

**Condensed Consolidated Statement of Comprehensive Income**  
**Quarterly report on unaudited consolidated results**  
**for the period ended 30 June 2019**

	3 months ended <u>30.06.19</u> RM'000 (Unaudited)	3 months ended <u>30.06.18</u> RM'000 (Unaudited)	Cumulative 6 months ended <u>30.06.19</u> RM'000 (Unaudited)	Cumulative 6 months ended <u>30.06.18</u> RM'000 (Unaudited)
Revenue	1,230,152	1,200,819	2,373,386	2,480,502
Cost of sales	(752,540)	(812,083)	(1,458,183)	(1,718,363)
<b>Gross profit</b>	<u>477,612</u>	<u>388,736</u>	<u>915,203</u>	<u>762,139</u>
Other operating income				
- items relating to investments	-	-	-	15,233
- others	56,851	31,546	92,153	61,454
Administrative expenses	(212,322)	(174,925)	(408,779)	(343,558)
Other operating expenses	(80,890)	(120,707)	(161,458)	(227,026)
Finance costs	(176,325)	(130,036)	(347,223)	(259,230)
Share of results of:				
- associates	34,352	19,221	69,344	53,949
- joint ventures	32,651	26,263	61,176	41,384
<b>Profit before zakat and taxation</b>	<u>131,929</u>	<u>40,098</u>	<u>220,416</u>	<u>104,345</u>
Tax expense	(50,279)	(10,692)	(73,860)	(19,397)
<b>Profit for the financial period</b>	<u>81,650</u>	<u>29,406</u>	<u>146,556</u>	<u>84,948</u>
<b>Other comprehensive (loss)/income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Movement in associates' capital reserves	(26,757)	(63,848)	(45,916)	(19,502)
Fair value adjustment-cash flow hedge	97	11,252	(345)	2,596
Currency translation differences	3,949	13,357	(1,563)	(884)
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Net changes in investments securities at Fair Value Through Other Comprehensive Loss ("FVTOCI")	(4,234)	(6,204)	16,063	(6,305)
<b>Other comprehensive loss for the financial period</b>	<u>(26,945)</u>	<u>(45,443)</u>	<u>(31,761)</u>	<u>(24,095)</u>
<b>Total comprehensive income/(loss) for the financial period</b>	<u>54,705</u>	<u>(16,037)</u>	<u>114,795</u>	<u>60,853</u>
<b>Profit attributable to:</b>				
Owners of the Parent	67,225	20,075	120,740	61,421
Non-controlling interests	14,425	9,331	25,816	23,527
	<u>81,650</u>	<u>29,406</u>	<u>146,556</u>	<u>84,948</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Parent	40,280	(25,368)	88,979	37,326
Non-controlling interests	14,425	9,331	25,816	23,527
	<u>54,705</u>	<u>(16,037)</u>	<u>114,795</u>	<u>60,853</u>
<b>Earnings per share attributable to owners of the Parent</b>				
- Basic (sen)	2.2	0.7	4.0	2.0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

**Condensed Consolidated Statement of Financial Position**

	<b>As at 30.06.19 RM' 000 (Unaudited)</b>	<b>As at 31.12.18 RM' 000 (Audited)</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	9,574,038	9,481,872
Investment properties	1,326,815	1,304,357
Rights-of-use assets	1,597,650	-
Interests in associates	4,368,099	4,440,459
Investments in joint arrangements	266,040	300,864
Investment securities	4,516	3,375
Inventories	1,906,546	1,885,008
Trade and other receivables	140,103	130,504
Intangible assets	2,333,653	2,351,125
Deferred tax assets	797,161	738,313
	<u>22,314,621</u>	<u>20,635,877</u>
<b>Current Assets</b>		
Inventories	103,437	104,673
Trade and other receivables	2,100,742	2,224,992
Contract assets	412,002	411,094
Derivative financial instruments	387	-
Tax recoverable	91,116	127,437
Investments securities	23,211	8,289
Deposits, bank and cash balances	1,791,223	1,616,688
	<u>4,522,118</u>	<u>4,493,173</u>
Assets held for sale	19,001	175,897
	<u>19,001</u>	<u>175,897</u>
<b>Total Assets</b>	<u>26,855,740</u>	<u>25,304,947</u>
<b>Equity and Liabilities</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	2,344,276	2,344,276
Reserves	6,674,259	7,215,374
	<u>9,018,535</u>	<u>9,559,650</u>
Non-controlling interests	753,971	733,217
<b>Total equity</b>	<u>9,772,506</u>	<u>10,292,867</u>
<b>Non-Current Liabilities</b>		
Redeemable preference shares	16,674	16,674
Borrowings	8,351,659	8,146,154
Land lease received in advance	247,805	249,496
Provision for retirement benefits	128,698	125,805
Deferred income	192,812	204,374
Deferred tax liabilities	543,062	603,215
Trade and other payables	441,294	383,472
Finance lease liabilities	2,136,765	-
	<u>12,058,769</u>	<u>9,729,190</u>
<b>Current Liabilities</b>		
Borrowings	2,140,922	2,537,170
Trade and other payables	1,655,855	1,882,525
Contract liabilities	1,068,675	828,598
Finance lease liabilities	128,160	-
Tax payables	4,102	4,559
Deferred income	26,518	29,679
Derivative financial instruments	233	359
	<u>5,024,465</u>	<u>5,282,890</u>
<b>Total Liabilities</b>	<u>17,083,234</u>	<u>15,012,080</u>
<b>Total equity and liabilities</b>	<u>26,855,740</u>	<u>25,304,947</u>
Net assets per share attributable to owners of the Parent (sen)	296	314

