Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 March 2017

	3 months ended 31.03.17 RM'000 (Unaudited)	3 months ended 31.03.16 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.17 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.16 RM'000 (Unaudited)
Revenue	925,232	936,266	925,232	936,266
Cost of sales	(566,218)	(556,951)	(566,218)	(556,951)
Gross profit	359,014	379,315	359,014	379,315
Other operating income	41,548	24,181	41,548	24,181
Administrative expenses	(163,310)	(171,799)	(163,310)	(171,799)
Other operating expenses	(92,230)	(73,379)	(92,230)	(73,379)
Finance costs	(120,992)	(117,313)	(120,992)	(117,313)
Share of results of:				
- associates	57,297	30,599	57,297	30,599
- joint ventures	11,056	23,947	11,056	23,947
Profit before zakat and taxation	92,383	95,551	92,383	95,551
Tax expense	(26,885)	(29,101)	(26,885)	(29,101)
Profit for the financial period	65,498	66,450	65,498	66,450
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value gains	11,255	1,765	11,255	1,765
Fair value adjustment-cash flow hedge	(12,180)	(29,352)	(12,180)	(29,352)
Currency translation differences	(4,929)	(21,253)	(4,929)	(21,253)
Other comprehensive loss for the financial period	(5,854)	(48,840)	(5,854)	(48,840)
Total comprehensive income for the financial period	59,644	17,610	59,644	17,610
Profit attributable to:				
Owners of the Parent	55,138	51,342	55,138	51,342
Non-controlling interests	10,360	15,108	10,360	15,108
	65,498	66,450	65,498	66,450
Total comprehensive income attributable to:				
Owners of the Parent	49,284	2,502	49,284	2,502
Non-controlling interests	10,360	15,108	10,360	15,108
	59,644	17,610	59,644	17,610
Earnings per share attributable to owners of the Parent				
- Basic (sen)	1.8	1.7	1.8	1.7

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

Condensed Consolidated Statement of Financial Position

	As at 31.03.17 RM'000 (Unaudited)	As at 31.12.16 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,253,652	8,239,455
Investment properties	29,702	29,864
Interests in associates	4,597,099	4,558,660
Investments in joint arrangements	522,377	313,141
Available-for-sale financial assets	3,295	3,352
Inventories	1,744,706	1,734,356
Trade and other receivables	110,625	109,362
Derivative financial instruments	-	5,154
Intangible assets	2,920,550	2,914,441
Deferred tax assets	767,039	770,377
	18,949,045	18,678,162
Current Assets		
Inventories	216,440	211,294
Trade and other receivables	2,112,655	2,329,908
Derivative financial instruments	19,650	21,241
Tax recoverable	84,342	42,620
Available-for-sale financial assets	88,953	77,642
Deposits, bank and cash balances	832,158	1,224,409
	3,354,198	3,907,114
Assets held for sale	149,228	149,228
Total Assets	22,452,471	22,734,504
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	304,506
Reserves	7,238,234	9,228,060
	9,582,510	9,532,566
Non-controlling interests	708,312	697,952
Total equity	10,290,822	10,230,518
Non-Current Liabilities		
Redeemable preference shares	50,023	50,023
Borrowings	7,412,571	7,551,654
Land lease received in advance	259,248	254,229
Provision for retirement benefits	17,638	15,486
Deferred income	265,739	259,465
Deferred tax liabilities	527,717	527,653
Trade and other payables	311,393	308,792
	8,844,329	8,967,302
Current Liabilities		
Borrowings	1,494,901	1,494,684
Trade and other payables	1,790,866	1,999,840
Tax payables	5,372	12,843
Deferred income	26,166	29,302
Derivative financial instruments	15	15
	3,317,320	3,536,684
Total Liabilities	12,161,649	12,503,986
Total equity and liabilities	22,452,471	22,734,504
Net assets per share attributable to owners of the Parent (sen)	315	313

