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

	3 months ended 31.12.17 RM'000 (Unaudited)	3 months ended 31.12.16 RM'000 (Audited)	Cumulative 12 months ended 31.12.17 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.16 RM'000 (Audited)
Revenue	1,234,704	1,852,095	4,160,095	4,627,388
Cost of sales	(812,058)	(1,207,227)	(2,608,675)	(2,861,988)
Gross profit	422,646	644,868	1,551,420	1,765,400
Other operating income				
- items relating to investments	65,718	-	65,718	-
- others	51,775	22,451	169,365	192,477
Administrative expenses	(201,012)	(178,190)	(722,019)	(677,713)
Other operating expenses	(108,927)	(114,069)	(360,908)	(368,440)
Finance costs	(131,528)	(121,467)	(491,205)	(488,078)
Share of results of:				
- associates	3,849	37,085	139,647	174,218
- joint ventures	82,511	14,302	99,721	74,878
Profit before zakat and taxation	185,032	304,980	451,739	672,742
Zakat expenses	(5,913)	(6,871)	(5,913)	(6,871)
Tax expense	(85,004)	(12,664)	(178,370)	(64,942)
Profit for the financial period	94,115	285,445	267,456	600,929
Other comprehensive loss				
Available-for-sale financial assets				
- fair value (loss)/gain	(136)	4,945	8,554	3,681
- disposal	(65,410)	-	(65,410)	-
Movement in associates' capital reserves	14,145	23,154	14,145	23,154
Remeasurement of defined benefit liability	-	(619)	-	(619)
Fair value adjustment-cash flow hedge	6,655	66,216	(18,790)	23,687
Currency translation differences	(28,715)	25,718	(48,549)	15,140
Other comprehensive (loss)/income for the financial period	(73,461)	119,414	(110,050)	65,043
Total comprehensive income for the financial period	20,654	404,859	157,406	665,972
Profit attributable to:				
Owners of the Parent	85,058	267,410	225,408	549,662
Non-controlling interests	9,057	18,035	42,048	51,267
	94,115	285,445	267,456	600,929
Total comprehensive income attributable to:				
Owners of the Parent	11,597	386,824	115,358	614,705
Non-controlling interests	9,057	18,035	42,048	51,267
	20,654	404,859	157,406	665,972
Earnings per share attributable to owners of the Parent				
- Basic (sen)	2.8	8.8	7.4	18.1

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 31.12.17 RM'000 (Unaudited)	As at 31.12.16 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,192,743	8,239,455
Investment properties	29,337	29,864
Interests in associates	4,527,988	4,558,660
Investments in joint arrangements	553,980	313,141
Available-for-sale financial assets	3,088	3,352
Inventories	1,861,494	1,734,356
Trade and other receivables	325,652	109,362
Derivative financial instruments	-	5,154
Intangible assets	2,964,383	2,914,441
Deferred tax assets	714,154	770,377
	19,172,819	18,678,162
Current Assets		
Inventories	118,836	211,294
Trade and other receivables	2,369,132	2,329,908
Derivative financial instruments	3,868	21,241
Tax recoverable	60,151	42,620
Available-for-sale financial assets	-	77,642
Other investment	290,350	402,263
Deposits, bank and cash balances	698,507	822,146
	3,540,844	3,907,114
Assets held for sale	148,454	149,228
Total Assets	22,862,117	22,734,504
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	304,506
Reserves	7,182,506	9,228,060
	9,526,782	9,532,566
Non-controlling interests	717,797	697,952
Total equity	10,244,579	10,230,518
Non-Current Liabilities		
Redeemable preference shares	33,348	50,023
Borrowings	7,477,597	7,551,654
Land lease received in advance	253,589	254,229
Provision for retirement benefits	17,600	15,486
Deferred income	233,286	259,465
Deferred tax liabilities	536,410	527,653
Trade and other payables	311,826	308,792
	8,863,656	8,967,302
Current Liabilities		
Borrowings	1,347,327	1,494,684
Trade and other payables	2,381,290	1,999,840
Tax payables	1,963	12,843
Deferred income	23,302	29,302
Derivative financial instruments	-	15
	3,753,882	3,536,684
Total Liabilities	12,617,538	12,503,986
Total equity and liabilities	22,862,117	22,734,504
Net assets per share attributable to owners of the Parent (sen)	313	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 year ended 31 December 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 on 31 January 2017 (Note a)	2,039,770	(2,039,770)	-	-	-	-	-	-	-	-	-
Net profit for the financial year	-	-	-	-	-	-	-	225,408	225,408	42,048	267,456
Other comprehensive loss	-	-	(34,404)	-	(56,856)	(18,790)	-	-	(110,050)	-	(110,050)
Total comprehensive (loss)/ income for the financial year	-	-	(34,404)	-	(56,856)	(18,790)	-	225,408	115,358	42,048	157,406
Acquisition through business combination	-	-	-	-	-	-	-	-	-	9,000	9,000
Compulsory acquisition of NCI	-	-	-	-	-	-	-	660	660	-	660
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(31,203)	(31,203)
Final dividend in respect of financial year ended 31 December 2016	-	-	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 31 December 2017	2,344,276	-	63,681	28,120	3,066	12,295	374,945	6,700,399	9,526,782	717,797	10,244,579

