Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2017

	3 months ended 30.06.17 RM'000 (Unaudited)	3 months ended 30.06.16 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.17 RM'000 (Unaudited)	Cumulative 6 months ended 30.06.16 RM'000 (Unaudited)
Revenue	944,425	950,255	1,869,657	1,886,521
Cost of sales	(590,907)	(567,608)	(1,157,125)	(1,124,559)
Gross profit	353,518	382,647	712,532	761,962
Other operating income	25,552	60,856	67,100	85,037
Administrative expenses	(169,749)	(158,597)	(333,059)	(330,396)
Other operating expenses	(83,262)	(101,748)	(175,492)	(175,127)
Finance costs	(117,960)	(126,689)	(238,952)	(244,002)
Share of results of:				
- associates	51,145	71,760	108,442	102,359
- joint ventures	45,355	19,841	56,411	43,788
Profit before zakat and taxation	104,599	148,070	196,982	243,621
Tax expense	(30,415)	(14,192)	(57,300)	(43,293)
Profit for the financial period	74,184	133,878	139,682	200,328
Other comprehensive income/(loss)				
Available-for-sale financial assets				
- fair value gains	2,410	(3,973)	13,665	(2,208)
Fair value adjustment-cash flow hedge	(7,314)	2,236	(19,494)	(27,116)
Currency translation differences	(9,625)	4,944	(14,554)	(16,309)
Other comprehensive loss for the financial period	(14,529)	3,207	(20,383)	(45,633)
Total comprehensive income for the financial period	59,655	137,085	119,299	154,695
Profit attributable to:				
Owners of the Parent	62,921	125,018	118,059	176,360
Non-controlling interests	11,263	8,860	21,623	23,968
	74,184	133,878	139,682	200,328
Total comprehensive income attributable to:				
Owners of the Parent	48,392	128,225	97,676	130,727
Non-controlling interests	11,263	8,860	21,623	23,968
	59,655	137,085	119,299	154,695
Earnings per share attributable to owners of the Parent				
- Basic (sen)	2.1	4.1	3.9	5.8

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 30.06.17 RM'000 (Unaudited)	As at 31.12.16 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,199,782	8,239,455
Investment properties	29,551	29,864
Interests in associates	4,557,337	4,558,660
Investments in joint arrangements	542,170	313,141
Available-for-sale financial assets	3,596	3,352
Inventories	1,861,360	1,734,356
Trade and other receivables	119,710	109,362
Derivative financial instruments	-	5,154
Intangible assets	2,930,313	2,914,441
Deferred tax assets	752,508	770,377
	18,996,327	18,678,162
Current Assets		
Inventories	115,120	211,294
Trade and other receivables	2,535,662	2,329,908
Derivative financial instruments	9,739	21,241
Tax recoverable	100,938	42,620
Available-for-sale financial assets	91,061	77,642
Deposits, bank and cash balances	822,516	1,224,409
	3,675,036	3,907,114
Assets held for sale	149,228	149,228
Total Assets	22,820,591	22,734,504
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	304,506
Reserves	7,286,626	9,228,060
	9,630,902	9,532,566
Non-controlling interests	719,575	697,952
Total equity	10,350,477	10,230,518
Non-Current Liabilities		
Redeemable preference shares	50,023	50,023
Borrowings	7,376,243	7,551,654
Land lease received in advance	254,316	254,229
Provision for retirement benefits	16,870	15,486
Deferred income	248,179	259,465
Deferred tax liabilities	524,907	527,653
Trade and other payables	316,951	308,792
	8,787,489	8,967,302
Current Liabilities		
Borrowings	1,497,588	1,494,684
Trade and other payables	2,153,385	1,999,840
Tax payables	8,449	12,843
Deferred income	23,188	29,302
Derivative financial instruments	15	15
	3,682,625	3,536,684
Total Liabilities	12,470,114	12,503,986
Total equity and liabilities	22,820,591	22,734,504
Net assets per share attributable to owners of the Parent (sen)	316	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 30 June 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
Transition to no-par value regime on 31 January 2017 (Note a)	2,039,770	(2,039,770)	-	-	-	-	-	-	-	-	-
Net profit for the financial period	-	-	-	-	-	-	-	118,059	118,059	21,623	139,682
Other comprehensive (loss)/income	-	-	(14,554)	-	13,665	(19,494)	-	-	(20,383)	-	(20,383)
Total comprehensive (loss)/ income for the financial period	-	-	(14,554)	-	13,665	(19,494)	-	118,059	97,676	21,623	119,299
Compulsory acquisition of NCI	-	-	-	-	-	-	-	660	660	-	660
At 30 June 2017	2,344,276	-	83,531	28,120	73,587	11,591	374,945	6,714,852	9,630,902	719,575	10,350,477