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2017

	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 2017	304,506	2,039,770	98,085	28,120	59,922	31,085	374,945	6,596,133	9,532,566	697,952	10,230,518
Adjustments for effects of Companies Act 2016 (Note a)	2,039,770	(2,039,770)	-	-	-	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	-	-	-	55,138	55,138	10,360	65,498
Other comprehensive (loss)/income	-	-	(4,929)	-	11,255	(12,180)	-	-	(5,854)	-	(5,854)
Total comprehensive (loss)/ income for the financial period	-	-	(4,929)	-	11,255	(12,180)	-	55,138	49,284	10,360	59,644
Compulsory acquisition of NCI	-	-	-	-	-	-	-	660	660	-	660
At 31 March 2017	2,344,276	-	93,156	28,120	71,177	18,905	374,945	6,651,931	9,582,510	708,312	10,290,822

Note a
With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium of RM2,039,770,000 has been transferred to the share capital account. There is no impact on the numbers of ordinary shares in issue of the relative entitlement of any of the members as a result of this transition. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium accounts within 24 months after the commencement of the New Act.

* - The revaluation reserves relates to business combination of a subsidiary prior to the adoption of MFRS.
* * - The distributable capital reserves represent mainly the net gain from disposals of investments prior to adoption of MFRS.

The Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 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 (Restated)	304,506	2,039,770	83,925	28,120	56,241	(18,015)	374,945	6,167,800	9,037,292	933,127	9,970,419
Net profit for the financial period	-	-	-	-	-	-	-	51,342	51,342	15,108	66,450
Other comprehensive (loss)/income	-	-	(21,253)	-	1,765	(29,352)	-	-	(48,840)	-	(48,840)
Total comprehensive (loss)/income for the financial period	-	-	(21,253)	-	1,765	(29,352)	-	51,342	2,502	15,108	17,610
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(764)	(764)	(216,217)	(216,981)
At 31 March 2016	304,506	2,039,770	62,672	28,120	58,006	(47,367)	374,945	6,218,378	9,039,030	732,018	9,771,048

* - The revaluation reserves relates to business combination of a subsidiary prior to the adoption of MFRS.
* * - The distributable capital reserves represent mainly the net gain from disposals of investments prior to adoption of MFRS.

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

Condensed Consolidated Statement of Cash Flows

	3 months ended 31.03.17 RM'000 (Unaudited)	3 months ended 31.03.16 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	92,383	95,551
Adjustments for:		
Non-cash items	125,046	154,115
Interest expense	120,992	117,313
Interest income	(5,809)	(11,679)
Dividend income	-	(1,729)
Share of results in associates and joint ventures	(68,353)	(54,546)
Operating profit before working capital changes	264,259	299,025
Changes in working capital:		
Net change in inventories	(15,496)	(7,941)
Net change in other current assets	211,500	(160,507)
Net change in current liabilities	(218,676)	(20,925)
Cash generated from operations	241,587	109,652
Designated account and pledged deposits	(87,244)	-
Tax paid	(72,676)	(14,118)
Land lease received in advance	15,103	15,103
Retirement benefits paid	(685)	(749)
Staff loan repaid	-	38
Net cash generated from operating activities	**96,085**	**109,926**
Cash flows from investing activities		
Purchase of additional shares in a subsidiary from non-controlling interests	-	(216,981)
Investment in joint ventures	(180,000)	(490)
Purchase of property, plant and equipment	(134,980)	(91,611)
Purchase of intangible assets	(13,922)	(7,507)
Purchase of available-for-sale financial assets	-	(1,729)
Proceeds from sale of property, plant and equipment	846	-
Interest received	5,809	11,679
Dividend received from:		
- Associates	15,887	-
- Others	-	1,729
Net cash used in investing activities	**(306,360)**	**(304,910)**
Cash flows from financing activities		
Repayment of term loans	(196,248)	(117,805)
Drawdown of term loans	52,449	523,125
Interest paid	(120,992)	(117,313)
Net cash (used in)/generated from financing activities	**(264,791)**	**288,007**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

