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

	3 months ended 30.09.17 RM'000 (Unaudited)	3 months ended 30.09.16 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.17 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.16 RM'000 (Unaudited)
Revenue	1,055,734	888,772	2,925,391	2,775,293
Cost of sales	(639,492)	(530,202)	(1,796,617)	(1,654,761)
Gross profit	416,242	358,570	1,128,774	1,120,532
Other operating income	50,490	84,989	117,590	170,026
Administrative expenses	(187,948)	(169,127)	(521,007)	(499,523)
Other operating expenses	(76,489)	(79,244)	(251,981)	(254,371)
Finance costs	(120,725)	(122,609)	(359,677)	(366,611)
Share of results of:				
- associates	27,356	34,774	135,798	137,133
- joint ventures	(39,201)	16,788	17,210	60,576
Profit before zakat and taxation	69,725	124,141	266,707	367,762
Tax expense	(36,066)	(8,985)	(93,366)	(52,278)
Profit for the financial period	33,659	115,156	173,341	315,484
Other comprehensive loss				
Available-for-sale financial assets				
- fair value (loss)/gain	(4,975)	944	8,690	(1,264)
Fair value adjustment-cash flow hedge	(5,951)	(15,413)	(25,445)	(42,529)
Currency translation differences	(5,280)	5,731	(19,834)	(10,578)
Other comprehensive loss for the financial period	(16,206)	(8,738)	(36,589)	(54,371)
Total comprehensive income for the financial period	17,453	106,418	136,752	261,113
Profit attributable to:				
Owners of the Parent	22,291	105,892	140,350	282,252
Non-controlling interests	11,368	9,264	32,991	33,232
	33,659	115,156	173,341	315,484
Total comprehensive income attributable to:				
Owners of the Parent	6,085	97,154	103,761	227,881
Non-controlling interests	11,368	9,264	32,991	33,232
	17,453	106,418	136,752	261,113
Earnings per share attributable to owners of the Parent				
- Basic (sen)	0.7	3.5	4.6	9.3

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 30.09.17 RM'000 (Unaudited)	As at 31.12.16 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,150,221	8,239,455
Investment properties	29,389	29,864
Interests in associates	4,581,510	4,558,660
Investments in joint arrangements	497,641	313,141
Available-for-sale financial assets	3,224	3,352
Inventories	1,866,893	1,734,356
Trade and other receivables	129,713	109,362
Derivative financial instruments	-	5,154
Intangible assets	2,938,006	2,914,441
Deferred tax assets	741,925	770,377
	18,938,522	18,678,162
Current Assets		
Inventories	107,119	211,294
Trade and other receivables	2,494,796	2,329,908
Derivative financial instruments	5,750	21,241
Tax recoverable	102,248	42,620
Available-for-sale financial assets	86,460	77,642
Deposits, bank and cash balances	844,295	1,224,409
	3,640,668	3,907,114
Assets held for sale	149,049	149,228
Total Assets	22,728,239	22,734,504
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	304,506
Reserves	7,170,909	9,228,060
	9,515,185	9,532,566
Non-controlling interests	730,943	697,952
Total equity	10,246,128	10,230,518
Non-Current Liabilities		
Redeemable preference shares	50,023	50,023
Borrowings	7,322,325	7,551,654
Land lease received in advance	258,232	254,229
Provision for retirement benefits	17,277	15,486
Deferred income	240,732	259,465
Deferred tax liabilities	523,598	527,653
Trade and other payables	318,666	308,792
	8,730,853	8,967,302
Current Liabilities		
Borrowings	1,648,732	1,494,684
Trade and other payables	2,071,831	1,999,840
Tax payables	7,492	12,843
Deferred income	23,188	29,302
Derivative financial instruments	15	15
	3,751,258	3,536,684
Total Liabilities	12,482,111	12,503,986
Total equity and liabilities	22,728,239	22,734,504
Net assets per share attributable to owners of the Parent (sen)	312	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 September 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 period	-	-	-	-	-	-	-	140,350	140,350	32,991	173,341
Other comprehensive (loss)/income	-	-	(19,834)	-	8,690	(25,445)	-	-	(36,589)	-	(36,589)
Total comprehensive (loss)/ income for the financial period	-	-	(19,834)	-	8,690	(25,445)	-	140,350	103,761	32,991	136,752
Compulsory acquisition of NCI	-	-	-	-	-	-	-	660	660	-	660
Final dividend in respect of financial year ended 31 December 2016	-	-	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 30 September 2017	2,344,276	-	78,251	28,120	68,612	5,640	374,945	6,615,341	9,515,185	730,943	10,246,128