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

## Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2019

	Attributable to owners of the parent								
	Non-distributable					Distributable			
	Share capital RM'000	Currency translation reserve RM'000	Revaluation reserve* RM'000	Other reserves RM'000	Cash flow hedge reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests (NCI) RM'000	Total equity RM'000
<b>At 1 January 2019</b>	2,344,276	71,072	28,120	(21,512)	19,684	6,609,718	9,051,358	733,217	9,784,575
As previously stated	2,344,276	71,072	28,120	(21,512)	19,684	7,118,010	9,559,650	733,217	10,292,867
Effects of adoption of MFRS 16	-	-	-	-	-	(508,292)	(508,292)	-	(508,292)
Net profit for the financial period	-	-	-	-	-	120,740	120,740	25,816	146,556
Other comprehensive (loss)/income	-	(3,620)	-	16,063	(44,204)	-	(31,761)	-	(31,761)
<b>Total comprehensive (loss)/ income for the financial period</b>	-	(3,620)	-	16,063	(44,204)	120,740	88,979	25,816	114,795
Acquisition of NCI	-	-	-	-	-	-	-	(234)	(234)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,828)	(4,828)
Final dividend in respect of financial year ended 31 December 2018	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
<b>At 30 June 2019</b>	2,344,276	67,452	28,120	(5,449)	(24,520)	6,608,656	9,018,535	753,971	9,772,506

\* - The revaluation reserves relates to business combination of a subsidiary prior to the adoption of MFRS.

## Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2018

	Attributable to owners of the parent								Total equity RM'000
	Non-distributable					Distributable		Non-controlling interests (NCI) RM'000	
	Share capital RM'000	Currency translation reserve RM'000	Revaluation reserve* RM'000	Other reserves RM'000	Cash flow hedge reserves RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 January 2018 (as restated)</b>	2,344,276	63,580	28,120	3,066	30,361	7,020,817	9,490,220	717,797	10,208,017
As previously stated	2,344,276	63,580	28,120	3,066	4,588	7,071,281	9,514,911	717,797	10,232,708
Prior year adjustments	-	-	-	-	25,773	(50,464)	(24,691)	-	(24,691)
Net profit for the financial period	-	-	-	-	-	61,421	61,421	23,527	84,948
Other comprehensive loss	-	(1,221)	-	(6,305)	(16,569)	-	(24,095)	-	(24,095)
<b>Total comprehensive (loss)/ income for the financial period</b>	-	(1,221)	-	(6,305)	(16,569)	61,421	37,326	23,527	60,853
Acquisition of NCI	-	-	-	-	-	-	-	(197)	(197)
<b>At 30 June 2018</b>	<b>2,344,276</b>	<b>62,359</b>	<b>28,120</b>	<b>(3,239)</b>	<b>13,792</b>	<b>7,082,238</b>	<b>9,527,546</b>	<b>741,127</b>	<b>10,268,673</b>

\* - The revaluation reserves relates to business combination of a subsidiary prior to the 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 2017.