Condensed Consolidated Statement of Cash Flows

	3 months ended 31.03.17 RM'000 (Unaudited)	3 months ended 31.03.16 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(475,066)	93,023
Effects of changes in exchange rate	(4,929)	(21,253)
Cash and cash equivalents at beginning of financial period	1,193,157	1,297,098
Cash and cash equivalents at end of financial period	**713,162**	**1,368,868**
Cash and cash equivalents comprise:		
Deposits and bank balances	832,158	1,371,323
Designated accounts	(117,947)	-
Pledge deposits	(549)	-
Bank overdrafts	(500)	(2,455)
	713,162	**1,368,868**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016.

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 2016.

The audited financial statements of the Group for the financial year ended 31 December 2016 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 2016.

The Group adopted the following Amendments to MFRSs effective for annual period beginning on or after 1 January 2017 as follows:

- Amendments to MFRS 12 Disclosure of Interests in Other Entities

- Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative

- Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

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
- Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4 Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128 Investments in Associates and Joint Ventures
- Amendments to MFRS 140 Investment Property - Transfers of Investment Property
- IC Interpretations 22 Foreign Currency Transactions and Advance Consideration

(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 deferred and yet 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 2016 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in estimates

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

6. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 March 2017.

7. Dividend paid

There was no dividend paid during the current quarter ended 31 March 2017.

8. Segment Reporting

The Group's segmental reporting for the current financial period ended 31 March 2017 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	716	-	-	208	19	943
Inter-segment	(3)	-	-	(15)	-	(18)
External	713	-	-	193	19	925
Results						
Profit/(loss) before zakat and taxation	124	11	38	25	(106)	92
Finance costs	42	-	-	3	76	121
Depreciation and Amortisation	96	-	-	2	14	112
Earnings Before Interest, Tax, Depreciation and Amortisation	262	11	38	30	(16)	325

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

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 March 2017 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

On 3 April 2017, MMC Port Holdings Sdn Bhd ("MMC Port"), a wholly-owned subsidiary of MMC, had entered into a conditional Share Sale and Purchase Agreement ("SPA") with Seaport Terminal (Johore) Sdn Bhd ("STJSB") to acquire the remaining 37,459,501 ordinary shares in Penang Port Sdn Bhd ("PPSB"), representing approximately 51.0% ordinary equity interest in PPSB for a cash consideration of RM220.0 million subject to the terms and conditions contained in the SPA.

For further details of the aforementioned proposals please refer to Note 21.

11. Changes in composition of the Group

On 27 March 2017, MMC Port, the nominated wholly-owned subsidiary of MMC, had completed the acquisition of 35,990,501 ordinary shares of RM1.00 each, representing 49.0% ordinary equity interest in PPSB from STJSB for a cash consideration of RM200.0 million. With the acquisition, PPSB has become a jointly-controlled entity of MMC Port.

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 2016 except for the following bank guarantees issued to third parties:

	31.03.17	31.12.16
	RM mil	RM mil
Subsidiaries	197.6	194.5

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

13. Provision of financial assistance

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

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

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

Company Guarantees to guarantee the due performance and obligations of the SPV.

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

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

14. Capital commitments

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

	31.03.17	31.12.16
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	490.4	224.3
Authorised but not contracted for	397.8	555.5
	888.2	779.8

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

For the financial period ended 31 March 2017, the Group recorded RM925.2 million in revenue, a 1.2% decrease from RM936.3 million reported in the corresponding period of the preceding year, mainly due to substantial completion of KVMRT-SBK Line in 2016 coupled with lower throughput volume at Pelabuhan Tanjung Pelepas ("PTP") attributed to change in network strategies of certain customers. These were moderated by progress from KVMRT-SSP Line and contribution from RAPID Material Offloading Facilities ("RAPID MOLF") operations at Johor Port Berhad ("JPB").

