

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the year ended 31 December 2015

	3 months ended 31.12.15 RM'000 (Unaudited)	3 months ended 31.12.14 RM'000 (Audited)	Cumulative 12 months ended 31.12.15 RM'000 (Unaudited)	Cumulative 12 months ended 31.12.14 RM'000 (Audited)
<u>Continuing operations</u>				
Revenue	955,647	822,280	3,010,129	3,171,017
Cost of sales	(609,346)	(455,997)	(1,831,627)	(2,050,211)
Gross profit	346,301	366,283	1,178,502	1,120,806
Other operating income				
- items relating to investments	143,474	-	1,487,616	6,473
- other operating income	40,798	49,785	107,809	93,505
Administrative expenses	(204,205)	(152,489)	(659,978)	(550,650)
Other operating expenses	(96,680)	(43,527)	(280,413)	(169,397)
Finance costs	(106,381)	(99,383)	(392,893)	(349,384)
Share of results of:				
- associates	34,154	16,994	170,667	82,861
- joint ventures	20,821	8,205	88,124	55,911
Profit before zakat and taxation	178,282	145,868	1,699,434	290,125
Zakat expenses	(7,981)	(2,566)	(7,981)	(6,066)
Tax expense	(3,093)	18,794	(71,137)	107,399
Profit from continuing operations	167,208	162,096	1,620,316	391,458
<u>Discontinued operation</u>				
Profit from discontinued operation (Note 2)	-	132,862	172,298	412,844
Profit for the financial year	167,208	294,958	1,792,614	804,302
Profit attributable to:				
Owners of the Parent				
- from continuing operations	149,950	141,679	1,567,315	318,742
- from discontinued operation	-	57,473	75,731	174,190
	149,950	199,152	1,643,046	492,932
Non-controlling interests	17,258	95,806	149,568	311,370
	167,208	294,958	1,792,614	804,302
Earnings per share attributable to owners of the Parent				
- from continuing operations				
- Basic (sen)	4.92	4.65	51.47	10.47
- Diluted (sen)	4.92	4.65	51.47	10.47
- from discontinued operation				
- Basic (sen)	-	1.89	2.49	5.72
- Diluted (sen)	-	1.89	2.49	5.72

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Comprehensive Income
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	3 months <u>ended</u> <u>31.12.15</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>31.12.14</u> RM'000 (Audited)	Cumulative <u>12 months ended</u> <u>31.12.15</u> RM'000 (Unaudited)	Cumulative <u>12 months ended</u> <u>31.12.14</u> RM'000 (Audited)
Other comprehensive (loss)/income				
Available-for-sale financial assets				
- fair value losses	(589)	3,540	(13,513)	(7,174)
- disposal	-	(6,611)	-	(6,410)
Movement in associates' capital reserves	-	240	-	240
Remeasurement of defined benefit liability	-	2,447	-	413
Fair value adjustment of an associate-cash flow hedge	(18,085)	-	(18,085)	-
Currency translation differences	(6,944)	22,195	88,762	23,874
Effect of future corporate tax rate reduction on revaluation reserve	-	(3,458)	-	-
Other comprehensive (loss)/income from continuing operations	(25,618)	18,353	57,164	10,943
Other comprehensive income/(loss) from discontinued operation (Note 2)	-	4,586	(4,824)	(100,703)
Other comprehensive (loss)/income from the year	(25,618)	22,939	52,340	(89,760)
Total comprehensive income for the year	141,590	317,897	1,844,954	714,542
Total comprehensive income attributable to:				
Owners of the Parent				
- from continuing operations	124,332	160,032	1,624,479	329,685
- from discontinued operation	-	62,059	70,907	73,487
	124,332	222,091	1,695,386	403,172
Non-controlling interests	17,258	95,806	149,568	311,370
	141,590	317,897	1,844,954	714,542