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 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.

Condensed Consolidated Statement of Cash Flows

	6 months ended 30.06.17 RM'000 (Unaudited)	6 months ended 30.06.16 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	196,982	243,621
Adjustments for:		
Non-cash items	241,374	229,760
Interest expense	238,952	244,002
Interest income	(7,133)	(20,334)
Dividend income	(575)	(1,729)
Share of results in associates and joint ventures	(164,853)	(146,147)
Operating profit before working capital changes	504,747	549,173
Changes in working capital:		
Net change in inventories	(30,830)	(237,268)
Net change in other current assets	(220,592)	(35,726)
Net change in current liabilities	149,812	(169,964)
Cash generated from operations	403,137	106,215
Designated account and pledged deposits	5,824	-
Tax paid	(104,889)	(24,848)
Land lease received in advance	15,103	15,103
Retirement benefits paid	(20)	(154)
Staff loan repaid	-	38
Net cash generated from operating activities	**319,155**	**96,354**
Cash flows from investing activities		
Net cash outflow from liquidation of a subsidiary	-	(1,674)
Purchase of additional shares in a subsidiary from non-controlling interests	-	(257,582)
Investment in joint ventures	(180,800)	(5,240)
Purchase of property, plant and equipment	(200,073)	(141,396)
Purchase of intangible assets	(31,497)	(30,777)
Purchase of available-for-sale financial assets	-	(1,728)
Proceeds from sale of property, plant and equipment	846	28,246
Interest received	7,133	20,334
Dividend received from:		
- Associates	100,956	57,086
- Joint Ventures	25,000	20,000
- Others	575	1,729
Net cash used in investing activities	**(277,860)**	**(311,002)**
Cash flows from financing activities		
Repayment of borrowings	(535,780)	(262,359)
Drawdown of borrowings	351,922	611,078
Dividend paid to non-controlling interests of subsidiaries	-	(15,001)
Interest paid	(238,952)	(244,002)
Net cash (used in)/generated from financing activities	**(422,810)**	**89,716**

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

	6 months ended 30.06.17 RM'000 (Unaudited)	6 months ended 30.06.16 RM'000 (Unaudited)
Net decrease in cash and cash equivalents	(381,515)	(124,932)
Effects of changes in exchange rate	(14,554)	(16,309)
Cash and cash equivalents at beginning of financial period	1,193,157	1,297,098
Cash and cash equivalents at end of financial period	**797,088**	**1,155,857**
Cash and cash equivalents comprise:		
Deposits and bank balances	822,516	1,158,312
Designated accounts	(24,879)	-
Pledge deposits	(549)	-
Bank overdrafts	-	(2,455)
	797,088	**1,155,857**

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 and is currently assessing its impact.

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 30 June 2017.

7. Dividend paid

There was no dividend paid during the current quarter ended 30 June 2017.

