Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2016

	3 months ended 30.06.16 RM'000 (Unaudited)	3 months ended 30.06.15 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.16 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.15 RM'000 (Unaudited)
Continuing operations				
Revenue	950,255	742,738	1,886,521	1,379,945
Cost of sales	(567,608)	(437,765)	(1,124,559)	(813,731)
Gross profit	382,647	304,973	761,962	566,214
Other operating income	60,856	28,812	85,037	49,150
Administrative expenses	(158,597)	(164,719)	(330,396)	(302,174)
Other operating expenses	(101,748)	(106,770)	(175,127)	(143,526)
Finance costs	(126,689)	(95,695)	(244,002)	(190,697)
Share of results of:				
- associates	71,760	41,263	102,359	60,354
- joint ventures	19,841	18,852	43,788	46,530
Profit before zakat and taxation	148,070	26,716	243,621	85,851
Tax expense	(14,192)	(31,568)	(43,293)	(34,330)
Profit from continuing operations	133,878	(4,852)	200,328	51,521
Discontinued operation				
Profit from discontinued operation	-	1,395,462	-	1,516,440
Profit for the financial period	**133,878**	**1,390,610**	**200,328**	**1,567,961**
Profit attributable to:				
Owners of the Parent				
- from continuing operations	125,018	(17,348)	176,360	25,414
- from discontinued operation	-	1,366,881	-	1,419,873
	125,018	1,349,533	176,360	1,445,287
Non-controlling interests	8,860	41,077	23,968	122,674
	133,878	1,390,610	200,328	1,567,961
Earnings per share attributable to owners of the Parent				
- from continuing operations				
- Basic (sen)	4.11	(0.57)	5.79	0.83
- from discontinued operation				
- Basic (sen)	-	44.89	-	46.63

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 Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2016

	3 months ended 30.06.16 RM'000 (Unaudited)	3 months ended 30.06.15 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.16 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.15 RM'000 (Unaudited)
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value losses	(3,973)	(6,821)	(2,208)	(6,020)
Fair value adjustment of an associate-cash flow hedge	2,236	-	(27,116)	-
Currency translation differences	4,944	33,340	(16,309)	33,810
Other comprehensive income/(loss) from continuing operations	3,207	26,519	(45,633)	27,790
Other comprehensive income/(loss) from discontinued operation	-	12,899	-	(4,824)
Other comprehensive income/(loss) for the period	3,207	39,418	(45,633)	22,966
Total comprehensive income for the period	137,085	1,430,028	154,695	1,590,927
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operations	128,225	9,171	130,727	53,204
- from discontinued operation	-	1,379,780	-	1,415,049
	128,225	1,388,951	130,727	1,468,253
Non-controlling interests	8,860	41,077	23,968	122,674
	137,085	1,430,028	154,695	1,590,927