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 September 2016

	Attributable to owners of the parent										
	Non-distributable						Distributable				
	Share capital RM'000	**Share premium RM'000**	**Currency translation reserve RM'000**	**Revaluation reserve* RM'000**	**Available-for-sale financial assets RM'000**	**Cash flow hedge reserves RM'000**	**Capital** reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests (NCI) RM'000**	**Total equity RM'000**
At 1 January 2016	304,506	2,039,770	83,925	28,120	56,241	(18,015)	374,945	6,182,252	9,051,744	933,127	9,984,871
Net profit for the financial period	-	-	-	-	-	-	-	282,252	282,252	33,232	315,484
Other comprehensive loss	-	-	(10,578)	-	(1,264)	(42,529)	-	-	(54,371)	-	(54,371)
Total comprehensive (loss)/ income for the financial period	-	-	(10,578)	-	(1,264)	(42,529)	-	282,252	227,881	33,232	261,113
Acquisition through business combination	-	-	-	-	-	-	-	-	-	809	809
Acquisition of NCI	-	-	-	-	-	-	-	(8,777)	(8,777)	7,181	(1,596)
Compulsory acquisition of NCI	-	-	-	-	-	-	-	(960)	(960)	(255,520)	(256,480)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(6,086)	(6,086)
Dividends paid to NCI	-	-	-	-	-	-	-	-	-	(15,001)	(15,001)
Final dividend in respect of financial year ended 31 December 2015	-	-	-	-	-	-	-	(115,712)	(115,712)	-	(115,712)
At 30 September 2016	304,506	2,039,770	73,347	28,120	54,977	(60,544)	374,945	6,339,055	9,154,176	697,742	9,851,918

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

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

Condensed Consolidated Statement of Cash Flows

	9 months ended 30.09.17 RM'000 (Unaudited)	9 months ended 30.09.16 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	266,707	367,762
Adjustments for:		
Non-cash items	417,861	308,986
Interest expense	359,677	366,611
Interest income	(18,832)	(30,145)
Dividend income	(725)	(2,288)
Share of results in associates and joint ventures	(153,008)	(197,709)
Operating profit before working capital changes	871,680	813,217
Changes in working capital:		
Net change in inventories	(28,362)	(270,444)
Net change in other current assets	(189,732)	68,132
Net change in current liabilities	76,385	(104,397)
Cash generated from operations	729,971	506,508
Designated account and pledged deposits	(106,878)	-
Tax paid	(133,948)	(43,021)
Land lease received in advance	15,103	15,103
Retirement benefits paid	-	(869)
Staff loan repaid	-	38
Net cash generated from operating activities	**504,248**	**477,759**
Cash flows from investing activities		
Net cash outflow from liquidation of a subsidiary	-	(1,674)
Net cash inflow from acquisition of subsidiaries	-	809
Net cash inflow from disposal of a joint venture	4,100	-
Purchase of additional shares in a subsidiary from non-controlling interests	-	(258,076)
Investment in joint ventures	(180,800)	(5,488)
Purchase of property, plant and equipment	(273,098)	(222,315)
Purchase of intangible assets	(47,060)	(53,848)
Purchase of available-for-sale financial assets	-	(1,728)
Proceeds from sale of property, plant and equipment	3,069	96,058
Proceeds from sale of other non-current assets	386	-
Interest received	18,832	30,145
Dividend received from:		
- Associates	100,956	72,413
- Joint Ventures	25,000	20,000
- Others	725	2,288
Net cash used in investing activities	**(347,890)**	**(321,416)**
Cash flows from financing activities		
Repayment of borrowings	(441,852)	(404,840)
Drawdown of borrowings	299,815	808,992
Dividend paid	(121,802)	(115,712)
Dividend paid to non-controlling interests of subsidiaries	-	(15,001)
Interest paid	(359,677)	(366,611)
Net cash used in financing activities	**(623,516)**	**(93,172)**

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

	9 months ended 30.09.17 RM'000 (Unaudited)	9 months ended 30.09.16 RM'000 (Unaudited)
Net (decrease)/increase in cash and cash equivalents	(467,158)	63,171
Effects of changes in exchange rate	(19,834)	(10,578)
Cash and cash equivalents at beginning of financial period	1,193,157	1,297,098
Cash and cash equivalents at end of financial period	**706,165**	**1,349,691**
Cash and cash equivalents comprise:		
Deposits and bank balances	844,295	1,353,834
Designated accounts	(137,581)	-
Pledge deposits	(549)	-
Bank overdrafts	-	(4,143)
	706,165	**1,349,691**

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 30 September 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 30 September 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 30.9.2017						
Revenue						
Total	726	-	-	352	24	1,102
Inter-segment	-	-	-	(46)	-	(46)
External	726	-	-	306	24	1,056
Results						
Profit/(loss) before zakat and taxation	127	13	23	7	(100)	70
Finance costs	42	-	-	-	79	121
Depreciation and Amortisation	105	-	-	-	10	115
EBITDA*	274	13	23	7	(11)	306
QTD 30.9.2016						
Revenue						
Total	655	-	-	219	23	897
Inter-segment	(2)	-	-	(6)	-	(8)
External	653	-	-	213	23	889
Results						
Profit/(loss) before zakat and taxation	106	13	18	104	(117)	124
Finance costs	43	-	-	-	80	123
Depreciation and Amortisation	117	-	-	2	10	129
EBITDA*	266	13	18	106	(27)	376

