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

	3 months ended 30.09.16 RM'000 (Unaudited)	3 months ended 30.09.15 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.16 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.15 RM'000 (Unaudited)
Continuing operations				
Revenue	888,772	674,537	2,775,293	2,054,482
Cost of sales	(530,202)	(408,550)	(1,654,761)	(1,222,281)
Gross profit	358,570	265,987	1,120,532	832,201
Other operating income	84,989	17,861	170,026	67,011
Administrative expenses	(169,127)	(153,599)	(499,523)	(455,773)
Other operating expenses	(79,244)	(40,207)	(254,371)	(183,733)
Finance costs	(122,609)	(95,815)	(366,611)	(286,512)
Share of results of:				
- associates	34,774	76,159	137,133	136,513
- joint ventures	16,788	20,773	60,576	67,303
Profit before zakat and taxation	124,141	91,159	367,762	177,010
Tax expense	(8,985)	(33,714)	(52,278)	(68,044)
Profit from continuing operations	115,156	57,445	315,484	108,966
Discontinued operation				
Profit from discontinued operation	-	-	-	1,516,440
Profit for the financial period	**115,156**	**57,445**	**315,484**	**1,625,406**
Profit attributable to:				
Owners of the Parent				
- from continuing operations	105,892	47,809	282,252	73,223
- from discontinued operation	-	-	-	1,419,873
	105,892	47,809	282,252	1,493,096
Non-controlling interests	9,264	9,636	33,232	132,310
	115,156	57,445	315,484	1,625,406
Earnings per share attributable to owners of the Parent				
- from continuing operations				
- Basic (sen)	3.48	1.57	9.27	2.40
- from discontinued operation				
- Basic (sen)	-	-	-	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 September 2016

	3 months ended 30.09.16 RM'000 (Unaudited)	3 months ended 30.09.15 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.16 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.15 RM'000 (Unaudited)
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value losses	944	(6,904)	(1,264)	(12,924)
Fair value adjustment of an associate-cash flow hedge	(15,413)	-	(42,529)	-
Currency translation differences	5,731	61,896	(10,578)	95,706
Other comprehensive (loss)/income from continuing operations	(8,738)	54,992	(54,371)	82,782
Other comprehensive loss from discontinued operation	-	-	-	(4,824)
Other comprehensive (loss)/income for the period	(8,738)	54,992	(54,371)	77,958
Total comprehensive income for the period	106,418	112,437	261,113	1,703,364
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operations	97,154	102,801	227,881	156,005
- from discontinued operation	-	-	-	1,415,049
	97,154	102,801	227,881	1,571,054
Non-controlling interests	9,264	9,636	33,232	132,310
	106,418	112,437	261,113	1,703,364

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 30.09.16 RM'000 (Unaudited)	As at 31.12.15 RM'000 (Restated)
Non-Current Assets		
Property, plant and equipment	8,243,795	8,353,914
Investment properties	30,229	30,615
Interests in associates	4,518,519	4,504,681
Investments in joint arrangements	318,421	271,522
Available-for-sale financial assets	2,745	3,144
Inventories	1,641,157	1,381,246
Trade and other receivables	193,896	192,754
Intangible assets	2,882,444	2,855,513
Deferred tax assets	731,076	744,960
	18,562,282	18,338,349
Current Assets		
Inventories	477,533	467,000
Trade and other receivables	1,483,464	1,544,216
Derivative financial instruments	11,828	16,282
Tax recoverable	75,454	76,813
Available-for-sale financial assets	71,344	70,481
Deposits, bank and cash balances	1,353,834	1,299,623
	3,473,457	3,474,415
Assets held for sale	1,485	520
Total Assets	22,037,224	21,813,284
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	8,849,670	8,747,238
	9,154,176	9,051,744
Non-controlling interests	697,742	933,127
Total equity	9,851,918	9,984,871
Non-Current Liabilities		
Redeemable preference shares	49,356	70,188
Borrowings	7,750,114	7,368,442
Land lease received in advance	262,829	262,743
Provision for retirement benefits	16,225	13,380
Deferred income	277,271	299,046
Derivative financial instruments	543	-
Deferred tax liabilities	548,022	549,966
Trade and other payables	290,273	281,299
	9,194,633	8,845,064
Current Liabilities		
Borrowings	1,390,659	1,354,059
Trade and other payables	1,563,259	1,593,036
Tax payables	2,960	7,002
Deferred income	29,144	29,252
Derivative financial instruments	4,651	-
	2,990,673	2,983,349
Total Liabilities	12,185,306	11,828,413
Total equity and liabilities	22,037,224	21,813,284
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 September 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	-	-	-	-	-	-	-	282,252	282,252	33,232	315,484
Other comprehensive loss	-	-	(10,578)	-	(1,264)	(42,529)	-	-	(54,371)	-	(54,371)
Total comprehensive (loss)/ income for the financial period	-	-	(10,578)	-	(1,264)	(42,529)	-	282,252	227,881	33,232	261,113
Acquisition through business combination	-	-	-	-	-	-	-	-	-	809	809
Acquisition of NCI	-	-	-	-	-	-	-	(8,777)	(8,777)	7,181	(1,596)
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(960)	(960)	(255,520)	(256,480)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(6,086)	(6,086)
Interim dividend in respect of financial year ending 31 December 2016	-	-	-	-	-	-	-	-	-	(15,001)	(15,001)
Final dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	-	-	(115,712)	(115,712)	-	(115,712)
At 30 September 2016	304,506	2,039,770	73,347	28,120	54,977	(60,544)	374,945	6,339,055	9,154,176	697,742	9,851,918

