.12.14</u>
	RM mil	RM mil
USD	-	296
AUD	-	454

25. Realised and unrealised profit/losses disclosure

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

	As at 30.9.15 RM mil	As at 31.12.14 RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	5,819.2	2,944.1
- Unrealised	371.4	373.5
	<u>6,190.6</u>	<u>3,317.6</u>
Total retained earnings from associated companies:		
- Realised	(44.8)	203.7
- Unrealised	(28.4)	(28.4)
	<u>(73.2)</u>	<u>175.3</u>
Total retained earnings from joint ventures:		
- Realised	28.4	23.3
- Unrealised	(25.0)	(24.9)
	<u>3.4</u>	<u>(1.6)</u>
Total retained earnings before consolidation adjustments	6,120.8	3,491.3
Less: Consolidation adjustments	(133.1)	(81.2)
Total retained earnings as per interim	<u>5,987.7</u>	<u>3,410.1</u>

26. Changes in material 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 December 2015.

- b) On 7 September 2015, the Court of Appeal dismissed the appeals by Jurutera Perunding Daya Sdn Bhd and Pengurusan Projek Daya Sdn Bhd ("the Daya Group"), and Projek Lebuhraya Timur Sdn Bhd an inactive wholly-owned subsidiary of the Company with no order as to costs.

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.

27. Dividend Payable

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

28. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months ended <u>30.9.15</u>	3 months ended <u>30.9.14</u>	Cumulative 9 months ended <u>30.9.15</u>	Cumulative 9 months ended <u>30.9.14</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	48	105	1,493	294
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)	1.57	3.44	49.03	9.65
Diluted earnings per ordinary share (sen)	1.57	3.44	49.03	9.65

29. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 25 November 2015.

By Order of the Board

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

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

Secretaries

Kuala Lumpur

25 November 2015