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

b) Current Financial Period Ended 30 September 2017 (9 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 30.9.2017						
Revenue						
Total	2,148	-	-	839	62	3,049
Inter-segment	(5)	-	-	(119)	-	(124)
External	2,143	-	-	720	62	2,925
Results						
Profit/(loss) before zakat and taxation	369	36	100	92	(330)	267
Finance costs	125	-	-	3	232	360
Depreciation and Amortisation	313	-	-	3	31	347
EBITDA*	807	36	100	98	(67)	974
FPE 30.9.2016						
Revenue						
Total	2,017	-	-	721	60	2,798
Inter-segment	(11)	-	-	(12)	-	(23)
External	2,006	-	-	709	60	2,775
Results						
Profit/(loss) before zakat and taxation	353	35	101	214	(335)	368
Finance costs	130	-	-	1	236	367
Depreciation and Amortisation	297	-	-	4	29	330
EBITDA*	780	35	101	219	(70)	1,065

*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 30 September 2017.

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

a) On 25 October 2017, Southern Water Technology Sdn Bhd ("SWT"), a subsidiary of Aliran Ihsan Resources Berhad, which in turn is a wholly-owned subsidiary of MMC Corporation Bhd ("MMC"), was served with a winding up petition by Suria 2000 Sdn Bhd. The petition is in respect of a High Court order dated 8 May 2017 for the recognition and enforcement of an arbitration award dated 27 October 2016. The winding up proceedings is not expected to have any significant financial and operational impact on MMC Group for the financial year ending 31 December 2017.

b) On 13 January 2017, MMC had entered into a conditional Share Sale and Purchase Agreement ("SPA") with Seaport Management Services Sdn Bhd ("Seaport Management"), to acquire 70.0% equity interest and 4,990,000 irredeemable convertible cumulative preference shares ("ICCPS") of RM1.00 each in KMB Seaport Sdn Bhd by MMC or any of its subsidiaries. The transaction had been completed on 4 October 2017 and MMC had nominated MMC Port Holdings Sdn Bhd ("MMC Port"), its wholly-owned subsidiary, as the transferee to hold the equity interests and the ICCPS in KMB Seaport on the completion of the SPA.

11. Changes in composition of the Group

On 13 July 2017, KOTUG Asia Sdn Bhd ("KOTUG Asia") has ceased to be a 51% jointly-controlled entity 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 KOTUG Malaysia Sdn Bhd ("KOTUG Malaysia") for a cash consideration of RM4.1 million ("Disposal").

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

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

	30.09.17	31.12.16
	RM mil	RM mil
Subsidiaries	224.1	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:

	30.09.17	31.12.16
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	678.1	224.3
Authorised but not contracted for	644.2	555.5
	1,322.3	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 September 2017, the Group recorded RM1,055.7 million in revenue, a 18.8% increase from RM888.8 million reported in the corresponding quarter ended 30 September 2016 mainly due to higher work progress from KVMRT-SSP Line and Langat Sewerage Treatment project, coupled with higher volume handled at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") and Johor Port Berhad ("JPB").

The Group's Profit before zakat and taxation decreased to RM69.7 million compared with RM124.1 million reported in corresponding quarter ended 30 September 2016, 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; and

ii. Absence of gain on disposal of land from MMC Tepat Teknik Sdn Bhd.

The above were compensated by:

i. Higher throughput handled at PTP and JPB; and

ii. Forfeiture of deposit on land sale transaction at Senai Airport City ("SAC").

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

For the financial period ended 30 September 2017, the Group recorded RM2,925.4 million in revenue, a 5.4% increase from RM2,775.3 million reported in the corresponding period of the preceding year, due to work progress from KVMRT-SSP Line and Langat Sewerage Treatment project, coupled with higher contribution from PTP and JPB.

The Group's Profit before zakat and taxation decreased to RM266.7 million compared with RM367.8 million reported in the corresponding period of the preceding year, mainly due to the following:

i. One-off provision for impairment of RM98.0 million on SMART as explained earlier;

ii. Substantial completion of KVMRT-SBK Line in 2016; and

iii. Absence of gain on disposal of land from MMC Tepat Teknik Sdn Bhd.

These were compensated by higher contribution from KVMRT-SSP Line.

Ports & Logistics

The segment recorded revenue of RM2,143.1 million, an increase of 6.8% compared with RM2,005.8 million reported in the corresponding period of the preceding year, due to higher contribution from PTP and RAPID Material Offloading Facilities ("RAPID MOLF") operations at JPB.