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 year ended 31 December 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	6,167,800	9,037,292	933,127	9,984,871
Net profit for the financial year	-	-	-	-	-	-	-	549,662	549,662	51,267	600,929
Other comprehensive income/(loss)	-	-	14,160	-	3,681	49,100	-	(1,898)	65,043	-	65,043
Total comprehensive income for the financial year	-	-	14,160	-	3,681	49,100	-	547,764	614,705	51,267	665,972
Acquisition of NCI	-	-	-	-	-	-	-	(8,777)	(8,777)	7,181	(1,596)
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(909)	(909)	(255,980)	(256,889)
Liquidation of a subsidiary	-	-	-	-	-	-	-	5,967	5,967	(7,641)	(1,674)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(30,002)	(30,002)
Final dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	-	-	(115,712)	(115,712)	-	(115,712)
At 31 December 2016	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

* - 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

	12 months ended 31.12.17 RM'000 (Unaudited)	12 months ended 31.12.16 RM'000 (Audited)
Cash flows from operating activities		
Profit before zakat and taxation	451,739	672,742
Adjustments for:		
Non-cash items	450,074	368,511
Interest expense	491,205	488,078
Interest income	(25,815)	(41,085)
Dividend income	(725)	(4,247)
Share of results in associates and joint ventures	(239,368)	(249,096)
Operating profit before working capital changes	1,127,110	1,234,903
Changes in working capital:		
Net change in inventories	(34,680)	(97,404)
Net change in other current assets	(286,021)	(733,813)
Net change in current liabilities	395,384	433,573
Deferred income	82	126
Cash generated from operations	1,201,875	837,385
Designated account and pledged deposits	6,797	(31,252)
Tax paid	(148,616)	(72,638)
Zakat paid	(5,913)	(6,871)
Land lease received in advance	15,103	25,706
Retirement benefits paid	-	(685)
Staff loan repaid	-	104
Net cash generated from operating activities	**1,069,246**	**751,749**
Cash flows from investing activities		
Net cash outflow from liquidation of a subsidiary	-	(1,674)
Net cash inflow from acquisition of a subsidiary	(16,813)	-
Net cash inflow from disposal of a joint venture	3,941	-
Purchase of additional shares in a subsidiary from non-controlling interests	-	(258,485)
Investment in joint ventures	(180,800)	(10,823)
Purchase of property, plant and equipment	(437,573)	(497,832)
Purchase of intangible assets	(50,219)	(87,934)
Purchase of available-for-sale financial assets	-	(3,688)
Proceeds from sale of property, plant and equipment	24,271	92,451
Proceeds from sale of other non-current assets	1,386	385
Proceeds from sale of available-for-sale financial assets	86,768	-
Interest received	25,815	41,085
Dividend received from:		
- Associates	163,819	138,179
- Joint Ventures	49,000	43,500
- Others	725	4,246
Decrease/(increase) in other investments	111,913	(33,217)
Net cash used in investing activities	**(217,767)**	**(573,807)**

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

	12 months ended 31.12.17 RM'000 (Unaudited)	12 months ended 31.12.16 RM'000 (Audited)
Cash flows from financing activities		
Repayment of term loans	(832,894)	(945,772)
Drawdown of term loans	580,142	1,272,134
Dividend paid	(121,802)	(115,712)
Dividend paid to non-controlling interests of subsidiaries	(31,203)	(30,002)
Interest paid	(491,205)	(488,078)
Redemption of preference shares in a subsidiary	(22,810)	(22,810)
Net cash used in financing activities	**(919,772)**	**(330,240)**
Net decrease in cash and cash equivalents	(68,293)	(152,298)
Effects of changes in exchange rate	(48,549)	15,140
Cash and cash equivalents at beginning of financial period	790,894	928,052
Cash and cash equivalents at end of financial period	**674,052**	**790,894**
Cash and cash equivalents comprise:		
Deposits and bank balances	988,857	1,224,409
Less:		
Deposits with maturity more than 90 days	(290,350)	(402,263)
	698,507	822,146
Designated accounts	(23,906)	(31,252)
Pledge deposits	(549)	-
	674,052	**790,894**

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 issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 December 2017.