Condensed Consolidated Statement of Financial Position

	As at 31.12.15 RM' 000 (Unaudited)	As at 31.12.14 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,072,468	21,203,402
Finance lease receivables	-	1,990,974
Investment properties	27,113	28,104
Interests in associates	4,525,182	2,545,302
Investments in joint arrangements	271,281	287,490
Available-for-sale financial assets	3,144	3,635
Inventories	1,252,773	1,751,122
Trade and other receivables	194,175	388,692
Derivative financial instruments	16,026	119,042
Intangible assets	3,125,890	6,902,658
Deferred tax assets	824,384	1,601,951
	<u>18,312,436</u>	<u>36,822,372</u>
Current Assets		
Inventories	517,609	540,187
Trade and other receivables	1,518,736	2,589,856
Derivative financial instruments	256	15
Tax recoverable	75,490	322,560
Available-for-sale financial assets	70,481	80,864
Other investment	109,341	591,970
Deposits, bank and cash balances	1,172,558	4,444,055
	<u>3,464,471</u>	<u>8,569,507</u>
Assets held for sale	708	12,997
Total Assets	<u><u>21,777,615</u></u>	<u><u>45,404,876</u></u>
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	304,506	304,506
Reserves	8,742,166	7,200,928
	<u>9,046,672</u>	<u>7,505,434</u>
Non-controlling interests	931,084	2,828,729
Total equity	<u><u>9,977,756</u></u>	<u><u>10,334,163</u></u>
Non-Current Liabilities		
Redeemable preference shares	70,188	89,739
Borrowings	7,386,589	23,981,508
Land lease received in advance	262,743	267,508
Provision for retirement benefits	15,399	87,054
Deferred income	213,725	2,967,614
Derivative financial instruments	-	167,338
Deferred tax liabilities	586,400	3,302,373
Trade and other payables	68,221	39,633
	<u>8,603,265</u>	<u>30,902,767</u>
Current Liabilities		
Borrowings	1,355,905	1,670,441
Trade and other payables	1,807,519	2,268,622
Tax payables	6,901	43,991
Deferred income	26,269	156,571
Derivative financial instruments	-	28,321
	<u>3,196,594</u>	<u>4,167,946</u>
Total Liabilities	<u><u>11,799,859</u></u>	<u><u>35,070,713</u></u>
Total equity and liabilities	<u><u>21,777,615</u></u>	<u><u>45,404,876</u></u>
Net assets per share attributable to owners of the Parent (sen)	297	246

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2015

	Attributable to owners of the parent						Distributable					
	Non-distributable			Available-								
	Share capital	Share premium	Currency translation reserve	Revaluation reserve	for- sale financial assets	Cash flow hedge reserves	Capital reserves	Capital* reserves	Retained earnings	Total	Non-controlling interests (NCI)	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	304,506	2,039,770	(3,028)	1,219,271	69,754	75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163
Net profit for the financial year	-	-	-	-	-	-	-	-	1,643,046	1,643,046	149,568	1,792,614
Other comprehensive income/(loss)	-	-	88,762	-	(13,513)	(22,909)	-	-	-	52,340	-	52,340
Total comprehensive income/(loss) for the financial year	-	-	88,762	-	(13,513)	(22,909)	-	-	1,643,046	1,695,386	149,568	1,844,954
Acquisition through business combination	-	-	-	-	-	-	-	-	-	-	340,508	340,508
Compulsory acquisition of NCI	-	-	-	-	-	-	-	-	(678)	(678)	(65,746)	(66,424)
Disposal of a subsidiary	-	-	23,661	(1,191,151)	-	(70,553)	-	-	1,191,151	(46,892)	(2,256,475)	(2,303,367)
Interim dividend paid to NCI of subsidiaries in respect of financial year ended 31 December 2015	-	-	-	-	-	-	-	-	-	-	(65,500)	(65,500)
Final dividend in respect of financial year ended 31 December 2014	-	-	-	-	-	-	-	-	(106,578)	(106,578)	-	(106,578)
At 31 December 2015	304,506	2,039,770	109,395	28,120	56,241	(18,015)	9,403	380,253	6,136,999	9,046,672	931,084	9,977,756

* - The distributable capital reserves represent mainly the net gain from disposals of investments.

The Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Changes in Equity for the year ended 31 December 2014

	Attributable to owners of the parent Non-distributable						Distributable					Total equity RM'000
	Share capital RM'000	Share premium RM'000	Currency translation reserve RM'000	Revaluation reserve RM'000	Available- for- sale financial assets RM'000	Cash flow hedge reserves RM'000	Capital reserves RM'000	Capital* reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests (NCI) RM'000	
At 1 January 2014	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,031,644	7,216,043	2,998,046	10,214,089
Prior year adjustments	-	-	-	-	-	-	-	-	(22,429)	(22,429)	(21,550)	(43,979)
As restated	304,506	2,039,770	(26,902)	1,219,271	83,338	176,150	9,163	379,103	3,009,215	7,193,614	2,976,496	10,170,110
Net profit for the financial year	-	-	-	-	-	-	-	-	492,932	492,932	311,370	804,302
Other comprehensive income/ (loss)	-	-	23,874	-	(13,584)	(100,703)	240	-	413	(89,760)	-	(89,760)
Total comprehensive income/(loss) for the financial year	-	-	23,874	-	(13,584)	(100,703)	240	-	493,345	403,172	311,370	714,542
Transfer to capital reserves	-	-	-	-	-	-	-	1,150	(1,150)	-	-	-
Interim dividend paid to NCI of subsidiaries in respect of financial year ended 31 December 2014	-	-	-	-	-	-	-	-	-	-	(180,217)	(180,217)
Final dividend in respect of financial year ended 31 December 2013	-	-	-	-	-	-	-	-	(91,352)	(91,352)	-	(91,352)
Non-cash distribution to non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(278,920)	(278,920)
At 31 December 2014	304,506	2,039,770	(3,028)	1,219,271	69,754	75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163

* - The distributable capital reserves represent mainly the net gain from disposals of investments.