The Group's Profit before zakat and taxation marginally decreased to RM92.4 million compared with RM95.5 million reported in the corresponding period of the preceding year, primarily due to lower throughput volume at PTP and substantial completion of KVMRT-SBK Line as explained above, mitigated by absence of Zelan Berhad's effects on discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project in Abu Dhabi, contribution from KVMRT-SSP Line and better performance from Malakoff due to higher fuel margin.

Energy & Utilities

The segment recorded an increase in Profit before zakat and taxation of RM49.3 million compared with RM41.3 million reported in the corresponding period of the preceding year due to higher fuel margin at Malakoff.

Ports & Logistics

The segment recorded revenue of RM712.8 million, an increase of 3.2% compared with RM690.4 million reported in the corresponding period of the preceding year, mainly due to handling activities from RAPID MOLF at JPB, partially offset by lower throughput volume at PTP attributed to change in network strategies of certain customers.

However, the segment recorded Profit before zakat and taxation of RM124.1 million, a decrease of 12.2% compared with RM141.5 million reported in the corresponding period of the preceding year. This is due to lower throughput volume at PTP as explained above and higher operational cost mainly due to increase in average diesel price per litre.

Engineering & Construction

The segment recorded revenue of RM193.4 million, a drop of 14.7% compared with RM226.6 million reported in the corresponding period of the preceding year. The decrease was mainly due to substantial completion of KVMRT-SBK Line in 2016, compensated by progress from KVMRT-SSP Line.

The segment recorded decrease of 14.0% in Profit before zakat and taxation to RM24.6 million from RM28.6 million reported in the corresponding period of the preceding year, primarily due to the following:

i. Substantial completion of KVMRT-SBK Line,

ii. Lower fees recognized in KVMRT PDP SBK in line with lower work progress as project is approaching completion, This was partially offset by:

i. Absence of Zelan Berhad’s effects on discounted receivables and unrealized loss on foreign exchange concerning Meena Plaza project in Abu Dhabi, and

ii. Progress from KVMRT-SSP Line.

Investment Holding, Corporate & Others

The segment recorded slightly lower revenue by RM0.4 million compared with RM19.1 million reported in the corresponding period of the preceding year, mainly due to absence of dividend income from investment in Sime Darby.

The segment recorded lower Loss before zakat and taxation of RM105.6 million compared with RM115.8 million reported in the corresponding period of the preceding year due to higher fair value gain on Zelan warrants following higher price recorded.

16. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation of RM92.4 million in the current quarter compared with RM305.0 million in the immediate preceding quarter, mainly attributed to:

i. Absence on land sale in respect of the overall development of Senai Airport City,

ii. Substantial completion of KVMRT-SBK line project, and

iii. Absence of reversal on interest portion from the provision for litigation costs in relation to Stormwater Management & Road Tunnel (“SMART”) project.

17. Current prospects

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

Ports & Logistics division is expected to register higher revenue across all the ports. The completion of 49% acquisition in Penang Port Sdn Bhd ("PPSB") and the proposed acquisition of the remaining 51% equity interest is expected to contribute positively to the Group's future earnings as it allows full consolidation of PPSB as a wholly-owned subsidiary. The acquisition allows the Group to establish a strong foothold in the Northern region of Peninsular Malaysia and complement the Group's strategic presence throughout the Straits of Malacca. Additionally, MMC Ports aims to realise operational and cost synergies as well as to achieve improvements in efficiency and productivity across the division.

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

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

18. Profit before zakat and taxation

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

	3 months ended 31.03.17 RM mil (Unaudited)	3 months ended 31.03.16 RM mil (Unaudited)	Cumulative 3 months ended 31.03.17 RM mil (Unaudited)	Cumulative 3 months ended 31.03.16 RM mil (Unaudited)
Interest income	(5.8)	(11.7)	(5.8)	(11.7)
Depreciation	103.9	97.6	103.9	97.6
Amortisation	7.8	5.2	7.8	5.2
Net unrealised foreign exchange gain	-	13.5	-	13.5
(Gain)/loss on property, plant and equipment	(0.2)	5.1	(0.2)	5.1

