

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the financial year ended 31 December 2019

	3 months ended <u>31.12.19</u> RM'000 (Unaudited)	3 months ended <u>31.12.18</u> RM'000 (Unaudited)	Cumulative 12 months ended <u>31.12.19</u> RM'000 (Unaudited)	Cumulative 12 months ended <u>31.12.18</u> RM'000 (Audited)
Revenue	1,098,089	1,559,191	4,717,260	4,983,770
Cost of sales	(557,480)	(1,059,432)	(2,814,115)	(3,324,432)
Gross profit	<u>540,609</u>	<u>499,759</u>	<u>1,903,145</u>	<u>1,659,338</u>
Other operating income				
- items relating to investments	-	-	-	65,703
- others	54,745	81,014	212,433	165,685
Administrative expenses	(213,002)	(204,022)	(845,789)	(767,957)
Other operating expenses	(113,401)	(81,185)	(361,727)	(381,607)
Finance costs	(163,818)	(146,371)	(677,085)	(545,063)
Share of results of:				
- associates	48,845	59,274	167,771	144,342
- joint ventures	38,206	1,331	134,073	62,486
Profit before zakat and taxation	<u>192,184</u>	<u>209,800</u>	<u>532,821</u>	<u>402,927</u>
Zakat expenses	(3,470)	(4,614)	(3,470)	(4,614)
Tax expense	(112,687)	(75,357)	(228,912)	(131,276)
Profit for the financial year	<u>76,027</u>	<u>129,829</u>	<u>300,439</u>	<u>267,037</u>
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Movement in associates' capital reserves	57,037	(5,927)	10,052	(18,280)
Fair value adjustment-cash flow hedge	(6,060)	(85)	(1,080)	7,041
Currency translation differences	(7,027)	1,198	(3,857)	8,054
Items that will not be reclassified subsequently to profit or loss:				
Net changes in investments securities at Fair Value Through Other Comprehensive Income/(Loss) ("FVTOCI")	3,256	(9,127)	20,919	(24,578)
Remeasurement of defined benefit liability	(1,191)	(1,085)	(1,191)	(1,085)
Other comprehensive income/(loss) for the financial year	<u>46,015</u>	<u>(15,026)</u>	<u>24,843</u>	<u>(28,848)</u>
Total comprehensive income for the financial year	<u>122,042</u>	<u>114,803</u>	<u>325,282</u>	<u>238,189</u>
Profit attributable to:				
Owners of the Parent	68,086	119,715	255,166	220,080
Non-controlling interests	7,941	10,114	45,273	46,957
	<u>76,027</u>	<u>129,829</u>	<u>300,439</u>	<u>267,037</u>
Total comprehensive income attributable to:				
Owners of the Parent	114,101	104,689	280,009	191,232
Non-controlling interests	7,941	10,114	45,273	46,957
	<u>122,042</u>	<u>114,803</u>	<u>325,282</u>	<u>238,189</u>
Earnings per share attributable to owners of the Parent				
- Basic (sen)	2.2	3.9	8.4	7.2

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

	As at 31.12.19 RM' 000 (Unaudited)	As at 31.12.18 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	9,362,856	9,481,872
Investment properties	1,428,818	1,304,357
Rights-of-use assets	1,686,429	-
Interests in associates	4,448,664	4,440,459
Investments in joint arrangements	333,037	300,864
Investment securities	4,399	3,375
Inventories	1,916,580	1,885,008
Trade and other receivables	117,171	130,504
Intangible assets	2,333,210	2,351,125
Deferred tax assets	671,530	738,313
	<u>22,302,694</u>	<u>20,635,877</u>
Current Assets		
Inventories	90,168	104,673
Trade and other receivables	1,657,508	2,224,992
Contract assets	235,437	411,094
Tax recoverable	23,971	127,437
Investments securities	28,184	8,289
Deposits, bank and cash balances	2,394,326	1,616,688
	<u>4,429,594</u>	<u>4,493,173</u>
Assets held for sale	840	175,897
	<u>840</u>	<u>175,897</u>
Total Assets	<u><u>26,733,128</u></u>	<u><u>25,304,947</u></u>
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	2,344,276
Reserves	6,919,337	7,215,374
	<u>9,263,613</u>	<u>9,559,650</u>
Non-controlling interests	730,841	733,217
Total equity	<u>9,994,454</u>	<u>10,292,867</u>
Non-Current Liabilities		
Redeemable preference shares	-	16,674
Borrowings	7,336,305	8,146,154
Land lease received in advance	247,439	249,496
Provision for retirement benefits	103,660	125,805
Deferred income	183,188	204,374
Deferred tax liabilities	505,788	603,215
Trade and other payables	379,895	383,472
Finance lease liabilities	2,118,077	-
	<u>10,874,352</u>	<u>9,729,190</u>
Current Liabilities		
Borrowings	3,045,332	2,537,170
Trade and other payables	1,647,198	1,882,525
Contract liabilities	969,131	828,598
Finance lease liabilities	132,872	-
Tax payables	44,518	4,559
Deferred income	21,297	29,679
Derivative financial instruments	3,974	359
	<u>5,864,322</u>	<u>5,282,890</u>
Total Liabilities	<u>16,738,674</u>	<u>15,012,080</u>
Total equity and liabilities	<u><u>26,733,128</u></u>	<u><u>25,304,947</u></u>
Net assets per share attributable to owners of the Parent (sen)	304	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 year ended 31 December 2019