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 30.06.16 RM'000 (Unaudited)	As at 31.12.15 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,016,490	8,079,269
Investment properties	28,015	28,299
Interests in associates	4,509,895	4,504,681
Investments in joint arrangements	301,366	271,522
Available-for-sale financial assets	2,361	3,144
Inventories	1,620,757	1,381,246
Trade and other receivables	192,597	192,754
Intangible assets	3,108,457	3,089,373
Deferred tax assets	722,743	744,960
	18,502,681	18,295,248
Current Assets		
Inventories	464,757	467,000
Trade and other receivables	1,592,749	1,544,216
Derivative financial instruments	8,932	16,282
Tax recoverable	79,861	76,813
Available-for-sale financial assets	70,784	70,481
Deposits, bank and cash balances	1,158,312	1,299,623
	3,375,395	3,474,415
Assets held for sale	1,265	520
Total Assets	21,879,341	21,770,183
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	8,868,228	8,747,238
	9,172,734	9,051,744
Non-controlling interests	688,162	933,127
Total equity	9,860,896	9,984,871
Non-Current Liabilities		
Redeemable preference shares	71,549	70,188
Borrowings	7,752,299	7,386,589
Land lease received in advance	259,732	262,743
Provision for retirement benefits	15,703	13,380
Deferred income	284,614	299,046
Derivative financial instruments	154	-
Deferred tax liabilities	487,485	488,718
Trade and other payables	277,105	281,299
	9,148,641	8,801,963
Current Liabilities		
Borrowings	1,349,964	1,354,059
Trade and other payables	1,477,136	1,593,036
Tax payables	7,511	7,002
Deferred income	29,144	29,252
Derivative financial instruments	6,050	-
	2,869,805	2,983,349
Total Liabilities	12,018,446	11,785,312
Total equity and liabilities	21,879,342	21,770,183
Net assets per share attributable to owners of the Parent (sen)	301	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 30 June 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
Net profit for the financial period	-	-	-	-	-	-	-	176,360	176,360	23,968	200,328
Other comprehensive loss	-	-	(16,309)	-	(2,208)	(27,116)	-	-	(45,633)	-	(45,633)
Total comprehensive income/ (loss) for the financial period	-	-	(16,309)	-	(2,208)	(27,116)	-	176,360	130,727	23,968	154,695
Acquisition of NCI	-	-	-	-	-	-	-	(8,777)	(8,777)	7,180	(1,597)
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(960)	(960)	(255,026)	(255,986)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(6,086)	(6,086)
Dividends	-	-	-	-	-	-	-	-	-	(15,001)	(15,001)
At 30 June 2016	304,506	2,039,770	67,616	28,120	54,033	(45,131)	374,945	6,348,875	9,172,734	688,162	9,860,896

* - 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 financial period ended 30 June 2015

	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	Capital* reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests (NCI) RM'000	Total equity 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	-	-	-	-	-	-	-	-	1,445,287	1,445,287	122,674	1,567,961
Other comprehensive income/(loss)	-	-	33,810	-	(6,020)	(4,824)	-	-	-	22,966	-	22,966
Total comprehensive income/(loss) for the financial period	-	-	33,810	-	(6,020)	(4,824)	-	-	1,445,287	1,468,253	122,674	1,590,927
Disposal of a subsidiary	-	-	23,661	(1,191,151)	-	(70,554)	-	-	1,191,151	(46,893)	(2,256,474)	(2,303,367)
Dividends	-	-	-	-	-	-	-	-	-	-	(64,000)	(64,000)
At 30 June 2015	304,506	2,039,770	54,443	28,120	63,734	69	9,403	380,253	6,046,496	8,926,794	630,929	9,557,723

* - 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

	6 months ended 30.06.16 RM'000 (Unaudited)	6 months ended 30.06.15 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operations	243,621	85,851
Discontinued operation	-	1,604,258
	243,621	1,690,109
Adjustments for:		
Non-cash items	229,760	(799,374)
Interest expense	244,002	510,729
Interest income	(20,334)	(84,289)
Dividend income	(1,729)	(3,186)
Share of results in associates and joint ventures	(146,147)	(113,797)
Operating profit before working capital changes	549,173	1,200,192
Changes in working capital:		
Net change in inventories	(237,268)	60,887
Net change in other current assets	(35,726)	(552,107)
Net change in current liabilities	(169,964)	(57,640)
Cash generated from operations	106,215	651,332
Deferred income received	-	110,536
Tax paid	(24,848)	(111,422)
Land lease received in advance	15,103	8,931
Retirement benefits paid	(154)	(3,176)
Staff loan repaid	38	-
Net cash generated from operating activities	**96,354**	**656,201**
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	-	(132,102)
Purchase of additional shares in a subsidiary from non-controlling interests	(257,582)	-
Investment in joint ventures	(5,240)	-
Purchase of property, plant and equipment	(141,396)	(598,021)
Purchase of intangible assets	(30,777)	-
Purchase of available-for-sale financial assets	(1,728)	(2,639)
Proceeds from sale of property, plant and equipment	28,246	503
Proceeds from sale of other non-current assets	-	168
Interest received	20,334	84,289
Dividend received from:		
- Associates	57,086	50,713
- Joint Ventures	20,000	20,000
- Others	1,729	3,186
Net cash used in investing activities	**(311,002)**	**(4,006,051)**
Cash flows from financing activities		
Repayment of term loans	(262,359)	(792,935)
Drawdown of term loans	611,078	541,925
Dividend paid to non-controlling interests of subsidiaries	(15,001)	(64,000)
Interest paid	(244,002)	(510,729)
Net cash generated from/(used in) financing activities	**89,716**	**(825,739)**