* - 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 September 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	-	-	-	-	-	-	-	-	1,493,096	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.

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

	9 months ended 30.09.16 RM'000 (Unaudited)	9 months ended 30.09.15 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operations	367,762	177,010
Discontinued operation	-	1,604,258
	367,762	1,781,268
Adjustments for:		
Non-cash items	308,986	(731,993)
Interest expense	366,611	606,544
Interest income	(30,145)	(90,697)
Dividend income	(2,288)	(3,186)
Share of results in associates and joint ventures	(197,709)	(210,729)
Operating profit before working capital changes	813,217	1,351,207
Changes in working capital:		
Net change in inventories	(270,444)	60,887
Net change in other current assets	68,132	(810,987)
Net change in current liabilities	(104,397)	226,954
Cash generated from operations	506,508	828,061
Deferred income received	-	110,534
Tax paid	(43,021)	(137,863)
Land lease received in advance	15,103	8,931
Retirement benefits paid	(869)	(3,199)
Staff loan repaid	38	-
Net cash generated from operating activities	**477,759**	**806,464**
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	-	(318,603)
Net cash inflow from acquisition of subsidiaries	809	4,899
Purchase of additional shares in a subsidiary from non-controlling interests	(258,076)	-
Investment in joint ventures	(5,488)	(250)
Purchase of property, plant and equipment	(222,315)	(649,898)
Purchase of intangible assets	(53,848)	-
Purchase of available-for-sale financial assets	(1,728)	(2,639)
Proceeds from sale of property, plant and equipment	96,058	570
Proceeds from sale of other non-current assets	-	520
Interest received	30,145	90,697
Dividend received from:		
- Associates	72,413	120,983
- Joint Ventures	20,000	20,000
- Others	2,288	3,186
Net cash used in investing activities	**(321,416)**	**(4,162,683)**
Cash flows from financing activities		
Repayment of term loans	(404,840)	(833,187)
Drawdown of term loans	808,992	780,611
Dividend paid	(115,712)	(106,578)
Dividend paid to non-controlling interests of subsidiaries	(15,001)	(64,000)
Interest paid	(366,611)	(606,544)
Redemption of preference shares in a subsidiary	-	(22,810)
Net cash generated used in financing activities	**(93,172)**	**(852,508)**

Condensed Consolidated Statement of Cash Flows

	9 months ended 30.09.16 RM'000 (Unaudited)	9 months ended 30.09.15 RM'000 (Unaudited)
Net increase/(decrease) in cash and cash equivalents	63,171	(4,208,727)
Effects of changes in exchange rate	(10,578)	95,706
Cash and cash equivalents at beginning of financial period	1,297,098	5,018,675
Cash and cash equivalents at end of financial period	**1,349,691**	**905,654**
Cash and cash equivalents comprise:		
Deposits and bank balances	1,353,834	907,915
Bank overdrafts	(4,143)	(2,261)
	1,349,691	**905,654**

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

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2015.

The audited financial statements of the Group for the financial year ended 31 December 2015 were prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The significant accounting policies and methods adopted in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2015.

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

- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

- Amendments to MFRS 127 Separate Financial Statements - Equity Accounting in Separate Financial Statements

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

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

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

(i) Financial year beginning on or after 1 January 2018:
- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers

(ii) Financial year beginning on or after 1 January 2019:
- MFRS 16 Leases

(iii) Date yet to be announced by MASB:
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associates/ joint ventures. The effective date of these amendments had been subsequently deferred to a date to be announced by the Malaysian Accounting Standards Board.

The Group did not early adopt the aforementioned new standards.

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

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

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

The Group expects to conclude the PPA on or before 30 November 2016 and will report the final assessment of the fair value of the assets and liabilities in the fourth quarter ending 31 December 2016. In the interim, the Group, based on the ongoing PPA exercise, has adjusted the fair values of certain identifiable assets and liabilities. Correspondingly, the provisional goodwill on consolidation was revised from RM677 million to RM280 million. This revision has been accounted for retrospectively.