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.15</u> RM'000 (Unaudited)	12 months ended <u>31.12.14</u> RM'000 (Audited)
Cash flows from operating activities		
Profit before zakat and taxation		
Continuing operation	1,699,434	290,125
Discontinued operation	260,116	595,484
	<u>1,959,550</u>	<u>885,609</u>
Adjustments for:		
Non-cash items	(806,098)	1,282,535
Interest expense	712,925	1,260,626
Interest income	(96,881)	(160,606)
Dividend income	(3,186)	(558)
Share of results in associates and joint ventures	(265,704)	(180,439)
	<u>1,500,606</u>	<u>3,087,167</u>
Operating profit before working capital changes		
Changes in working capital:		
Net change in non-current inventories	91,892	(36,112)
Net change in current assets	(568,182)	52,298
Net change in current liabilities	122,055	4,977
	<u>1,146,371</u>	<u>3,108,330</u>
Cash generated from operations		
Deferred income received	110,537	333,359
Tax paid	(153,139)	(266,918)
Zakat paid	(7,981)	(6,066)
Land lease received in advance	29,372	17,045
Retirement benefits paid	(1,169)	(16)
Staff loan repaid	-	(88)
	<u>1,123,991</u>	<u>3,185,646</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Net cash outflow from disposal of a subsidiary	(3,432,148)	-
Net cash outflow from acquisition of an associate	-	(238,554)
Net cash outflow from additional investment in associates	(319,014)	(36,755)
Net cash outflow from acquisition of subsidiaries	(706,007)	(153,541)
Net cash inflow from disposal of available-for-sale financial assets	-	7,420
Investment in joint venture	(5,850)	(374)
Purchase of property, plant and equipment	(818,115)	(2,434,066)
Proceeds from the sale of investment properties	-	1,343
Purchase of available-for-sale financial assets	(2,638)	-
Proceeds from sale of property, plant and equipment	4,202	5,424
Proceeds from sale of other non-current assets	-	3,108
Interest received	96,881	160,606
Dividend received from:		
- Associates	161,397	69,066
- Joint Ventures	50,000	46,500
- Others	3,186	558
Decrease in other investments	482,629	618,474
Capital repayment from an associate	142	2,871
	<u>(4,485,335)</u>	<u>(1,947,920)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Drawdown of term loans	1,954,633	4,202,205
Repayment of term loans	(964,221)	(2,577,399)
Purchase of additional shares in a subsidiary from non-controlling interests	(66,425)	-
Dividend paid	(106,578)	(91,352)
Dividend paid to non-controlling interests of subsidiaries	(65,500)	(180,217)
Interest paid	(712,925)	(1,260,626)
Redemption of preference shares in a subsidiary	(22,810)	(45,621)
	<u>16,174</u>	<u>46,990</u>
Net cash generated from financing activities		

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.15</u> RM'000 (Unaudited)	12 months ended <u>31.12.14</u> RM'000 (Audited)
Net change in cash and cash equivalents	(3,345,170)	1,284,714
Foreign exchange differences	88,762	23,874
Cash and cash equivalents at beginning of the financial year	<u>4,426,705</u>	<u>3,118,117</u>
Cash and cash equivalents at end of the financial year	<u>1,170,297</u>	<u>4,426,705</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	1,172,558	4,444,055
Bank overdrafts	<u>(2,261)</u>	<u>(17,350)</u>
	<u>1,170,297</u>	<u>4,426,705</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements is unaudited and has 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 2014.

The audited financial statements of the Group for the financial year ended 31 December 2014 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 2014.

The Group adopted the following Amendments to MFRSs effective for annual period beginning on or after 1 January 2015 as follows:

- Annual Improvements to MFRSs 2010-2012 Cycle (Amendments to MFRS 2 Share-based Payment, MFRS 3 Business Combinations, MFRS 8 Operating Segments, MFRS 13 Fair Value Measurement, MFRS 116 Property, Plant and Equipment, MFRS 124 Related Party Disclosures and MFRS 138 Intangible Assets)

- Annual Improvements to MFRSs 2011-2013 Cycle (Amendments to MFRS 1 First-time Adoption of Financial Reporting Standards, MFRS 3 Business Combinations, MFRS 13 Fair Value Measurement and MFRS 140 Investment Property)
- Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions

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

2. Discontinued operation

On 15 May 2015, Malakoff Corporation Berhad ("Malakoff") completed its initial public offering ("IPO") on the Main Market of Bursa Malaysia. Following completion of the IPO listing, the Group's effective interest in Malakoff reduced from 51% to 37.6%, and the latter in turn become an associate of the Group.