	Attributable to owners of the parent						Total RM'000	Non- controlling interests (NCI) RM'000	Total equity RM'000
	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			
At 1 January 2019	2,344,276	71,072	28,120	(21,512)	19,684	6,663,214	9,104,854	714,450	9,819,304
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	-	-	-	-	-	(454,796)	(454,796)	(18,767)	(473,563)
Net profit for the financial year	-	-	-	-	-	255,166	255,166	45,273	300,439
Other comprehensive income/(loss)	-	(9,983)	-	20,919	15,098	(1,191)	24,843	-	24,843
Total comprehensive income for the financial year	-	(9,983)	-	20,919	15,098	253,975	280,009	45,273	325,282
Acquisition of NCI	-	-	-	-	-	-	-	(384)	(384)
Transaction with NCI	-	-	-	-	-	552	552	6,900	7,452
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(35,398)	(35,398)
Dividend in respect of financial year ended 31 December 2018	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 31 December 2019	2,344,276	61,089	28,120	(593)	34,782	6,795,939	9,263,613	730,841	9,994,454

* - 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 year ended 31 December 2018

	Attributable to owners of the parent					Retained earnings RM'000	Total RM'000	Non- controlling interests (NCI) RM'000	Total equity RM'000
	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				
At 1 January 2018 (as restated)	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 year	-	-	-	-	-	220,080	220,080	46,957	267,037
Other comprehensive income/(loss)	-	7,492	-	(24,578)	(10,677)	(1,085)	(28,848)	-	(28,848)
Total comprehensive income/ (loss) for the financial year	-	7,492	-	(24,578)	(10,677)	218,995	191,232	46,957	238,189
Acquisition of NCI	-	-	-	-	-	-	-	(635)	(635)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(30,902)	(30,902)
Dividend in respect of financial year ended 31 December 2017	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 31 December 2018	2,344,276	71,072	28,120	(21,512)	19,684	7,118,010	9,559,650	733,217	10,292,867