The following summarises the provisional adjustments made:

Group	Preliminary Assessment RM'000	Adjustments RM'000	Provisional assessment RM'000
Property, plant and equipment	1,011,116	274,645	1,285,761
Intangible assets	542,147	162,415	704,562
Investment properties	1,284	2,316	3,600
Other non-current assets	7,380	-	7,380
Other current assets	832,764	-	832,764
Borrowings	(380,850)	18,147	(362,703)
Other liabilities	(621,893)	(61,248)	(683,141)
	1,391,948	396,275	1,788,223

Goodwill calculation	
Purchase consideration	1,728,606
Non-controlling interest	340,508
Identifiable net assets	(1,788,223)
Goodwill on consolidation	280,891

3. 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.

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 2016.

8. Dividend paid

In respect of the financial year ended 31 December 2015, a final single-tier dividend of 3.8 sen per ordinary share of RM0.10 each on 3,045,058,552 ordinary shares amounting to RM115,712,225 was paid on 5 July 2016.

9. Segment Reporting

The Group's segmental reporting for the current financial period ended 30 September 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	2,017	-	-	721	60	2,798
Inter-segment	(11)	-	-	(12)	-	(23)
External	2,006	-	-	709	60	2,775
Results						
Profit/(loss) before zakat and taxation	353	35	101	214	(335)	368
Finance costs	130	-	-	1	236	367
Depreciation and Amortisation	297	-	-	4	29	330
Earnings Before Interest, Tax, Depreciation and Amortisation	780	35	101	219	(70)	1,065

The Group's segmental reporting for the corresponding financial period ended 30 September 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	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
Results								
Profit/(loss) before zakat and taxation	271	30	60	161	(345)	177	1,604*	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	601	30	60	177	(158)	710	2,334	3,044

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.

10. Property, plant and equipment

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

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

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

12. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter ended 30 September 2016.

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

	30.09.16	31.12.15
	RM mil	RM mil
Subsidiaries	195.4	198.8

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 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.

15. Capital commitments

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

	30.09.16	31.12.15
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	373.5	195.1
Authorised but not contracted for	274.2	3.2
	647.7	198.3

Additional information required by the Bursa Securities Listing Requirements

16. 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 9.

For the 9-month financial period ended 30 September 2016, the Group recorded RM2,775.3 million in revenue, a 32.3% decrease from RM4,098.4 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 RM367.8 million compared with RM1,781.3 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. Losses from Zelan Berhad resulted from effects of discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project, Abu Dhabi.

iv. 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 RM1,558.0 million, respectively compared to financial results reported in corresponding period of the preceding year, primarily due to the effect of deconsolidation of Malakoff results, post May 2015 listing and absence of exceptional gains of RM1,344.1 million related to Malakoff's May 2015 listing.

Ports & Logistics

The segment recorded revenue of RM2,005.8 million, an increase of 48.4% compared with RM1,351.2 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 RM353.3 million, an increase of 30.2% compared with RM271.4 million reported in the corresponding period of preceding year, mainly attributed to effect from NCB's consolidated results.

Engineering & Construction

The segment recorded revenue of RM709.1 million, an increase of 9.1% compared with RM649.7 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. This was however partially offset by lesser activities performed for underground section works for KVMRT-SBK line as constructions draw gradually towards an end, as scheduled.

The segment recorded an increase of 32.8% in Profit before zakat and taxation to RM214.1 million from RM161.2 million reported in the corresponding period of the preceding year, primarily due to the following:

i. Gain arising from disposal of land of MMC Tepat Teknik following compulsory acquisition in relation to infrastructure development project,

ii. Absence of additional provision for litigation costs in relation to Stormwater Management & Road Tunnel ("SMART") project,

iii. Write back of provision in respect of Electrified Double Track Project upon expiry of Defect Liability Period (DLP) for Spine and Spur lines.

iv. However, these were partially offset by the effect from discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project in Zelan Berhad.

Investment Holding, Corporate & Others

The segment recorded revenue of RM60.3 million, an increase of 12.5% compared with RM53.6 million reported in the corresponding period of the preceding year, mainly due to increase in airport passenger volume and higher land lease income largely from operation of aircraft hangar.

The segment recorded lower Loss before zakat and taxation of RM335.4 million compared with RM345.6 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.

17. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation of RM124.1 million in the current quarter compared with RM148.1 million in the immediate preceding quarter, mainly attributed to the following:

i. Lower volume handled by PTP largely affected by the oil spill incidence at the port;

ii. Recognition of gain on sale of land at Senai Airport Free Industrial Zone in the preceding quarter;

iii. Lower share of profit from Malakoff largely due to absence of insurance claim received; and

iv. Partially offset by gain on disposal of land of MMC Tepat Teknik following compulsory acquisition of land.