Malakoff's financial results for the 5 and half months of the current financial period up to the point of the completion of IPO listing were presented separately as a discontinued operation in the Condensed Consolidated Statement of Comprehensive Income and Note 9 of Segment Reporting.

Summary of profit contribution and other comprehensive loss from discontinued operation are presented as follows:

i.	Profit from discontinued operation	15.5.2015	31.12.2014
		RM mil	RM mil
	Revenue	2,043.9	5,594.5
	Cost of sales	(1,374.7)	(3,956.1)
	Gross profit	669.2	1,638.4
	Other operating income	76.9	289.0
	Administrative expenses	(109.4)	(216.3)
	Operating expenses	(63.5)	(246.0)
	Finance costs	(320.0)	(911.2)
	Share of results of associates/ joint ventures	6.9	41.7
	Profit before taxation	260.1	595.6
	Tax expense	(87.8)	(182.6)
	Profit for the financial period	172.3	413.0
ii.	Other comprehensive loss from discontinued operation	15.5.2015	31.12.2014
		RM mil	RM mil
	Fair value adjustment-cash flow hedge	(4.8)	(100.7)
iii.	Cash flow information	15.5.2015	31.12.2014
		RM mil	RM mil
	Net cash (used in)/generated from:		
	- operating activities	397.7	2,702.0
	- investing activities	57.1	(856.2)
	- financing activities	(370.4)	(646.7)
	Effect in cash flows	84.4	1,199.1

3. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2014 was not subject to any qualification.

4. Seasonal or cyclical factors

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

5. Unusual items

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

6. Changes in estimates

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

7. Debt and equity securities

There was no material issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 December 2015.

8. Dividend paid

In respect of the financial year ended 31 December 2014, a final single-tier dividend of 3.5 sen per ordinary share of RM0.10 each on 3,045,058,552 ordinary shares amounting to RM106,577,049 was paid on 6 July 2015.

9. Segment Reporting

The Group's segmental reporting for the current financial year ended 31 December 2015 is as follows:

	Continuing Operations						Discontinued Operation#	
	Ports & Logistics	Energy & Gas	Utilities Energy	Engineering & Construction	Investment Holding, Corporate & Others^	Total	Energy & Utilities Energy	Group Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue								
Total	1,924	-	-	1,033	139	3,096	2,044	5,140
Inter-segment	(17)	-	-	(69)	-	(86)	-	(86)
External	1,907	-	-	964	139	3,010	2,044	5,054
Results								
Profit / (loss)								
before zakat and taxation	490	37	1,459*	173	(459)	1,700	260	1,960
Finance costs	167	-	-	-	226	393	320	713
Depreciation and Amortisation	284	-	-	18	29	331	410	741
Earnings Before Interest, Tax, Depreciation and Amortisation	941	37	1,459	191	(204)	2,424	990	3,414

* Included gains arising from disposal of Malakoff shares and its fair value re-measurement in investment of RM388.7 million and RM955.4 million respectively, following completion of IPO listing as disclosed in Note 12(a) of the interim financial report ended 30 June 2015.

^ Water treatment subsidiaries of the Group which do not meet the quantitative thresholds required by MFRS 8 Operating Segments are included in the 'Investment Holding, Corporate & Others' segment.

Discontinued operation represents Malakoff's financial results as a subsidiary of the Group prior to the completion of IPO listing as disclosed in Note 2.

The Group's segmental reporting for the corresponding financial year ended 31 December 2014 is as follows:

	Continuing Operations						Discontinued Operation [#]	
	Ports & Logistics	Energy & Utilities		Engineering & Construction	Investment Holding, Corporate & Others [^]	Total	Energy & Utilities	Group Total
		Gas	Energy					
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
Revenue								
Total	1,659	-	-	1,288	421	3,368	5,594	8,962
Inter-segment	(13)	-	-	(184)	-	(197)	-	(197)
External	1,646	-	-	1,104	421	3,171	5,594	8,765
Results								
Profit / (loss)								
before zakat and taxation	254	52	-	311	(326)	291	595	886
Finance costs	136	-	-	-	214	350	911	1,261
Depreciation and Amortisation	249	-	-	7	35	291	1,031	1,322
Earnings Before Interest, Tax, Depreciation and Amortisation	639	52	-	318	(77)	932	2,537	3,469

[^] Water treatment subsidiaries of the Group which do not meet the quantitative thresholds required by MFRS 8 Operating Segments are included in the 'Investment Holding, Corporate & Others' segment.