**Condensed Consolidated Statement of Cash Flows**

	<b>6 months ended <u>30.06.19</u> RM'000 (Unaudited)</b>	<b>6 months ended <u>30.06.18</u> RM'000 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before zakat and taxation	220,416	104,345
Adjustments for:		
Non-cash items	305,009	229,759
Interest expense	347,223	259,230
Interest income	(27,033)	(9,987)
Share of results in associates and joint ventures	(130,520)	(95,333)
Operating profit before working capital changes	715,095	488,014
Changes in working capital:		
Net change in inventories	(32,385)	(28,125)
Net change in other current assets	159,658	(315,550)
Net change in current liabilities	41,876	141,785
Cash generated from operations	884,244	286,124
Designated account and pledged deposits	769	1,716
Net tax paid	(21,214)	(50,164)
Land lease received in advance	2,115	15,103
<b>Net cash generated from operating activities</b>	<b>865,914</b>	<b>252,779</b>
<b>Cash flows from investing activities</b>		
Net cash outflow from acquisition of a subsidiary	-	(23,452)
Purchase of additional shares in a subsidiary from non-controlling interests	(234)	(197)
Purchase of property, plant and equipment	(217,041)	(495,284)
Purchase of intangible assets	-	(43)
Purchase of investment properties	(26,120)	(20,042)
Proceeds from sale of an asset held for sale	25,503	-
Interest received	27,033	9,987
Dividend received from		
- Associates	83,639	105,271
- Joint Ventures	96,000	14,000
<b>Net cash used in investing activities</b>	<b>(11,220)</b>	<b>(409,760)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(873,800)	(1,437,699)
Drawdown of loans	669,825	1,678,710
Dividend paid	(121,802)	-
Dividend paid to non-controlling interests of subsidiaries	(4,828)	-
Interest paid	(347,223)	(259,230)
<b>Net cash used in financing activities</b>	<b>(677,828)</b>	<b>(18,219)</b>
Net change in cash and cash equivalents	176,866	(175,200)
Effects of changes in exchange rate	(1,563)	(884)
Cash and cash equivalents at beginning of financial period	1,593,873	980,049
<b>Cash and cash equivalents at end of financial period</b>	<b>1,769,176</b>	<b>803,965</b>
<b>Cash and cash equivalents comprise:</b>		
Deposits and bank balances	1,791,223	827,776
Designated accounts	(21,498)	(23,211)
Pledge deposits	(549)	(549)
Bank overdrafts	-	(51)
	<b>1,769,176</b>	<b>803,965</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018.

## 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 2018.

The audited financial statements of the Group for the financial year ended 31 December 2018 were prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2018.

Effective from 1 January 2019, the Group adopted the following:

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 3 Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation
- Amendments to MFRS 11 Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112 Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)

- Amendments to MFRS 123 Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures

The adoption of the above did not have any material impact on the financial statements of the Group in the period of application, except for MFRS 16 Leases as disclosed in Note 2.

Malaysian Accounting Standards Board had issued the following amendments to the standards which are effective for the following financial periods:

- (i) Financial period beginning on or after 1 January 2020:
  - Amendments to MFRS 3 Definition of a Business
  - The Conceptual Framework for Financial Reporting (Revised 2018)
  - Amendments to MFRS 101 and MFRS 108 Definition of Material
- (ii) 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 abovementioned amendments to the standards and is currently assessing their impact.

## 2. Impact of adoption of MFRS 16 Leases

MFRS 16 "Leases" (effective 1 January 2019) supersedes MFRS 117 "Leases" ("MFRS 117") and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group has assessed the estimated financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparative. The cumulative adjustments resulting from the initial application of MFRS 16 are as disclosed below:

### Impact of adoption of MFRS 16 to opening balance at 1 January 2019

	RM' 000
Increase in rights-of-use assets	1,643,285
Increase in deferred tax assets	135,783
Decrease in retained earnings	508,292
Increase in finance lease liabilities	(2,287,360)



**3. Audit qualification**

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2018 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 financial estimates**

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

**7. Equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of equity securities during the current quarter ended 30 June 2019.

**8. Dividend paid**

In respect of the financial year ended 31 December 2018, 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 26 June 2019.