18. 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. Additionally, the Group’s revenue which was impacted by the deconsolidation of Malakoff will in turn be partly offset by the full year consolidation of NCB Holdings' results.

Ports & Logistics division is expected to register higher revenue on the back of improved performances at Northport and Johor Port, mainly contributed from higher container volume. In addition, MMC Ports aims to capture operational and cost synergies, which would further enhance the financial performance of the Ports & Logistics division.

The Energy & Utilities division will continue to account for positive contribution from its two associates namely Malakoff and 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 higher progress of the on-going projects namely Langat 2 Water Treatment Plant, Langat Centralized Sewerage Treatment Project and our involvement in the PDP role for Pan Borneo Sabah Highway.

19. Profit before zakat and taxation

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

	3 months ended 30.09.16	3 months ended 30.09.15	Cumulative 9 months ended 30.09.16	Cumulative 9 months ended 30.09.15
	RM mil	RM mil	RM mil	RM mil
Interest income	(9.8)	(6.4)	(30.1)	(90.7)
Gain on disposal of a subsidiary (including gain on fair value re-measurement on remaining non-controlling of RM955,376,000)	-	-	-	1,344.1
Depreciation	113.5	75.4	303.7	469.0
Amortisation	15.1	1.0	25.9	187.1
Impairment of receivables	-	-	-	57.8
Write-back of impairment of receivables	-	(1.7)	-	(3.6)
Net unrealised foreign exchange loss	0.3	-	10.7	28.3
(Gain)/loss on property, plant and equipment	(51.2)	-	(74.7)	7.0
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 30.09.16	3 months ended 30.09.15	Cumulative 9 months ended 30.09.16	Cumulative 9 months ended 30.09.15
	RM mil	RM mil	RM mil	RM mil
Continuing Operations				
Current tax expense				
- current	(16)	(25)	(39)	(67)
- prior year	-	-	-	(2)
Deferred tax expense				
- current	7	(9)	(13)	1
	(9)	(34)	(52)	(68)
Discontinued Operation				
Current tax expense				
- current	-	-	-	(57)
Deferred tax expense				
- current	-	-	-	(31)
	-	-	-	(88)
	(9)	(34)	(52)	(156)

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

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 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.

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:

	30.09.16	31.12.15
	RM mil	RM mil
At 1 January	73.6	84.5
Addition	1.6	2.6
Net losses transferred to equity	(1.2)	(13.5)
At 30.09.16/31.12.15	74.0	73.6
Less: Non-current portion	(2.7)	(3.1)
Current portion	71.3	70.5

24. Borrowings

	30.09.16	31.12.15
	RM mil	RM mil
Current		
- secured	593	629
- unsecured	798	725
	1,391	1,354
Non-current		
- secured	5,677	5,638
- unsecured	2,073	1,730
	7,750	7,368
Total borrowings	9,141	8,722

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

25. Realised and unrealised profit/losses disclosure

The retained earnings as at 30 September 2016 is analysed as follows:

	30.09.16	31.12.15
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	5,914.6	5,871.3
- Unrealised	157.5	173.2
	6,072.1	6,044.5
Total retained earnings from associated companies:		
- Realised	409.7	264.6
- Unrealised	(28.4)	(28.4)
	381.3	236.2

	30.09.16 RM mil	31.12.15 RM mil
Total retained earnings from joint ventures:		
- Realised	26.6	26.8
- Unrealised	(25.0)	(25.0)
	1.6	1.8
Total retained earnings before consolidation adjustments	6,455.0	6,282.5
Less: Consolidation adjustments	(115.9)	(100.2)
Total retained earnings as per interim	6,339.1	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 dismissed with costs by the Court of Appeal on 26 August 2016.

The JV had on 22 September 2016 filed applications for leave to appeal to the Federal Court against the aforementioned dismissals. The leave applications are now pending before the Federal Court (no hearing date fixed as yet).

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.

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

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

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

Jurutera Perunding Daya Litigation

c) On 2 November 2016, Projek Lebuhraya Timur Sdn Bhd ("PELITA"), a dormant subsidiary of MMC, was served with a draft judgment of the Shah Alam High Court dated 24 October 2016, with the following orders:

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

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

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

Save as disclosed above, there has been no significant change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries during the current quarter under review.

26. Dividend Payable

No interim dividend has been recommended by the Directors for the current quarter ended 30 September 2016 (30 September 2015: Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 30.09.16	3 months ended 30.09.15	Cumulative 9 months ended 30.09.16	Cumulative 9 months ended 30.09.15
Profit for the financial year attributable to owners of the Parent (RM mil)	105.9	47.8	282.3	1,493.1
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	3.5	1.6	9.3	49.0

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 23 November 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
23 November 2016