[#] Discontinued operation represents Malakoff's financial results as a subsidiary of the Group prior to the completion of IPO listing as disclosed in Note 2.

10. Property, plant and equipment

There was no valuation of property, plant and equipment during the current quarter ended 31 December 2015 except for the amounts carried forward of certain Group's properties that had been revalued in the past. These revalued properties were carried forward without any subsequent revaluation as allowed under MFRS 116.

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

- a) On 28 January 2016, MMC acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid capital of MMC Land Sdn Bhd ("MMC Land"), for a total cash consideration of RM2.00. MMC Land operates principally as an investment holding company.
- b) On the same date, MMC through its newly wholly-owned subsidiary, MMC Land acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid up capital of Northern Technocity Sdn Bhd ("NTSB") for a total cash consideration of RM2.00. NTSB shall operate as a property development company.
- c) On 4 February 2016, MMC through its wholly-owned subsidiary, MMC Utilities Limited acquired 90 ordinary shares of USD1.00 each, representing 90% issued and paid up capital of MMC Overseas Pte. Ltd. ("MMC Overseas"), an investment holding company incorporated under the Labuan Companies Act 1990, for a total cash consideration of USD90.00. With the acquisition, MMC Overseas becomes a wholly-owned subsidiary of the Group.

12. Changes in composition of the Group

a) On 1 December 2015, MMC Port Holdings Sdn Bhd ("MMC Port") (formerly known as MMC Ventures Sdn Bhd), a wholly-owned subsidiary of MMC had completed acquisition of additional 251,195,573 ordinary shares of RM1.00, representing 53.42% issued and paid up capital of NCB Holdings Berhad ("NCB"), for a total cash consideration of RM1,105 million or RM4.40 per NCB share. As a result, MMC's effective interest in NCB increased from 30.13% to 83.55% for the current quarter ended 31 December 2015 and the latter became a subsidiary of the Group.

As at the reporting date, Management has yet to finalize the Purchase Price Allocation ("PPA") exercise in respect of the aforementioned acquisition. In accordance with MFRS 3 Business Combination, Management has 12 months from the date of the completion of the aforementioned acquisition to complete the PPA exercise.

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

	Fair value (upon acquisition) RM' 000
Property, plant and equipment	1,010,675
Intangible assets	543,685
Other non-current assets	7,567
Trade and other receivables	343,478
Cash and bank balances	399,254
Other current assets	35,032
Trade and other payables	(466,179)
Borrowings	(380,850)
Deferred income	(83,395)

Other liabilities	(60,355)
Fair value of net assets acquired	1,348,912
Value of existing interest in investment in associate	(479,869)
Fair value re-measurement gain on existing interest in associate	(143,476)
Non-controlling interests	(340,508)
Goodwill on acquisition	720,202
Net consideration	1,105,261
Less: Cash and cash equivalents of subsidiary acquired	(399,254)
Cash outflow of the Group on acquisition through business combinations	706,007

Upon completion of the aforementioned acquisition, MMC Port is obliged to extend a mandatory general offer to acquire all of the remaining NCB shares, not already owned by MMC Port, for a cash offer price of RM4.40 per NCB share ("Proposed MGO") in accordance with Section 218(2) of the Capital Markets and Services Act 2007 and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010. Under the proposed MGO, MMC Port acquired additional shares of 14,942,395 ordinary shares or 3.2% equity interest in NCB for a total cash consideration of RM65.7 million, resulting a further increase of MMC's effective interest in NCB to 86.72% for the current quarter ended 31 December 2015.

Please refer to note 22 for further details on the aforementioned acquisition and proposed MGO.

- b) On 1 December 2015, MMC entered into a Shareholders Agreement with Keretapi Tanah Melayu Berhad ("KTMB") to regulate their rights as shareholders of a joint venture company ("JVC"), KTMB MMC Cargo Sdn Bhd of which MMC holds 49% interest in the JVC.

The JVC has been formed to undertake business opportunities in rail freight transport and other related rail cargo sector. The initial authorised share capital of the JVC is RM400,000.00 divided into 400,000 ordinary shares or RM1.00 each and the initial issued and paid-up capital of the JVC is RM2.00 divided into two (2) ordinary shares of RM1.00 each. The eventual issued and paid-up capital of the JVC will be RM1,000,000.00.

c) On 10 December 2015, Johor Port Berhad ("JPB") a wholly-owned subsidiary of MMC subscribed 500,001 ordinary shares of RM1.00 each in Cranetech Global Sdn Bhd ("Cranetech"), representing approximately 50% equity interest in Cranetech, for a total cash consideration of RM500,001.00. Cranetech is currently a dormant company, with the intended business activity of providing maintenance services to all types of industrial cranes, hoists, machine tools and port equipment.