**9. Segment Reporting**

a) Current Quarter Ended 30 June 2019 (3 months)

	Ports & Logistics	Energy & Utilities Gas	Utilities Energy	Engineering	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<b><u>QTD 30.06.2019</u></b>						
<u>Revenue</u>						
Total	805	-	-	489	26	1,320
Inter-segment	(3)	-	-	(87)	-	(90)
External	802	-	-	402	26	1,230
<u>Results</u>						
Profit/(loss) before zakat and taxation	119	15	14	68	(84)	132
Finance costs	99	-	-	-	77	176
Depreciation and Amortisation	146	-	-	-	12	158
EBITDA*	364	15	14	68	5	466
<b><u>QTD 30.06.2018</u></b>						
<u>Revenue</u>						
Total	744	-	-	496	22	1,262
Inter-segment	(4)	-	-	(57)	-	(61)
External	740	-	-	439	22	1,201
<u>Results</u>						
Profit/(loss) before zakat and taxation	70	15	11	78	(134)	40
Finance costs	53	-	-	1	76	130
Depreciation and Amortisation	122	-	-	3	9	134
EBITDA*	245	15	11	82	(49)	304

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

## b) Current Financial Period Ended 30 June 2019 (6 months)

	Ports & Logistics		Energy & Utilities		Engineering	Investment Holding, Corporate & Others	Total
	RM mil	Gas	Energy	RM mil	RM mil	RM mil	RM mil
		RM mil	RM mil				
<b><u>FPE 30.06.2019</u></b>							
<u>Revenue</u>							
Total	1,588	-	-	-	853	51	2,492
Inter-segment	(6)	-	-	-	(113)	-	(119)
External	1,582	-	-	-	740	51	2,373
<u>Results</u>							
Profit/(loss) before zakat and taxation	222	28	32	-	119	(181)	220
Finance costs	196	-	-	-	-	151	347
Depreciation and Amortisation	276	-	-	-	15	30	321
EBITDA*	694	28	32	-	134	-	888
<b><u>FPE 30.06.2018</u></b>							
<u>Revenue</u>							
Total	1,401	-	-	-	1,151	43	2,595
Inter-segment	(6)	-	-	-	(108)	-	(114)
External	1,395	-	-	-	1,043	43	2,481
<u>Results</u>							
Profit/(loss) before zakat and taxation	137	32	32	-	152	(249)	104
Finance costs	95	-	-	-	1	163	259
Depreciation and Amortisation	223	-	-	-	4	23	250
EBITDA*	455	32	32	-	157	(63)	613

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

**10. Property, plant and equipment**

There was no revaluation of property, plant and equipment during the current quarter ended 30 June 2019.

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

On 21 June 2019, Projek SMART Holdings Sdn Bhd ("Projek SMART"), a 50% joint venture of MMC Corporation Bhd ("MMC") received an offer from the Minister of Finance (Incorporated) ("MOF Inc.") to acquire all the securities of Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd ("SMART") held by Projek SMART, for a cash consideration of RM184.5 million (at MMC's 50% shareholding), less its share of any outstanding indebtedness as at completion date ("Proposed Disposal"). Subsequently, on 5 July 2019, Boards of Directors of MMC and Projek SMART had agreed to accept the Offer by the MOF Inc. in relation to the Proposed Disposal. The acceptance of the Offer is subject to the finalisation of the terms and conditions of the definitive agreement to be executed.

**12. Changes in composition of the Group**

a) On 2 April 2019, MMC Overseas Pte. Ltd. ("MMCO"), a wholly-owned subsidiary of MMC Utilities Limited, which in turn is an indirect wholly-owned subsidiary of MMC Corporation Bhd ("MMC"), had passed a special resolution to wind-up MMCO via members' voluntary winding-up pursuant to Section 131 of the Labuan Companies Act, 1990 ("Liquidation"). The liquidation does not have any material effect on the earnings, net assets and gearing of MMC Group for the financial year ending 31 December 2019.

b) On 19 April 2019, MMC had received notification that Anglo-Oriental do Brasil Ltd, an indirect wholly-owned dormant subsidiary of MMC, had been automatically liquidated and

removed from the Registry of Companies in Brazil. The liquidation does not have any material effect on the earnings, net assets and gearing of MMC Group for the financial year ending 31 December 2019.

### 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 2018 except for the following bank guarantees issued to third parties:

	30.06.19	31.12.18
	RM mil	RM mil
Subsidiaries	224.1	224.5

Bank guarantees issued to third parties are mainly in relation to performance bonds and payment guarantees 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 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 obligations required under the Projects.

## 15. Capital commitments

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

	30.06.19	31.12.18
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	647.5	484.0
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## **Additional information required by the Bursa Securities Listing Requirements**

### **16. Review of performance**

#### **i. Current quarter compared with the corresponding quarter of the preceding financial period (three-months)**

For the quarter ended 30 June 2019, the Group recorded RM1,230.2 million in revenue, a 2.4% increase from RM1,200.8 million reported in the corresponding quarter ended 30 June 2018, due to higher volume handled at Pelabuhan Tanjung Pelepas ("PTP") and effect from consolidation of Penang Port Sdn Bhd's ("PPSB") revenue. However, these were offset with lower progress from Langat Sewerage project.