7. Dividend paid

In respect of the financial year ended 31 December 2016, a final single-tier dividend of 4.0 sen per ordinary share of RM0.10 each on 3,045,058,552 ordinary shares amounting to RM121,802,342 was paid on 4 July 2017.

8. Segment Reporting

a) Current Quarter Ended 31 December 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 31.12.2017						
Revenue						
Total	681	-	-	621	16	1,318
Inter-segment	(7)	-	-	(76)	-	(83)
External	674	-	-	545	16	1,235
Results						
Profit/(loss) before zakat and taxation	115	20	6	106	(62)	185
Finance costs	44	-	-	1	87	132
Depreciation and Amortisation	105	-	-	-	9	114
EBITDA*	264	20	6	107	34	431
QTD 31.12.2016						
Revenue						
Total	732	-	-	850	320	1,902
Inter-segment	(3)	-	-	(47)	-	(50)
External	729	-	-	803	320	1,852
Results						
Profit before zakat and taxation	104	16	33	135	17	305
Finance costs	46	-	-	(2)	77	121
Depreciation and Amortisation	117	-	-	2	3	122
EBITDA*	267	16	33	135	97	548

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

b) Current Financial Year Ended 31 December 2017 (12 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
FYE 31.12.2017						
Revenue						
Total	2,829	-	-	1,460	78	4,367
Inter-segment	(12)	-	-	(195)	-	(207)
External	2,817	-	-	1,265	78	4,160
Results						
Profit/(loss) before zakat and taxation	484	56	106	198	(392)	452
Finance costs	169	-	-	4	318	491
Depreciation and Amortisation	418	-	-	3	40	461
EBITDA*	1,071	56	106	205	(34)	1,404
FYE 31.12.2016						
Revenue						
Total	2,749	-	-	1,571	380	4,700
Inter-segment	(14)	-	-	(59)	-	(73)
External	2,735	-	-	1,512	380	4,627
Results						
Profit/(loss) before zakat and taxation	457	51	134	349	(318)	673
Finance costs	176	-	-	(1)	313	488
Depreciation and Amortisation	414	-	-	6	32	452
EBITDA*	1,047	51	134	354	27	1,613

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

9. Property, plant and equipment

There was no revaluation of property, plant and equipment during the current quarter ended 31 December 2017.

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

a) On 11 January 2018, MMC Utilities Holdings Sdn Bhd and MMC Rail Ventures Sdn Bhd, wholly-owned dormant subsidiaries of MMC Corporation Bhd ("MMC"), have submitted their applications to the Companies Commission of Malaysia ("CCM") to strike off their names from the register of CCM pursuant to Section 550 of the Companies Act, 2016 ("Proposed Striking Off"). The Proposed Striking Off is not expected to have any significant financial and operational impact on MMC Group for the financial year ending 31 December 2018.

b) On 16 January 2018, MMC Zelan Sdn Bhd ("MMCZ"), a 60%-owned subsidiary of MMC, has passed a special resolution to wind-up MMCZ vide members' voluntary liquidation pursuant to Section 439(1) (b) of the Companies Act, 2016 ("Liquidation"). The Liquidation will not have any material effect on the earnings, net assets and gearing of MMC Group for the financial year ending 31 December 2018.

11. Changes in composition of the Group

On 4 October 2017, MMC had completed the acquisition of 7,000 Ordinary Shares representing 70.0% ordinary equity interest and 4,990,000 Irredeemable Convertible Cumulative Preference Shares ("ICCPS"), in Tanjung Bruas Port Sdn. Bhd. (formerly known as KMB Seaport Sdn. Bhd.) from Seaport Management Services Sdn Bhd for a cash consideration of RM21.0 million. MMC had on even date nominated MMC Port Holdings Sdn Bhd ("MMC Port"), its wholly-owned subsidiary, as the transferee to hold the 7,000 Ordinary Shares and 4,990,000 ICCPS.