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 31 December 2015.

13. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2014 except for the following bank guarantees issued to third parties:

	31.12.15	31.12.14
	RM mil	RM mil
Subsidiaries	68.4	465.0

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

14. Provision of financial assistance

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

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

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

15. Capital commitments

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

	31.12.15	31.12.14
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	212.1	1,494.0
Authorised but not contracted for	3.3	463.4
	<u>215.4</u>	<u>1,957.4</u>

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

Performance of the Group under review includes Malakoff's financial results currently presented as discontinued operation, disclosed in notes 2 and 9.

For the financial year ended 31 December 2015, the Group recorded a decrease of 42.3% in revenue to RM5,054.3 million from RM8,765.5 million reported in the preceding financial year. The decrease was mainly due to deconsolidation of Malakoff's results upon completion of its IPO listing on 15 May 2015, absence of substantial sale of land in respect of the overall development of Senai Airport City, lower work progress recorded from Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (SBK) and completion of Electrified Double Track project in November 2014.

Conversely, the Group's Profit before zakat and taxation increased significantly to RM1,959.5 million compared with RM885.6 million reported in the preceding financial year, mainly attributed to exceptional gains arising from Malakoff's May 2015 IPO listing of RM1,344.1 million and fair value re-measurement in NCB's investment of RM143.5 million following completion of additional acquisition.

Energy & Utilities

The segment recorded a decrease of 63.5% in revenue to RM2,043.9 million from RM5,594.5 million reported in the preceding financial year, primarily due to deconsolidation of Malakoff's results upon completion of its IPO listing on 15 May 2015.

Conversely, the segment recorded a significant increase in Profit before zakat and taxation of RM1,755.8 million compared with RM647.3 million reported in the preceding financial year, primarily due to the exceptional gain of RM1,344.1 million being gain on sale of Malakoff shares and fair value re-measurement in investment of RM388.7 million and RM955.4 million, respectively following completion of Malakoff's IPO listing.

Ports & Logistics

The segment recorded revenue of RM1,907.2 million, an increase of 15.9% as compared with RM1,646.2 million reported in the preceding financial year, mainly driven by the increased in throughput handled at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") contributed by the continuous and positive progress from 2M alliance and effects from consolidation of NCB's revenue.

The segment recorded Profit before zakat and taxation of RM488.9 million, an increase of 92.3% as compared with RM254.2 million reported in the preceding financial year, mainly attributed to gain on fair value re-measurement of RM143.5 million arising from additional acquisition of equity interest in NCB, increase in throughput handled at PTP coupled with lower operating costs given PTP's continued cost efficiency and productivity programs.

Engineering & Construction

The segment recorded a decrease of 12.7% in revenue to RM963.5 million from RM1,103.6 million reported in the preceding financial year, mainly due to lower work progress recorded from KVMRT-SBK line project largely upon completion of tunnelling drive works in April 2015 and completion of Electrified Double Track Project in November 2014.

Correspondingly, the segment recorded lower Profit before zakat and taxation of RM173.4 million compared with RM310.6 million reported in the preceding financial year, mainly attributed to lower contribution from KVMRT-SBK project following completion of tunnelling drive works as scheduled, completion of Double Track Project in November 2014 and additional provision for litigation costs in relation to the ongoing arbitration proceedings between Wayss & Freytag (Malaysia) Sdn Bhd and MMC Engineering Group Berhad-Gamuda Berhad Joint Venture concerning Stormwater Management & Road Tunnel ("SMART") project.

Investment Holding, Corporate & Others

The segment recorded a decrease of 66.8% in revenue to RM139.8 million from RM421.2 million reported in the preceding financial year, mainly due to the absence of substantial sale of land recognized in 2014 as part of the overall development of Senai Airport City.

The segment recorded Loss before zakat and taxation of RM458.6 million compared with RM326.5 million reported in the preceding financial year, mainly attributed to provision for impairment on claims recovery of a discontinued project in Middle East, higher finance costs and other operating expenses.

17. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation of RM178.3 million in the current quarter compared with RM91.2 million in the immediate preceding quarter, mainly attributed to gain on fair value re-measurement of RM143.5 million arising from additional acquisition of equity interest in NCB, however, partially offset by the effect from discounted receivables and provision for arbitration costs concerning Meena project in Zelan Bhd as well as additional provision for litigation costs in relation to SMART project.