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

	6 months ended 30.06.16 RM'000 (Unaudited)	6 months ended 30.06.15 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(124,932)	(4,175,589)
Effects of changes in exchange rate	(16,309)	34,177
Cash and cash equivalents at beginning of financial period	1,297,098	5,018,675
Cash and cash equivalents at end of financial period	**1,155,857**	**877,263**
Cash and cash equivalents comprise:		
Deposits and bank balances	1,158,312	879,524
Bank overdrafts	(2,455)	(2,261)
	1,155,857	**877,263**

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 30 June 2016.

7. Dividend paid

There was no dividend paid during the current quarter ended 30 June 2016.

8. Segment Reporting

The Group's segmental reporting for the current financial period ended 30 June 2016 is as follows:

	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others	Total
		Gas	Energy			
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue						
Total	1,362	-	-	502	38	1,902
Inter-segment	(9)	-	-	(6)	-	(15)
External	1,353	-	-	496	38	1,887
Results						
Profit/(loss) before zakat and taxation	247	22	83	110	(218)	244
Finance costs	87	-	-	1	156	244
Depreciation and Amortisation	180	-	-	2	19	201
Earnings Before Interest, Tax, Depreciation and Amortisation	514	22	83	113	(43)	689

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

	Continuing Operations						Discontinued Operation#	
	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others^	Total	Energy & Utilities	Total
		Gas	Energy				Energy	
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue								
Total	891	-	-	508	37	1,436	2,044	3,480
Inter-segment	(7)	-	-	(49)	-	(56)	-	(56)
External	884	-	-	459	37	1,380	2,044	3,424
Results								
Profit/(loss) before zakat and taxation	175	19	19	112	(239)	86	1,604*	1,690
Finance costs	80	-	-	-	111	191	320	511
Depreciation and Amortisation	139	-	-	15	17	171	410	581
Earnings Before Interest, Tax, Depreciation and Amortisation	394	19	19	127	(111)	448	2,334	2,782

\# 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 RM388.8 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.

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 June 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

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

11. Changes in composition of the Group

a) On 25 March 2016, MMC Engineering Group Berhad ("MMCEG"), a wholly-owned subsidiary of MMC acquired additional shares in MMC Tepat Teknik Sdn Bhd ("TTSB")of 1,992,450 ordinary shares of RM1.00 each, representing 30.0% of the issued and paid-up share capital of TTSB. With the acquisition, TTSB became a wholly-owned subsidiary of the Group.

b) 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 period ended June 2016 stood at 99.05%.

c) 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, has been fully dissolved. The members' voluntary liquidation does not have any operational or material impact on the earnings and net assets of the MMC Group for the financial year ending 31 December 2016.

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 30 June 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:

	30.06.16	31.12.15
	RM mil	RM mil
Subsidiaries	197.1	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:

	30.06.16	31.12.15
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	421.7	195.1
Authorised but not contracted for	306.9	3.2
	728.6	198.3

Additional information required by the Bursa Securities Listing Requirements

15. 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 8.

For the 6-month financial period ended 30 June 2016, the Group recorded RM1,886.5 million in revenue, a 44.9% decrease from RM3,423.9 million reported in the corresponding period of the preceding year, primarily due to effect of deconsolidation of Malakoff, post May 2015 listing.