19. Profit forecast or profit guarantee

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

20. Tax expense

	3 months ended 31.03.17 RM mil	3 months ended 31.03.16 RM mil	Cumulative 3 months ended 31.03.17 RM mil	Cumulative 3 months ended 31.03.16 RM mil
Current tax expense				
- current	(25)	(16)	(25)	(16)
Deferred tax expense				
- current	(2)	(13)	(2)	(13)
	(27)	(29)	(27)	(29)

The Group's effective tax rate for the quarter ended 31 March 2017 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

21. Status of corporate proposals announced

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

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

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

On 21 April 2017, MMC announced that on the same day, MMC TSSB and Melati Pertiwi had, by way of a letter, mutually agreed to extend the cut-off date to 20 October 2017.

(iii) On 3 April 2017, MMC announced that its wholly-owned subsdiary, MMC Port Holdings Sdn Bhd ("MMC Port"), had entered into a conditional share sale and purchase agreement ("51% SPA") with Seaport Terminal (Johore) Sdn Bhd ("STJSB") to acquire the remaining 37,459,501 ordinary shares in Penang Port Sdn Bhd ("PPSB"), representing approximately 51.0% ordinary equity interest in PPSB for a cash consideration of

RM220.0 million subject to the terms and conditions contained in the 51% SPA ("Proposed 51% Acquisition").

On 27 April 2017, MMC issued a Notice of the Extraordinary General Meting ("EGM") and a Circular to Shareholders in relation to the Proposed 51% Acquisition.

On 11 May 2017, MMC announced that the non-interested shareholders of MMC had, at the EGM, approved and passed the resolution set out in the Notice of EGM dated 27 April 2017.

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

22. Available for sale financial assets

Fair value of financial instruments

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

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

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

	31.03.17	31.12.16
	RM mil	RM mil
At 1 January	81.0	73.6
Addition	-	3.7
Net gain transferred to equity	11.2	3.7
At 31.03.17/31.12.16	92.2	81.0
Less: Non-current portion	(3.2)	(3.4)
Current portion	89.0	77.6

23. Borrowings

	31.03.17	31.12.16
	RM mil	RM mil
Current		
- secured	759	408
- unsecured	736	1,087
	1,495	1,495
Non-current		
- secured	5,508	5,482
- unsecured	1,904	2,069
	7,412	7,551
Total borrowings	8,907	9,046

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

24. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 March 2017 is analysed as follows:

	31.03.17 RM mil	31.12.16 RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	6,266.6	6,239.4
- Unrealised	184.8	188.2
	6,451.3	6,427.6
Total retained earnings from associated companies:		
- Realised	322.7	284.2
- Unrealised	-	-
	322.7	284.2
Total retained earnings from joint ventures:		
- Realised	66.8	57.5
- Unrealised	-	-
	66.8	57.5
Total retained earnings before consolidation adjustments	6,840.8	6,769.3
Less: Consolidation adjustments	(188.8)	(173.2)
Total retained earnings as per interim	6,651.9	6,596.1

25. Changes in material litigation

a) Accolade Land Litigation

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

The suit is premised on an alleged breach of an alleged contract between Accolade and Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp") relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass

Rapid Transit project in which KVMRT PDP was the Project Delivery Partner.

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

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

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

The striking out applications by KVMRT PDP were heard on 5 October 2016, 23 November 2016 and 28 February 2017.

On 20 April 2017, the High Court ordered that Accolade's Writ and Statement of Claim be struck out with costs.

b) Jurutera Perunding Daya Litigation

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

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

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

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

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

26. Dividend Payable

No interim dividend has been recommended by the Directors for the current quarter ended 31 March 2017 (31 March 2016: Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 31.03.17	3 months ended 31.03.16	Cumulative 3 months ended 31.03.17	Cumulative 3 months ended 31.03.16
Profit for the financial year attributable to owners of the Parent (RM mil)	55.1	51.3	55.1	51.3
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)	1.8	1.7	1.8	1.7

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 29 May 2017.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
29 May 2017