18. Current prospects

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

Ports & Logistics division is expected to grow its revenue on the back of growing volumes at Port of Tanjung Pelepas and Johor Port as well as additional contribution from NCB Holdings' financial results which will be consolidated arising from the completion of the acquisition. NCB Holdings expands MMC's presence in the port business from south to west of Peninsular Malaysia. In addition, MMC will capture operational and cost synergies, which would further enhance the financial performance of its ports and logistics business division.

The contribution of Energy & Utility division to the Group's revenue and earnings will be reduced as a result of full year impact of the deconsolidation of Malakoff. However, the Energy & Utility division is expected to perform better supported by improved performance at Malakoff with the expected completion of an additional 1,000MW in Tanjung Bin Energy power plant in March 2016 as well as higher gas volume sales at Gas Malaysia.

Substantial existing order-book provides earnings visibility for the Engineering & Construction division anchored by the KVMRT-SBK Line Project which is progressing well and is on track to be completed by July 2017. Furthermore, the Group has secured several major projects namely Langat 2 Water Treatment Plant, Langat Centralized Sewerage Treatment Project, infrastructure works for the RAPID Pengerang Co-generation plant and the appointment as Project Delivery Partner for the implementation of the Klang Valley Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line ("MRT Line 2") Project.

19. Profit before zakat and taxation

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

	3 months ended 31.12.15	3 months ended 31.12.14	Cumulative 12 months ended 31.12.15	Cumulative 12 months ended 31.12.14
	RM mil	RM mil	RM mil	RM mil
Interest income	(6.2)	(60.1)	(96.9)	(160.6)
Gain on disposal of a subsidiary (including gain on fair value re-measurement of RM955,376,000)	-	-	(1,344.1)	-
Gain on fair value re-measurement arising from acquisition of a subsidiary	(143.5)	-	(143.5)	-
Depreciation	83.4	222.4	552.4	846.3
Amortisation	1.0	124.0	188.2	476.2
(Write-back)/impairment of receivables	(0.3)	14.7	53.9	50.4
Net unrealised foreign exchange (gain)/loss	5.1	(9.1)	(1.2)	(9.0)
(Gain)/loss on - property, plant and equipment	(8.1)	2.8	(1.1)	1.5
- non-current assets	0.5	(28.3)	0.5	(1.8)
Provision for litigation costs	24.2	-	48.4	-

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 31.12.15	3 months ended 31.12.14	Cumulative 12 months ended 31.12.15	Cumulative 12 months ended 31.12.14
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	-	(92)	(124)	(287)
- prior year	3	32	(5)	33
Deferred tax expense				
- current	1	10	(29)	204
- prior year	(1)	1	(1)	(25)
	<u>(3)</u>	<u>(49)</u>	<u>(159)</u>	<u>(75)</u>

The Group's effective tax rate for the year ended 31 December 2015 excluding item relating to investment was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes offset by recognition of deferred tax income from investment tax allowance from port business.

22. Status of corporate proposals announced

Saved as disclosed below, there were no other corporate proposals announced but not completed up to the date of this announcement.

On 19 October 2015, RHB Investment Bank Berhad ("RHB IB"), on behalf of MMC, announced that MMC and MMC Port had entered into a conditional sale of shares agreement with Permodalan Nasional Berhad and AmanahRaya Trustees Berhad, as trustee for Amanah Saham Bumiputera, Amanah Saham Wawasan 2020 and Amanah Saham Didik whereby MMC Port agrees to acquire a total of 251,195,573 ordinary shares of RM1.00 each in NCB Holdings Bhd ("NCB") ("NCB Shares"), representing approximately 53.42% equity interest in NCB, for a total cash consideration of RM1,105,260,521.20 or RM4.40 per NCB Share ("Purchase Consideration") ("Acquisition").

On 1 December 2015, RHB IB, on behalf of MMC, announced that the Acquisition had been completed on even date and MMC Port's shareholding in NCB had increased from approximately 30.13% to approximately 83.55% of the issued and paid-up share capital of NCB. Pursuant to Section 218(2) of the Capital Markets and Services Act, 2007 ("CMSA") and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010, MMC Port is obliged to extend a mandatory general offer to acquire all the remaining NCB Shares which are not already owned by MMC Port upon completion of the Acquisition ("Offer").

Accordingly, on 16 December 2015, RHB IB, on behalf of MMC, announced that the offer document in relation to the Offer dated 16 December 2015 ("Offer Document") together with the Form of Acceptance and Transfer had been despatched to the shareholders of NCB.

On 4 January 2016, RHB IB, on behalf of MMC, announced that the closing date and time for acceptance of the Offer had been extended from 5.00 p.m. on Wednesday, 6 January 2016 to 5.00 p.m. on Wednesday, 20 January 2016.