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

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.19</u> RM'000 (Unaudited)	12 months ended <u>31.12.18</u> RM'000 (Audited)
Cash flows from operating activities		
Profit before zakat and taxation	532,821	402,927
Adjustments for:		
Non-cash items	773,214	505,273
Interest expense	677,085	545,063
Interest income	(62,828)	(39,212)
Dividend income	(140)	(150)
Share of results in associates and joint ventures	(301,844)	(206,828)
Operating profit before working capital changes	1,618,308	1,207,073
Changes in working capital:		
Net change in inventories	(33,138)	(15,224)
Net change in other current assets	592,866	(228,754)
Net change in current liabilities	(21,973)	224,891
Deferred income	-	3,771
Cash generated from operations	2,156,063	1,191,757
Net tax refund/(paid)	27,933	(74,274)
Zakat paid	(3,470)	(4,614)
Land lease received in advance	11,251	23,064
Retirement benefits paid	(3,346)	(7,776)
Net cash generated from operating activities	<u>2,188,431</u>	<u>1,128,157</u>
Cash flows from investing activities		
Net cash outflow from acquisition of a subsidiary	-	(1,453)
Purchase of property, plant and equipment	(608,566)	(874,934)
Purchase of intangible assets	-	(43)
Purchase of investment properties	(134,189)	(66,201)
Proceed from sale of shares in a subsidiary to non-controlling interests	7,452	-
Proceeds from sale of property, plant and equipment	2,505	7,934
Proceeds from sale of assets held for sale	62,747	5,435
Interest received	62,828	39,212
Repayment from joint ventures	8,601	754
(Advances to)/Repayment from associates	(151)	28,213
Dividend received from		
- Associates	166,425	162,603
- Joint Ventures	102,400	53,300
- Others	140	150
Movement in other investments	43,569	182,940
Net cash used in investing activities	<u>(286,239)</u>	<u>(462,090)</u>
Cash flows from financing activities		
Repayment of loans	(1,228,147)	(1,893,451)
Drawdown of loans	906,767	2,726,821
Dividend paid	(121,802)	(121,802)
Dividend paid to non-controlling interests of subsidiaries	(35,398)	(30,902)
Interest paid	(581,491)	(543,375)
Repayment of dividend on redeemable preference shares in a subsidiary	(16,674)	(16,674)
Movement in designated account and pledged deposits	468	2,661
Purchase of additional shares in a subsidiary from non-controlling interests	(384)	(635)
Net cash (used in)/generated from financing activities	<u>(1,076,661)</u>	<u>122,643</u>
Net change in cash and cash equivalents	825,531	788,710
Effects of changes in exchange rate	(3,857)	8,054
Cash and cash equivalents at beginning of financial year	1,032,847	558,019
Cash and cash equivalents at end of financial year	<u>1,854,521</u>	<u>1,354,783</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 2018.

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.19</u> RM'000 (Unaudited)	12 months ended <u>31.12.18</u> RM'000 (Audited)
Cash and cash equivalents comprise:		
Deposits and bank balances	2,394,326	1,616,688
Less:		
Deposits with maturity more than 90 days	(517,457)	(239,090)
Deposits and bank balances	<u>1,876,869</u>	<u>1,377,598</u>
Designated accounts	(21,799)	(22,266)
Pledge deposits	(549)	(549)
	<u><u>1,854,521</u></u>	<u><u>1,354,783</u></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 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 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 to adopt the modified retrospective approach with no restatement of comparative. The cumulative adjustments resulting from the initial application of MFRS 16 are as disclosed below:

<u>Impact of adoption of MFRS 16 to opening balance</u>	Debit/
<u>at 1 January 2019</u>	(Credit)
	RM'000
Increase in rights-of-use assets	1,623,436
Increase in deferred tax assets	144,064
Decrease in retained earnings	454,796
Decrease in non-controlling interests	18,767
Increase in finance lease liabilities	(2,241,063)

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 31 December 2019.

8. Dividend paid

In respect of the financial year ended 31 December 2018, a 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 31 December 2019 (3 months)

	Ports & Logistics	Energy & Utilities	Engineering	Investment Holding, Corporate & Others	Total
		Gas	Energy		
	RM mil	RM mil	RM mil	RM mil	RM mil
<u>QTD 31.12.2019</u>					
<u>Revenue</u>					
Total	840	-	-	251	1,122
Inter-segment	(15)	-	-	(9)	(24)
External	825	-	-	242	1,098
<u>Results</u>					
Profit/(loss) before zakat and taxation	144	18	35	106	192
Finance costs	92	-	-	-	164
Depreciation and Amortisation	174	-	-	30	210
EBITDA*	410	18	35	136	566
<u>QTD 31.12.2018</u>					
<u>Revenue</u>					
Total	825	-	-	889	1,742
Inter-segment	(11)	-	-	(172)	(183)
External	814	-	-	717	1,559
<u>Results</u>					
Profit/(loss) before zakat and taxation	127	16	37	119	210
Finance costs	65	-	-	-	146
Depreciation and Amortisation	144	-	-	3	154
EBITDA*	336	16	37	122	510

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

b) Current Financial Year Ended 31 December 2019 (12 months)