The Group's Profit before zakat and taxation increased to RM131.9 million compared with RM40.1 million reported in the corresponding quarter ended 30 June 2018, mainly due to the following:

- i. Higher contribution from PTP as explained above;
- ii. Lower operating cost at Johor Port Berhad ("JPB") and Northport Malaysia Berhad ("NMB"); and
- iii. Gain on disposal of an asset held for sale and lower administrative cost across the Group.

These were offset by higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".

#### **ii. Current period compared with the corresponding period of the preceding financial year (six-months)**

For the financial period ended 30 June 2019, the Group recorded RM2,373.4 million in revenue, a 4.3% decrease from RM2,480.5 million reported in the corresponding period of the preceding financial year due to lower contribution from

KVMRT SSP Line following revision of contract in November 2018 as well as lower progress from Langat Sewerage project. These were moderated by consolidation of Penang Port Sdn Bhd's ("PPSB") revenue and higher volume handled at Pelabuhan Tanjung Pelepas ("PTP").

The Group's Profit before zakat and taxation increased to RM220.4 million compared with RM104.3 million reported in the corresponding period of the preceding financial year, mainly due to higher contributions from port entities, gain on disposal of an asset held for sale and lower administrative costs. These were offset by lower contribution from KVMRT SSP Line and Langat Sewerage project as well as higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".

#### Ports & Logistics

The segment recorded revenue of RM1,582.0 million, an increase of 13.4% compared with RM1,394.5 million reported in the corresponding period of the preceding financial year, mainly due to effect from full consolidation of PPSB's revenue and higher volume handled at PTP.

The segment recorded higher Profit before zakat and taxation by RM85.8 million to RM222.4 million compared with RM136.6 million reported in the corresponding period of the preceding financial year due to higher volume handled at PTP, lower operating cost at JPB and NMB, higher share of results from Red Sea Gateway Terminal as well as full consolidation of PPSB's result. These were offset by higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".



### Engineering

The segment recorded revenue of RM740.4 million, a decrease of 29.0% compared with RM1,043.3 million reported in the corresponding period of the preceding financial year mainly due to lower contribution from KVMRT SSP Line following revision of contract in November 2018 as well as lower progress from Langat Sewerage project.

The segment recorded decrease of 21.8% in Profit before zakat and taxation to RM119.0 million from RM152.2 million reported in the corresponding period of the preceding financial year due to lower contribution from KVMRT SSP Line and Langat Sewerage project.

### Investment Holding, Corporate & Others

The segment recorded revenue of RM50.9 million, an increase of 17.8% compared with RM43.2 million reported in the corresponding period of the preceding financial year due to higher passenger volume at Senai Airport.

The segment recorded lower Loss before zakat and taxation by RM67.7 million to RM181.2 million compared with RM248.9 million reported in the corresponding period of the preceding financial year mainly due to gain on disposal of an asset held for sale, lower finance costs incurred and lower administrative cost.

## **17. Variation of results against immediate preceding quarter**

The Group recorded higher Profit before zakat and taxation of RM131.9 million in the current quarter compared with RM88.5 million in the immediate preceding quarter due to higher volume handled at PTP, higher contribution from KVMRT SSP Line and gain on disposal of an asset held for sale.

**18. Current prospects**

Continuous investments into the ports' infrastructure, capacities and capabilities along with execution of operational plans are expected to deliver positive results. Operational and cost synergies driven by MMC would further improve the performance of its Ports & Logistics division.

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

Substantial existing order-book provides earnings visibility for the Engineering division anchored by the KVMRT-SSP Line. Furthermore, the earnings contribution from the Engineering division will be sustained by on-going projects including Langat 2 Water Treatment Plant and Langat Centralized Sewerage Treatment Project.

Overall, the Group expects to strengthen our capabilities with a focus on operating performance and efficiency, whilst exploring new opportunities.