The following summarizes the amounts of assets and liabilities recognised at the acquisition date:

	Book Value RM'000	Fair Value RM'000
Receivables	2,609	2,609
Intangible assets	5,130	33,610
Cash and bank	4,187	4,187
Payables	(3,591)	(3,591)
Deferred taxation	-	(6,815)
Total identifiable net assets	8,335	30,000
Non-controlling interests		(9,000)
Cash consideration paid		21,000

Net cash outflow arising from acquisition of a subsidiary:

Cash consideration paid	21,000
Less: Cash and cash equivalent of subsidiary acquired	(4,187)
Net cash outflow to the Group on acquisition	16,813

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 31 December 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:

	31.12.17	31.12.16
	RM mil	RM mil
Subsidiaries	220.2	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:

	31.12.17	31.12.16
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	532.8	224.3
Authorised but not contracted for	625.1	555.5
	1,157.9	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 31 December 2017, the Group recorded RM1,234.7 million in revenue, a 33.3% decrease from RM1,852.1 million reported in the corresponding quarter ended 31 December 2016 mainly due to completion of KVMRT-SBK Line in 2016 and no sale of land in respect of the overall development of Senai Airport City (“SAC”), moderated by higher work progress from KVMRT-SSP Line.

The Group's Profit before zakat and taxation decreased to RM185.0 million compared with RM305.0 million reported in corresponding quarter ended 31 December 2016, mainly due to no sale of land at SAC, completion of KVMRT-SBK Line and higher share of losses from Zelan Berhad (“Zelan”) arising from impairment of receivables, offset by gain on disposal of equity securities and higher work progress from KVMRT-SSP line.

b) Current financial year compared with the preceding financial year (twelve-months)

For the financial year ended 31 December 2017, the Group recorded RM4,160.1 million in revenue, a 10.1% decrease from RM4,627.4 million reported in the preceding financial year, mainly due to completion of KVMRT-SBK Line in 2016 and no sale of land in respect of the overall development of SAC. These were moderated by completion work progress from KVMRT-SSP Line and Langat Sewerage Treatment project, coupled with higher contribution from Pelabuhan Tanjung Pelepas ("PTP") and Johor Port Berhad ("JPB").

The Group's Profit before zakat and taxation decreased to RM451.7 million compared with RM672.7 million reported in the preceding financial year, mainly due to the following:

i. One-off provision for impairment of RM98.0 million on SMART as a result of lower projected traffic volume;
ii. Completion of KVMRT-SBK Line; and
iii. No sale of land at SAC.

These were compensated by:

i. Higher contribution from KVMRT-SSP Line;
ii. Gain on disposal of equity securities; and
iii. Share of profit from Penang Port Sdn Bhd ("PPSB") and recognition of negative goodwill of RM44.2 million arising from acquisition of 49% equity stake in PPSB.

Ports & Logistics

The segment recorded revenue of RM2,816.9 million, an increase of 3.0% compared with RM2,735.1 million reported in the preceding financial year, due to higher contribution from PTP and RAPID Material Offloading Facilities ("RAPID MOLF") operations at JPB, offset by lower container volume handled at Northport (Malaysia) Bhd ("NMB").

The segment recorded increase in Profit before zakat and taxation by RM27.3 million to RM484.0 million compared with RM456.7 million reported in the preceding financial year due to higher contribution from JPB, share of profit from PPSB and recognition of negative goodwill. These were offset with lower volume handled at NMB.

Engineering & Construction

The segment recorded revenue of RM1,264.8 million, a decrease of 16.3% compared with RM1,511.9 million reported in the preceding financial year. The decrease was mainly to completion of KVMRT-SBK Line, offset by progress from KVMRT-SSP Line and Langat Sewerage Treatment project.

The segment recorded decrease of 43.3% in Profit before zakat and taxation to RM198.0 million from RM348.9 million reported in the preceding financial year, mainly due to one-off provision for impairment of RM98.0 million on SMART and completion of KVMRT-SBK Line, compensated by progress from KVMRT-SSP Line.

Investment Holding, Corporate & Others

The segment recorded revenue of RM78.4 million, a decrease of 79.4% compared with RM380.3 million reported in the preceding financial year mainly due to no sale of land in respect of the overall development of SAC.

The segment recorded higher Loss before zakat and taxation by RM74.1 million to RM391.8 million compared with RM317.7 million reported in the preceding financial year due to no sale of land at SAC, offset by gain on disposal of equity securities.

16. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation of RM185.0 million in the current quarter compared with RM69.7 million in the immediate preceding quarter mainly attributed to absence of one-off provision for impairment on SMART of RM98.0 million, gain on disposal of equity securities and recognition of negative goodwill arising from acquisition of 49% equity stake in PPSB, offset by higher share of losses from Zelan and absence of forfeitured deposit on land sale transaction at SAC.