8. Segment Reporting

a) Current Quarter Ended 30 June 2017 (3 months)

	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
QTD 30.6.2017						
Revenue						
Total	706	-	-	279	20	1,005
Inter-segment	(2)	-	-	(59)	-	(61)
External	704	-	-	220	20	944
Results						
Profit/(loss) before zakat and taxation	118	12	39	60	(124)	105
Finance costs	41	-	-	-	77	118
Depreciation and Amortisation	112	-	-	1	7	120
EBITDA*	271	12	39	61	(40)	343
QTD 30.6.2016						
Revenue						
Total	668	-	-	268	19	955
Inter-segment	(5)	-	-	-	-	(5)
External	663	-	-	268	19	950
Results						
Profit/(loss) before zakat and taxation	105	12	52	81	(102)	148
Finance costs	44	-	-	1	82	127
Depreciation and Amortisation	83	-	-	2	13	98
EBITDA*	232	12	52	84	(7)	373

*EBITDA - Earnings/(loss) before interest, tax, depreciation and amortisation.

b) Current Financial Period Ended 30 June 2017 (6 months)

	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
FPE 30.6.2017						
Revenue						
Total	1,422	-	-	487	39	1,948
Inter-segment	(5)	-	-	(73)	-	(78)
External	1,417	-	-	414	39	1,870
Results						
Profit/(loss) before zakat and taxation	242	23	77	85	(230)	197
Finance costs	83	-	-	3	153	239
Depreciation and Amortisation	208	-	-	3	21	232
EBITDA*	533	23	77	91	(56)	668
FPE 30.6.2016						
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
EBITDA*	514	22	83	113	(43)	689

*EBITDA – Earnings/(loss) before interest, tax, depreciation and amortisation.

9. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 30 June 2017.

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

a) On 13 January 2017, MMC Corporation Bhd ("MMC") had entered into a conditional Share Sale and Purchase Agreement with Seaport Management Services Sdn Bhd ("Seaport Management"), to acquire 70.0% 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. Subsequently on 12 July 2017, MMC and Seaport Management, by way of an Extension Letter, mutually agreed to extend the Condition Precedent Fullfillment Period to satisfy or waive the conditions precedents in the SPA, by a period of 6 months commencing from 13 July 2017.

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

b) On 13 July 2017, KOTUG Asia Sdn Bhd ("KOTUG Asia") has ceased to be a 51% subsidiary of Johor Port Berhad ("JPB"), which in turn is a wholly-owned subsidiary of MMC, following the completion of JPB's disposal of its 5,100,000 equity interest in KOTUG Asia to Amnah binti Shaari, a nominee of KOTUG Malaysia Sdn Bhd ("KOTUG Malaysia") for a cash consideration of RM4.1 million ("Disposal").

The Disposal is not expected to have any material effect on the earnings, net assets and gearing of MMC Group for the financial year ending 31 December 2017.

11. Changes in composition of the Group

On 22 June 2017, JP Logistics Pte. Ltd., a wholly-owned subsidiary of JP Logistics Sdn. Bhd. ("JPL"), has been struck off from the Register of Accounting and Corporate Regulatory Authority, Singapore ("ACRA"). JPL is a wholly-owned subsidiary of Johor Port Berhad, which in turn is a wholly-owned subsidiary of MMC. The Striking Off does not have any material impact on the earnings, net assets and gearing of the MMC Group for the financial year ending 2017.

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 30 June 2017.

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:

	30.06.17	31.12.16
	RM mil	RM mil
Subsidiaries	201.8	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:

	30.06.17	31.12.16
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	720.8	224.3
Authorised but not contracted for	442.9	555.5
	1,163.7	779.8

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

a) Current quarter compared with the corresponding quarter of the preceding year (three-months)

For the quarter ended 30 June 2017, the Group recorded RM944.4 million in revenue, a 0.6% decrease from RM950.3 million reported in the corresponding quarter ended 30 June 2016, mainly due to substantial completion of KVMRT-SBK Line in 2016. This was partially moderated by progress from KVMRT-SSP Line and Langat Sewerage Treatment project, as well as higher throughput handled at Johor Port Berhad ("JPB") and Northport (Malaysia) Bhd ("NMB").