Correspondingly, the Group's Profit before zakat and taxation decreased significantly to RM243.6 million compared with RM1,690.1 million reported in the corresponding period of the preceding year, primarily due to the following:

i. Absence of exceptional gains of RM1,344.1 million from Malakoff's May 2015 listing.

ii. 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.

iii. Lesser activities performed for underground section works package for Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) line as constructions draw gradually towards an end, achieving 89% progress as at reporting date.

iv. Losses from Zelan Berhad resulted from effects of discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project, Abu Dhabi.

v. However, these were partially offset by the effect from NCB consolidated results and absence of provision for impairment on claims recovery of a discontinued project in Middle East.

Energy & Utilities

The segment recorded substantial decrease in both Revenue and Profit before zakat and taxation by RM2,043.9 million and RM1,537.2 million, respectively compared to financial results reported in corresponding period of the preceding year, primarily due to absence of exceptional gains of RM1,344.1 million from Malakoff's May 2015 listing and effect of deconsolidation of Malakoff results, post May 2015 listing.

Ports & Logistics

The segment recorded revenue of RM1,353.3 million, an increase of 53.0% compared with RM884.4 million reported in the corresponding period of the preceding year, primarily due to effect from NCB's consolidated revenue following completion of acquisition of additional shares in December 2015.

Correspondingly, the segment recorded Profit before zakat and taxation of RM247.1 million, an increase of 41.6% compared with RM174.5 million reported in the corresponding period of preceding year, mainly attributed to effect from NCB's consolidated results and lower operational costs incurred at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") given the continuous cost efficiency and productivity program.

Engineering & Construction

The segment recorded revenue of RM495.9 million, an increase of 8.2% compared with RM458.3 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 section works for KVMRT-SBK line as constructions draw gradually towards an end, as scheduled.

Conversely, the segment recorded a slight decrease of 2.1% in Profit before zakat and taxation to RM109.7 million from RM112.1 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 section works for KVMRT-SBK line, partially offset by the absence of additional provision for litigation costs in relation to Stormwater Management & Road Tunnel ("SMART") project.

Investment Holding, Corporate & Others

The segment recorded revenue of RM38.3 million, an increase of 3.0% compared with RM37.2 million reported in the corresponding period of the preceding year, mainly due to higher passenger volume registered from airport operations.

The segment recorded lower Loss before zakat and taxation of RM218.8 million compared with RM239.3 million reported in the corresponding period of the preceding year, mainly attributed to gain on sale of land at the Senai Airport Free Industrial Zone and absence of provision for impairment on claims recovery of a discontinued project in Middle East, partially offset by 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 higher Profit before zakat and taxation of RM148.1 million in the current quarter compared with RM95.6 million in the immediate preceding quarter, mainly attributed to the recognition of gain on sale of land at Senai Airport Free Industrial Zone, absence of effects from discounted receivables concerning Meena Plaza project in Zelan Berhad and higher share of profits contributed by Malakoff largely in respect of insurance claim received.

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 grow its revenue on the back of improved performances at all three ports, Port of Tanjung Pelepas, Johor Port and Northport. In addition, MMC will capture 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 will be reduced as a result of full year impact of the deconsolidation of Malakoff. 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-SSP Line underground work and Project Delivery Partner (PDP) role for elevated portion. 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 recently awarded PDP role for Pan Borneo Sabah Highway.