17. Current prospects

The Group remains positive of its prospects driven by improving 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 31.12.17	3 months ended 31.12.16	Cumulative 12 months ended 31.12.17	Cumulative 12 months ended 31.12.16
	RM mil (Unaudited)	RM mil (Audited)	RM mil (Unaudited)	RM mil (Audited)
Interest income	(7.0)	(10.9)	(25.8)	(41.1)
Depreciation	104.6	119.3	428.2	423.1
Amortisation	9.7	3.1	33.1	29.0
Impairment of receivables	-	14.9	-	14.9
Net unrealised foreign exchange (gain)/loss	-	(8.1)	-	2.6
Loss/(gain) on disposal of:				
- property, plant and equipment	9.7	14.5	26.0	(60.2)
- other investment	(65.7)	-	(65.7)	-
Reversal for litigation costs	-	(21.9)	-	(21.9)

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 31.12.17	3 months ended 31.12.16	Cumulative 12 months ended 31.12.17	Cumulative 12 months ended 31.12.16
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(13)	(56)	(86)	(95)
- prior years	(40)	(18)	(32)	(18)
Deferred tax expense				
- current	(32)	61	(60)	48
	(85)	(13)	(178)	(65)

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

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 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.

On 20 October 2017, MMC announced that MMC TSSB and Melati Pertiwi had, by way of a letter ("Extension Letter"), mutually agreed to extend the cut-off date to 19 April 2018. Pursuant to the Extension Letter, MMC also announced on the same day that Melati Pertiwi, as at 20 October 2017, had paid a total sum of RM19.9 million to MMC TSSB, being part payment of the consideration (inclusive of RM5 million deposit). The remaining balance of the consideration of RM30.1 million shall be paid by Melati Pertiwi on the completion of the MMCOG SPA.

(ii) 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.

On 11 October 2017, the parties had, by way of a letter, mutually agreed to extend the period to satisfy or waive the conditions precedent in the 51% SPA up to and including 10 April 2018.

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:

	31.12.17	31.12.16
	RM mil	RM mil
At 1 January	81.0	73.6
Addition	-	3.7
Disposal	(86.5)	-
Net gain transferred to equity	8.6	3.7
At 31.12.17/31.12.16	3.1	81.0
Less: Non-current portion	(3.1)	(3.4)
Current portion	-	77.6

23. Borrowings

	31.12.17 RM mil	31.12.16 RM mil
Current		
- secured	604	408
- unsecured	743	1,087
	1,347	1,495
Non-current		
- secured	4,526	5,482
- unsecured	2,952	2,069
	7,478	7,551
Total borrowings	8,825	9,046

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

24. 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 a 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.

Over the course of several case managements, parties 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.

At the case management on 18 January 2018, Accolade informed the Court of Appeal that the High Court had issued its grounds of judgment. Following from this, the Court fixed a final case management on 16 April 2018 to ensure that all court papers are filed before the appeal hearing on 24 April 2018.

b) Oil Spill Claim

Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP"), a 70% owned subsidiary of MMC Corporation Berhad, has filed an in rem action against the shipowners, Rising Star Shipping Sdn Bhd ("RSS"), and an in personam action against 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 ("Oil Spill"). As a result, PTP suffered various substantial losses.

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

RSS had earlier obtained an order of the Kuala Lumpur High Court to limit its liability in the Oil Spill to approximately RM25.9 million ("Limitation Amount"), as provided for under the Merchant Shipping (Liability and Compensation for Oil Pollution) Act 1994 ("Limitation Action").

The Club has lodged security for the Limitation Amount with the Kuala Lumpur High Court.

Subsequently, the International Oil Pollution Compensation Fund 1992 was joined in the Limitation Action, to take up further claims by parties affected by the Oil Spill beyond the value of the Limitation Amount.

On 3 January 2018, the Kuala Lumpur High Court consolidated PTP's in personam action with the Limitation Action.

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.

25. Dividend Payable

A decision on the declaration of the final dividend for the financial year ended 31 December 2017 has yet to be made.

26. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 31.12.17	3 months ended 31.12.16	Cumulative 12 months ended 31.12.17	Cumulative 12 months ended 31.12.16
Profit for the financial year attributable to owners of the Parent (RM mil)	85.1	267.4	225.4	549.7
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)	2.8	8.8	7.4	18.1

27. 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 27 February 2018.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
27 February 2018