	Ports & Logistics	Energy & Utilities Gas	Energy Energy	Engineering	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<u>FYE 31.12.2019</u>						
<u>Revenue</u>						
Total	3,213	-	-	1,605	107	4,925
Inter-segment	(24)	-	-	(184)	-	(208)
External	3,189	-	-	1,421	107	4,717
<u>Results</u>						
Profit/(loss) before zakat and taxation	460	59	101	298	(385)	533
Finance costs	387	-	-	-	290	677
Depreciation and Amortisation	634	-	-	91	50	775
EBITDA*	1,481	59	101	389	(45)	1,985
<u>FYE 31.12.2018</u>						
<u>Revenue</u>						
Total	3,018	-	-	2,228	95	5,341
Inter-segment	(21)	-	-	(336)	-	(357)
External	2,997	-	-	1,892	95	4,984
<u>Results</u>						
Profit/(loss) before zakat and taxation	413	60	86	292	(448)	403
Finance costs	221	-	-	1	323	545
Depreciation and Amortisation	492	-	-	8	44	544
EBITDA*	1,126	60	86	301	(81)	1,492

*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 31 December 2019.

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

There was no material event subsequent to the end of the current quarter.

12. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter ended 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:

	31.12.19	31.12.18
	RM mil	RM mil
Subsidiaries	195.0	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 with each holding 50% interest, 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:

	31.12.19	31.12.18
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	561.3	484.0

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 31 December 2019, the Group recorded RM1,098.1 million in revenue, a 29.6% decrease from RM1,559.2 million reported in the corresponding quarter ended 31 December 2018, due to lower work progress from KVMRT-SSP Line following revision of contract in November 2018, and from the Langat Sewerage project.

The Group's Profit before zakat and taxation decreased to RM192.2 million compared with RM209.8 million reported in the corresponding quarter ended 31 December 2018, mainly due to lower work progress from KVMRT-SSP Line and provision for impairment of receivables, offset by reversal of provision no longer required at Double Track project.

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

For the financial year ended 31 December 2019, the Group recorded RM4,717.3 million in revenue, a 5.3% decrease from RM4,983.8 million reported in the preceding financial year due to lower work progress from KVMRT-SSP Line following revision of contract in November 2018, and from the Langat Sewerage project. These were cushioned by consolidation of Penang Port Sdn Bhd's ("PPSB") revenue, higher passenger volume at Senai Airport and higher volume handled at Pelabuhan Tanjung Pelepas ("PTP") and Johor Port ("JPB").

The Group's Profit before zakat and taxation increased to RM532.8 million compared with RM402.9 million reported in the preceding financial year due to the following:-

- i) Higher contributions from port entities;
- ii) Higher share of results of associates, namely Malakoff;
- iii) Higher passenger volume at Senai Airport;
- iv) Reversal of provision no longer required at Double Track project; and
- v) Gain on disposal of assets held for sale and lower administrative cost across the Group.

These were offset with no recognition of negative goodwill upon finalisation of PPSB's Purchase Price Allocation ("PPA") exercise and provision for impairment of receivables.

Ports & Logistics

The segment recorded revenue of RM3,188.6 million, an increase of 6.4% compared with RM2,996.5 million reported in the preceding financial year, mainly due to the effect of full consolidation of PPSB's revenue and higher volume handled at PTP and JPB.

The segment recorded higher Profit before zakat and taxation by RM46.3 million to RM459.6 million compared with RM413.3 million reported in the preceding financial year due to higher volume handled at PTP and JPB, oil spill compensation at PTP and gain on disposal of an asset held for sale at JPB. These were offset by no recognition of negative goodwill as explained above, higher operating expenses, as well as higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".

Energy & Utilities

The segment recorded increase in Profit before zakat and taxation to RM160.0 million compared with RM146.4 million reported in the preceding financial year due to higher contribution from Malakoff attributed to one-off gain on disposal of investment in its subsidiary, fair value remeasurement gain on existing investment in its associate, lower barging and demurrage costs, and lower net finance costs. These were offset by higher share of losses and net impairment losses of its associate, Kapar Energy Ventures Sdn Bhd, lower contribution from its coal plants and no gain on disposal of its associate, Lekir Bulk Terminal Sdn Bhd.

Engineering

The segment recorded revenue of RM1,421.1 million, a decrease of 24.9% compared with RM1,892.0 million reported in the preceding financial year due to lower work progress from Langat Sewerage project and lower contribution from KVMRT-SSP Line following revision of contract in November 2018.

The segment recorded increase of 1.9% in Profit before zakat and taxation to RM297.7 million from RM292.1 million reported in the preceding financial year mainly due to reversal of provision no longer required at Double Track project, offset by lower contribution from KVMRT-SSP Line.