18. Profit before zakat and taxation

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

	3 months ended 30.06.16	3 months ended 30.06.15	Cumulative 6 months ended 30.06.16	Cumulative 6 months ended 30.06.15
	RM mil	RM mil	RM mil	RM mil
Interest income	(8.7)	(31.6)	(20.3)	(84.3)
Gain on disposal of a subsidiary (including gain on fair value re-measurement on remaining non-controlling of RM955,376,000)	-	1,344.1	-	1,344.1
Depreciation	92.6	167.1	190.2	394.6
Amortisation	5.6	62.3	10.8	186.1
Impairment of receivables	-	56.0	-	59.5
Write-back of impairment of receivables	-	-	-	(3.6)
Net unrealised foreign exchange (gain)/loss	(3.1)	-	10.4	28.3
(Gain)/loss on property, plant and equipment	(28.6)	14.2	(23.5)	7.0

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 30.06.16	3 months ended 30.06.15	Cumulative 6 months ended 30.06.16	Cumulative 6 months ended 30.06.15
	RM mil	RM mil	RM mil	RM mil
Continuing Operations				
Current tax expense				
- current	(7)	(20)	(23)	(42)
- prior year	-	-	-	(2)
Deferred tax expense				
- current	(7)	(11)	(20)	10
- prior year	-	-	-	-
	(14)	(31)	(43)	(34)
Discontinued Operation				
Current tax expense				
- current	-	(24)	-	(57)
- prior year	-	-	-	-
Deferred tax expense				
- current	-	(10)	-	(31)
- prior year	-	-	-	-
	-	(34)	-	(88)
	(14)	(65)	(43)	(122)

The Group's effective tax rate for the quarter ended 30 June 2016 was lower than the statutory income tax rate principally due to utilisation of tax incentives and effect from share of results from associate companies.

21. 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 5 August 2016, MMC announced that it had entered into a conditional Share Sale and Purchase Agreement ("SPA") with Seaport Terminal (Johore) Sdn Bhd 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 for a cash consideration of RM200.0 million subject to the terms and conditions contained in the SPA.

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

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:

	30.06.16	31.12.15
	RM mil	RM mil
At 1 January	73.6	84.5
Addition	1.7	2.6
Net losses transferred to equity	(2.2)	(13.5)
Disposals	-	-
At 30.06.16/31.12.15	73.1	73.6

Less: Non-current portion	(2.4)	(3.1)
Current portion	70.7	70.5

23. Borrowings

	30.06.16	31.12.15
	RM mil	RM mil
Current		
- secured	652	629
- unsecured	698	725
	1,350	1,354
Non-current		
- secured	5,661	5,638
- unsecured	2,091	1,749
	7,752	7,387
Total borrowings	9,102	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 30 June 2016 is analysed as follows:

	30.06.16	31.12.15
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	5,964.3	5,871.3
- Unrealised	149.8	173.2
	6,114.1	6,044.5
Total retained earnings from associated companies:		
- Realised	373.6	264.6
- Unrealised	(28.4)	(28.4)
	345.2	236.2

Total retained earnings from joint ventures:		
- Realised	31.9	26.8
- Unrealised	(25.0)	(25.0)
	6.9	1.8
Total retained earnings before consolidation adjustments	6,466.2	6,282.5
Less: Consolidation adjustments	(117.3)	(100.2)
Total retained earnings as per interim	6,348.9	6,182.3

25. Changes in material litigation

Wayss & Freytag Litigation

a) The MMC Engineering Group Berhad – Gamuda Berhad Joint Venture's ("the JV") appeals 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,

were heard on 2 and 3 August 2016. Judgment has been reserved and the appeals are fixed for decision on 26 August 2016.

Accolade Land Litigation

b) 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.

KVMRT PDP has filed its Statement of Defence on 22 July 2016 and an application to strike out the Writ and Statement of Claim by Accolade on 5 August 2016. The hearing of the striking out application is fixed on 5 October 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 30 June 2016 (30 June 2015: Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 30.06.16	3 months ended 30.06.15	Cumulative 6 months ended 30.06.16	Cumulative 6 months ended 30.06.15
Profit for the financial year attributable to owners of the Parent (RM mil)	125.0	1,349.5	176.4	1,445.3
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)	4.1	44.3	5.8	47.5

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 25 August 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
25 August 2016