The Group's Profit before zakat and taxation decreased to RM104.6 million compared with RM148.1 million reported in corresponding quarter ended 30 June 2016, mainly due to absence of gain on sale of land at Senai Airport Free Industrial Zone, substantial completion of KVMRT-SBK Line as explained above and lower contribution attributed to outages occurred at Tanjung Bin Energy's power plant. These were mitigated by better performance at JPB and NMB as explained above.

b) Current period compared with the corresponding period of the preceding year (six-months)

For the financial period ended 30 June 2017, the Group recorded RM1,869.7 million in revenue, a 0.9% decrease from RM1,886.5 million reported in the corresponding period of the preceding year, mainly due to substantial completion of KVMRT-SBK Line in 2016. This was moderated by progress from KVMRT-SSP Line and Langat Sewerage Treatment project, coupled with higher throughput handled at JPB.

The Group's Profit before zakat and taxation decreased to RM197.0 million compared with RM243.6 million reported in the corresponding period of the preceding year, mainly due to absence of gain on sale of land at Senai Airport Free Industrial Zone and substantial completion of KVMRT-SBK Line as explained above. These were mitigated by lower Zelan Berhad's effects on discounted receivables concerning Meena Plaza project in Abu Dhabi and higher contribution from KVMRT-SSP Line.

Ports & Logistics

The segment recorded revenue of RM1,417.4 million, an increase of 4.7% compared with RM1,353.3 million reported in the corresponding period of the preceding year, mainly due to higher contribution in handling RAPID Material Offloading Facilities ("RAPID MOLF") operations at JPB.

However, the segment recorded Profit before zakat and taxation of RM241.9 million, a decrease of 2.1% compared with RM247.1 million reported in the corresponding period of the preceding year. This is mainly due to higher depreciation and operational cost attributed by increase in average diesel price per litre at all ports.

Energy & Utilities

The segment recorded a decrease in Profit before zakat and taxation of RM99.8 million compared with RM105.4 million reported in the corresponding period of the preceding year due to lower share of profit from Malakoff. This is mainly attributed to lower contribution from Tanjung Bin Energy's power plant and insurance claim on rotor replacement, offset by higher fuel margin and higher contributions from associates.

Engineering & Construction

The segment recorded revenue of RM413.5 million, a drop of 16.6% compared with RM495.9 million reported in the corresponding period of the preceding year. The decrease was mainly due to substantial completion of KVMRT-SBK Line in 2016 offset by progress from KVMRT-SSP Line and Langat Sewerage Treatment project.

The segment recorded decrease of 22.8% in Profit before zakat and taxation to RM84.7 million from RM109.7 million reported in the corresponding period of the preceding year, primarily due to substantial completion of KVMRT-SBK Line and lower fees recognized in KVMRT PDP SBK as project is approaching completion, mitigated by lower effects on discounted receivables concerning Zelan Berhad’s Meena Plaza project in Abu Dhabi and contribution from KVMRT-SSP Line.

Investment Holding, Corporate & Others

The segment recorded marginal increase in revenue by RM0.4 million to RM38.7 million compared with RM38.3 million reported in the corresponding period of the preceding year due to upward revision of water bulk sales rate from Aliran Ihsan Resources Bhd (“AIRB”) offset by lower dividend income from investment in Sime Darby shares.

The segment recorded higher Loss before zakat and taxation by RM10.8 million to RM229.6 million compared with RM218.8 million Loss before zakat and taxation reported in the corresponding period of the preceding year due to absence of gain on sale of land at Senai Airport Free Industrial Zone, offset by higher fair value gain on Zelan warrants following higher price recorded.

16. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation of RM104.6 million in the current quarter compared with RM92.4 million in the immediate preceding quarter attributed to increase in throughput handled at Pelabuhan Tanjung Pelepas ("PTP") and higher contribution from KVMRT-SSP Line, partially offset by lower container volume at NMB in the current quarter.

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. Operational and cost synergies driven by MMC, would further enhance the financial performance of its Ports & Logistics division.

The Energy & Utilities division will continue to contribute positively from the Group's associated companies, 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 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.