Investment Holding, Corporate & Others

The segment recorded revenue of RM107.4 million, an increase of 12.7% compared with RM95.3 million reported in the preceding financial year due to higher passenger and cargo volumes at Senai Airport.

The segment recorded lower Loss before zakat and taxation by RM63.9 million to RM384.5 million compared with RM448.4 million reported in preceding financial year mainly due to higher contribution from Senai Airport, gain on disposal of an asset held for sale, lower finance costs and lower administrative cost, offset with provision for impairment of a discontinued project's receivables.

17. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation of RM192.2 million in the current quarter compared with RM120.2 million in the immediate preceding quarter due to higher volume handled at PTP and NMB, lower operating expenses at PPSB and reversal of provision no longer required at Double Track project, offset with provision for impairment of receivables.

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.

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

Notwithstanding the above, the Board is cognizant of the current local and global economic challenges and will continue to monitor the financial performance for the current financial year.

19. Profit before zakat and taxation

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

	3 months ended <u>31.12.19</u>	3 months ended <u>31.12.18</u>	Cumulative 12 months ended <u>31.12.19</u>	Cumulative 12 months ended <u>31.12.18</u>
	RM mil	RM mil	RM mil	RM mil
Interest income	(17.0)	(17.5)	(62.8)	(39.2)
Depreciation	207.1	150.9	762.1	528.6
Amortisation	3.3	3.3	13.2	15.8
(Gain)/loss on disposal of:				
- property, plant and equipment	1.9	(14.4)	1.4	(2.2)
- assets held for sale	(9.1)	(2.7)	(35.5)	(4.8)
Impairment of receivables	53.9	18.2	53.9	18.2
Fair value gain on reclassification of investment in an associate to investment securities	-	-	-	(15.2)
Negative goodwill	-	-	-	(51.7)
Compensation received	-	-	(18.3)	-

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 31.12.19	3 months ended 31.12.18	Cumulative 12 months ended 31.12.19	Cumulative 12 months ended 31.12.18
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	1	(21)	(64)	(37)
- prior years	(49)	19	(51)	17
Deferred tax expense				
- current	(65)	(73)	(114)	(111)
	<u>(113)</u>	<u>(75)</u>	<u>(229)</u>	<u>(131)</u>

The Group's effective tax rate for the year ended 31 December 2019 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes, under provision of prior years' tax and impact of revision of tax treatment on unutilized losses and allowance.

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:

	31.12.19	31.12.18
	RM mil	RM mil
At 1 January	11.7	3.1
Reclassification	-	33.1
Net gain/(loss) transferred to equity	20.9	(24.5)
At 31.12.19/31.12.18	<u>32.6</u>	<u>11.7</u>
Less: Non-current portion	(4.4)	(3.4)
Current portion	<u>28.2</u>	<u>8.3</u>

24. Borrowings

	31.12.19	31.12.18
	RM mil	RM mil
Current		
- secured	1,663	399
- unsecured	1,382	2,138
	<u>3,045</u>	<u>2,537</u>
Non-current		
- secured	2,882	4,318
- unsecured	4,454	3,828
	<u>7,336</u>	<u>8,146</u>
Total borrowings	<u>10,381</u>	<u>10,683</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

The Group is currently in the process of refinancing the borrowings amounting to RM1.5 billion which are due in the third quarter of 2020 via a Sukuk program. The Sukuk program

is targeted to be lodged with the Securities Commission in the second quarter of 2020.

25. Changes in material litigation

a) 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 matter was heard before the Shah Alam High Court from 3 to 6 February 2020. The High Court fixed 20 May 2020 for clarification.

b) 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.

The arbitrator fixed 8 to 12 June 2020 as the hearing dates for this matter. In the interim, parties are to submit the requisite cause papers and statements in preparation of the hearing.

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

A decision on the declaration of dividend for the financial year ended 31 December 2019 has yet to be made.

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended <u>31.12.19</u>	3 months ended <u>31.12.18</u>	Cumulative 12 months ended <u>31.12.19</u>	Cumulative 12 months ended <u>31.12.18</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	68.1	119.7	255.2	220.1
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	3.9	8.4	7.2

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 25 February 2020.

By Order of the Board

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

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

Secretaries

Kuala Lumpur

25 February 2020