**19. Profit before zakat and taxation**

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

	3 months ended	3 months ended	Cumulative 6 months ended	Cumulative 6 months ended
	<u>30.06.19</u>	<u>30.06.18</u>	<u>30.06.19</u>	<u>30.06.18</u>
	RM mil	RM mil	RM mil	RM mil
Interest income	(13.2)	(2.7)	(27.0)	(10.0)
Depreciation	155.5	130.8	314.9	240.2
Amortisation	2.7	3.1	6.0	9.3
Gain on disposal of an asset held for sale	(16.4)	-	(16.4)	-
Remeasurement gain of interest in an associate	-	-	-	(15.2)

**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 30.06.19	3 months ended 30.06.18	Cumulative 6 months ended 30.06.19	Cumulative 6 months ended 30.06.18
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(15)	(1)	(36)	5
- prior years	-	-	4	(2)
Deferred tax expense				
- current	(35)	(10)	(42)	(22)
	<u>(50)</u>	<u>(11)</u>	<u>(74)</u>	<u>(19)</u>

The Group's effective tax rate for the period ended 30 June 2019 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

**22. Status of corporate proposals announced**

There is no corporate proposal announced and/or pending completion as at the date of this announcement.

**23. Investment securities**

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, derived from prices); and

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, observable inputs).

Investment securities comprise of quoted shares and are measured at fair value through other comprehensive income. A reconciliation from opening balances to fair value measurement on level 1 of the fair value hierarchy is as follows:

	30.06.19	31.12.18
	RM mil	RM mil
At 1 January	11.7	3.1
Reclassification	-	33.1
Net gain/(loss) transferred to equity	16.0	(24.5)
At 30.06.19/31.12.18	<u>27.7</u>	<u>11.7</u>
Less: Non-current portion	(4.5)	(3.4)
Current portion	<u><u>23.2</u></u>	<u><u>8.3</u></u>

#### 24. Borrowings

	30.06.19	31.12.18
	RM mil	RM mil
Current		
- secured	226	399
- unsecured	1,915	2,138
	<u>2,141</u>	<u>2,537</u>
Non-current		
- secured	4,422	4,318
- unsecured	3,930	3,828
	<u>8,352</u>	<u>8,146</u>
Total borrowings	<u><u>10,493</u></u>	<u><u>10,683</u></u>

All borrowings of the Group are denominated in Ringgit Malaysia.

The Group is currently in the process of refinancing a term loan amounting to RM1.0 billion via a Sukuk program.

## **25. Changes in material litigation**

### a) 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 shipowner, Rising Star Shipping Sdn Bhd ("RSS"), and an in personam action against RSS and the insurer, The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) Singapore Branch ("the Club"), on 18 July 2017 at the Kuala Lumpur High Court in relation to the oil spill at PTP's premises causing damages.

The actions stem 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 and now 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 consequently 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.

Case management for the Limitation Action is fixed on 6 September 2019.

b) Claim against Hood bin Osman

Kontena Nasional Berhad ("KNB"), a 99.1% indirect subsidiary of MMC, had served a Writ of Summons and a Statement of Claim on Hood bin Osman, the former Chief Executive Officer of KNB, on 15 May 2018.

KNB's claim against Hood bin Osman is premised primarily on breach of employment contract, fraud and various breaches of duty of care under common law and the Companies Act 2016.

KNB is claiming, among others, damages in the sum of RM66,590,105.43, general damages, full indemnity against any claims arising from the transactions, interest and costs.

The Court fixed the matter for trial on 28 and 29 August 2019.

c) Arbitration against CCJV P1 Engineering and Construction Sdn. Bhd.

Pursuant to a Subcontract on Project Customs Broker Service (On-Shore) dated 5 May 2015, JP Logistics Sdn. Bhd. ("JPL"), a wholly-owned subsidiary of Johor Port Bhd., which in turn is a wholly-owned subsidiary of MMC Corporation Bhd., had provided to CCJV P1 Engineering and Construction Sdn. Bhd.

("CCJV") storage services, involving storage of CCJV's plant and machineries, accumulating to a sum of RM52,076,296.12 ("Storage Charges"). CCJV disputes the said charges and refuses to satisfy payment of the charges to JPL.

On 3 April 2019, JPL commenced arbitration proceedings by serving a Notice of Arbitration against CCJV ("Notice of Arbitration").

CCJV responded to the Notice of Arbitration on 10 May 2019. An arbitrator has yet to be appointed for the arbitration proceedings.

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

## **26. Dividend Payable**

No interim dividend has been recommended by the Directors for the current quarter ended 30 June 2019 (30 June 2018 : Nil).

**27. Earnings per ordinary share**

## Basic Earnings Per Ordinary Share

	3 months ended	3 months ended	Cumulative 6 months ended	Cumulative 6 months ended
	<u>30.06.19</u>	<u>30.06.18</u>	<u>30.06.19</u>	<u>30.06.18</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	67.2	20.1	120.7	61.4
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	2.2	0.7	4.0	2.0

**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 27 August 2019.

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 August 2019