The segment recorded Profit before zakat and taxation of RM369.1 million, an increase of 4.4% compared with RM353.4 million reported in the corresponding period of the preceding year mainly due to higher contribution from PTP and JPB, as well as from share of profit from Penang Port Sdn Bhd (“PPSB”).

Engineering & Construction

The segment recorded revenue of RM720.1 million, an increase of 1.6% compared with RM709.1 million reported in the corresponding period of the preceding year. The increase was mainly due progress from KVMRT-SSP Line and Langat Sewerage Treatment project.

The segment recorded decrease of 57.1% in Profit before zakat and taxation to RM91.8 million from RM214.1 million reported in the corresponding period of the preceding year, mainly due to one-off provision for impairment of RM98.0 million on SMART and absence of gain on disposal of land from MMC Tepat Teknik Sdn Bhd.

Investment Holding, Corporate & Others

The segment recorded increase in revenue by RM1.8 million to RM62.2 million compared with RM60.4 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”) and increase in airport passenger volume at Senai Airport, offset by lower dividend income from investment in Sime Darby shares.

The segment recorded lower Loss before zakat and taxation by RM5.3 million to RM330.1 million compared with RM335.4 million Loss before zakat and taxation reported in the corresponding period of the preceding year due to forfeited deposit on land sale transaction at SAC, offset by absence of gain on sale of land at Senai Airport Free Industrial Zone.

16. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation of RM69.7 million in the current quarter compared with RM104.6 million in the immediate preceding quarter attributed to one-off provision for impairment on SMART, offset by the following:

i. Higher contribution from KVMRT-SSP Line;

ii. Forfeiture of deposit on land sale transaction at SAC; and

iii. Higher contribution in handling RAPID MOLF operations at JPB.

17. Current prospects

The Group remains positive of its prospects driven by good 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 30.09.17	3 months ended 30.09.16	Cumulative 9 months ended 30.09.17	Cumulative 9 months ended 30.09.16
	RM mil (Unaudited)	RM mil (Unaudited)	RM mil (Unaudited)	RM mil (Unaudited)
Interest income	(11.7)	(9.8)	(18.8)	(30.1)
Depreciation	107.4	113.5	323.5	303.7
Amortisation	7.9	15.1	23.5	25.9
Net unrealised foreign exchange loss	-	0.3	-	10.7
Loss/(gain) on disposal property, plant and equipment	13.5	(51.2)	16.4	(74.7)

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 30.09.17	3 months ended 30.09.16	Cumulative 9 months ended 30.09.17	Cumulative 9 months ended 30.09.16
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(32)	(16)	(73)	(39)
- prior year	8	-	8	-
Deferred tax expense				
- current	(12)	7	(28)	(13)
	(36)	(9)	(93)	(52)

The Group's effective tax rate for the quarter ended 30 September 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 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:

	30.09.17	31.12.16
	RM mil	RM mil
At 1 January	81.0	73.6
Addition	-	3.7
Net gain transferred to equity	8.7	3.7
At 30.09.17/31.12.16	89.7	81.0
Less: Non-current portion	(3.2)	(3.4)
Current portion	86.5	77.6

23. Borrowings

	30.09.17	31.12.16
	RM mil	RM mil
Current		
- secured	505	408
- unsecured	1,144	1,087
	1,649	1,495
Non-current		
- secured	4,910	5,482
- unsecured	2,412	2,069
	7,322	7,551
Total borrowings	8,971	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 September 2017 is analysed as follows:

	30.09.17	31.12.16
	RM mil	RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	6,293.5	6,239.4
- Unrealised	163.8	188.2
	6,457.3	6,427.6
Total retained earnings from associated companies:		
- Realised	307.1	284.2
- Unrealised	-	-
	307.1	284.2

	30.09.17 RM mil	31.12.16 RM mil
Total retained earnings from joint ventures:		
- Realised	50.5	57.5
- Unrealised	-	-
	50.5	57.5
Total retained earnings before consolidation adjustments	6,814.9	6,769.3
Less: Consolidation adjustments	(199.6)	(173.2)
Total retained earnings as per interim	6,615.3	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.

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 latest case management on 14 November 2017, Accolade informed the Court of Appeal that the High Court has yet to issue its grounds of judgment.

In this respect, the Court of Appeal fixed a further case management on 18 January 2018 for Accolade to update the Court on the status of the grounds of judgment.

b) 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 September 2017 (30 September 2016: Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 30.09.17	3 months ended 30.09.16	Cumulative 9 months ended 30.09.17	Cumulative 9 months ended 30.09.16
Profit for the financial year attributable to owners of the Parent (RM mil)	22.3	105.9	140.4	282.3
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)	0.7	3.5	4.6	9.3

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 22 November 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
22 November 2017