18. Profit before zakat and taxation

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

	3 months ended 30.06.17 RM mil (Unaudited)	3 months ended 30.06.16 RM mil (Unaudited)	Cumulative 6 months ended 30.06.17 RM mil (Unaudited)	Cumulative 6 months ended 30.06.16 RM mil (Unaudited)
Interest income	(1.3)	(8.7)	(7.1)	(20.3)
Depreciation	112.2	92.6	216.2	190.2
Amortisation	7.8	5.6	15.6	10.8
Net unrealised foreign exchange (gain)/loss	-	(3.1)	-	10.4
Loss/(gain) on disposal property, plant and equipment	3.1	(28.6)	2.9	(23.5)

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 30.06.17	3 months ended 30.06.16	Cumulative 6 months ended 30.06.17	Cumulative 6 months ended 30.06.16
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(16)	(7)	(41)	(23)
Deferred tax expense				
- current	(14)	(7)	(16)	(20)
	(30)	(14)	(57)	(43)

The Group's effective tax rate for the quarter ended 30 June 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.

On 12 July 2017, MMC announced that on the same day, MMC and Seaport Management had, by way of a letter, mutually agreed to extend the conditions precedent fulfilment period to satisfy or waive the conditions precedent in the SPA, by a period of 6 months commencing from 13 July 2017.

(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:

	30.06.17	31.12.16
	RM mil	RM mil
At 1 January	81.0	73.6
Addition	-	3.7
Net gain transferred to equity	13.7	3.7
At 30.06.17/31.12.16	94.7	81.0
Less: Non-current portion	(3.6)	(3.4)
Current portion	91.1	77.6

23. Borrowings

	30.06.17	31.12.16
	RM mil	RM mil
Current		
- secured	810	408
- unsecured	688	1,087
	1,498	1,495

	30.06.17	31.12.16
	RM mil	RM mil
Non-current		
- secured	5,272	5,482
- unsecured	2,104	2,069
	7,376	7,551
Total borrowings	8,874	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 30 June 2017 is analysed as follows:

	30.06.17	31.12.16
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	6,384.5	6,239.4
- Unrealised	173.0	188.2
	6,557.5	6,427.6
Total retained earnings from associated companies:		
- Realised	282.9	284.2
- Unrealised	-	-
	282.9	284.2
Total retained earnings from joint ventures:		
- Realised	85.8	57.5
- Unrealised	-	-
	85.8	57.5
Total retained earnings before consolidation adjustments	6,926.1	6,769.3
Less: Consolidation adjustments	(211.3)	(173.2)
Total retained earnings as per interim	6,714.9	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.

Accolade filed its Notice of Appeal on 16 May 2017 to appeal to the Court of Appeal against the High Court's decision.

The Court of Appeal fixed 5 July 2017 as the first case management for Accolade's appeal. At the case management, Accolade informed the Court that they have yet to finalise the Record of Appeal as the High Court has not issued its grounds of judgment in respect of the Striking-Out Applications.

The Court of Appeal fixed 20 September 2017 for a further case management.

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.

c) Oil Spill Claim

Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP"), a 70% owned subsidiary of MMC Corporation Berhad, has filed an in rem and in personam action against the shipowner, Rising Star Shipping Sdn Bhd ("RSS"), and the insurers, The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) Singapore Branch ("the Club"), respectively on 18 July 2017 at the Kuala Lumpur High Court in relation to the oil spill at PTP's premises causing damages.

The action stems from an oil spill incident of the Vessel on 24 August 2016 where there was an overflow of oil from one of the Vessel's tanks in the course of loading a cargo of 2,500 metric tons of marine fuel oil which subsequently spread into PTP's premises. As a result, PTP suffered various and substantial losses.

PTP claims a sum of RM31,862,212.00 against RSS and the Club.

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 2017 (30 June 2016: Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 30.06.17	3 months ended 30.06.16	Cumulative 6 months ended 30.06.17	Cumulative 6 months ended 30.06.16
Profit for the financial year attributable to owners of the Parent (RM mil)	62.9	125.0	118.1	176.4
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)	2.1	4.1	3.9	5.8

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 28 August 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
28 August 2017