On 20 January 2016, RHB IB, on behalf of MMC, announced that the Offer had closed at 5.00 p.m. on Wednesday, 20 January 2016 and based on the valid acceptances, MMC Port held 455,214,825 NCB Shares, representing approximately 96.81% of the issued and paid-up share capital of NCB.

On 22 January 2016, RHB IB, on behalf of MMC, announced that MMC Port had on even date, despatched the notice to the shareholders of NCB, who have not accepted the Offer ("NCB Shareholders"), in accordance with Subsection 223(2) of the CMSA ("Notice"). Arising from the Notice, the NCB Shareholders may exercise their rights to require MMC Port to acquire their NCB Shares on the terms as set out in the Offer Document, or such other terms as may be

agreed or as the High Court deems fit, on an application made to it by the NCB Shareholders or MMC Port.

NCB Shares had been suspended from trading with effect from 9.00 a.m. on 29 January 2016, pursuant to Paragraph 16.02(3) of Bursa Securities Listing Requirements and thereafter NCB Shares had been removed from the Official List of Bursa Securities with effect from 9.00 a.m. on 17 February 2016, pursuant to Paragraph 16.07(a) of Bursa Securities Listing Requirements.

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

23. Available for sale financial assets

Fair value of financial instruments

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

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

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

	<u>31.12.15</u>	<u>31.12.14</u>
	RM mil	RM mil
At 1 January	84.5	95.5
Addition	2.6	-
Net losses transferred to equity	(13.5)	(3.7)
Disposals	-	(7.3)
At 31.12.15/31.12.14	<u>73.6</u>	<u>84.5</u>
Less: Non-current portion	(3.1)	(3.6)
Current portion	<u>70.5</u>	<u>80.9</u>

24. Borrowings

	<u>31.12.15</u>	<u>31.12.14</u>
	RM mil	RM mil
Current		
- secured	631	1,223
- unsecured	725	447
	<u>1,356</u>	<u>1,670</u>
Non-current		
- secured	5,638	20,639
- unsecured	1,749	3,343
	<u>7,387</u>	<u>23,982</u>
Total borrowings	<u>8,743</u>	<u>25,652</u>

The currency exposure profile of borrowings for the Group are as follows:

Functional currency (RM)	<u>31.12.15</u>	<u>31.12.14</u>
	RM mil	RM mil
USD	-	296
AUD	-	454

25. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2015 is analysed as follows:

	As at 31.12.15 RM mil	As at 31.12.14 RM mil
Total retained earnings of the Company and its subsidiaries:		
- Realised	5,843.5	2,944.1
- Unrealised	173.2	373.5
	<u>6,016.7</u>	<u>3,317.6</u>
Total retained earnings from associated companies:		
- Realised	246.8	203.7
- Unrealised	(28.4)	(28.4)
	<u>218.4</u>	<u>175.3</u>
Total retained earnings from joint ventures:		
- Realised	26.9	23.3
- Unrealised	(25.0)	(24.9)
	<u>1.9</u>	<u>(1.6)</u>
Total retained earnings before consolidation adjustments	6,237.0	3,491.3
Less: Consolidation adjustments	(100.0)	(81.2)
Total retained earnings as per interim	<u><u>6,137.0</u></u>	<u><u>3,410.1</u></u>

26. Changes in material litigation

a) The MMC Engineering Group Berhad - Gamuda Berhad Joint Venture's ("the JV") appeal to the Court of Appeal against the decision of the High Court in:

- i) dismissing the JV's application to set aside the Award on the basis of among others being in conflict with the public policy in Malaysia ("the section 37 Application");
- ii) dismissing the JV's application to set aside the Award on determination of questions of law arising out of the

arbitral award of 16 April 2013 ("the section 42 Application"); and

iii) allowing Wayss & Freytag's application to enforce the Arbitral Award pursuant to S. 38 of the Arbitration Act;

are fixed for hearing on 23 and 26 May 2016.

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.

27. Dividend Payable

A decision on the declaration of the final dividend for the financial year ended 31 December 2015 has yet to be made.

28. Earnings per ordinary share

Basic/diluted Earnings Per Ordinary Share

	3 months ended <u>31.12.15</u>	3 months ended <u>31.12.14</u>	Cumulative 12 months ended <u>31.12.15</u>	Cumulative 12 months ended <u>31.12.14</u>
Profit for the financial year attributable to owners of the Parent (RM mil)	150	199	1,643	493
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)	4.92	6.54	53.96	16.19
Diluted earnings per ordinary share (sen)	4.92	6.54	53.96	16.19

29. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 23 February 2016.

By Order of the Board

Ahmad Aznan Mohd Nawawi (L.S. No.0009371)

Sazlin Ayesha Abdul Samat (L.S. No.0008112)

Secretaries

Kuala Lumpur

23 February 2016