

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the financial year ended 31 December 2020

	3 months ended <u>31.12.20</u> RM' 000 (Unaudited)	3 months ended <u>31.12.19</u> RM' 000 (Unaudited)	Cumulative <u>12 months ended</u> <u>31.12.20</u> RM' 000 (Unaudited)	Cumulative <u>12 months ended</u> <u>31.12.19</u> RM' 000 (Audited)
Revenue	1,293,419	1,092,625	4,489,437	4,711,796
Cost of sales	(695,729)	(567,295)	(2,453,146)	(2,823,930)
Gross profit	<u>597,690</u>	<u>525,330</u>	<u>2,036,291</u>	<u>1,887,866</u>
Other operating income	68,716	62,625	194,486	220,313
Administrative expenses	(218,480)	(207,459)	(879,392)	(840,246)
Other operating expenses	(207,892)	(121,467)	(456,081)	(369,793)
Finance costs	(111,235)	(164,726)	(616,334)	(677,993)
Share of results of:				
- associates	38,476	48,845	171,575	167,771
- joint ventures	111,563	38,206	194,973	134,073
Profit before zakat and taxation	<u>278,838</u>	<u>181,354</u>	<u>645,518</u>	<u>521,991</u>
Zakat expenses	(3,565)	(3,470)	(3,565)	(3,470)
Tax expense	(68,700)	(101,886)	(196,255)	(218,111)
Profit for the financial period	<u>206,573</u>	<u>75,998</u>	<u>445,698</u>	<u>300,410</u>
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Movement in associates' capital reserves	1,073	(9,153)	(31,094)	(56,138)
Fair value adjustment-cash flow hedge	(6,280)	(6,060)	(2,894)	(1,080)
Currency translation differences	(7,308)	(7,027)	(1,281)	(3,857)
Items that will not be reclassified subsequently to profit or loss:				
Net changes in investments securities at Fair Value Through Other Comprehensive Income ("FVTOCI")	1,268	3,256	8,422	20,919
Remeasurement of defined benefit liability	-	(7,498)	-	(7,498)
Other comprehensive loss for the financial period	<u>(11,247)</u>	<u>(26,482)</u>	<u>(26,847)</u>	<u>(47,654)</u>
Total comprehensive income for the financial period	<u>195,326</u>	<u>49,516</u>	<u>418,851</u>	<u>252,756</u>
Profit attributable to:				
Owners of the Parent	179,126	68,086	375,295	255,166
Non-controlling interests	27,447	7,912	70,403	45,244
	<u>206,573</u>	<u>75,998</u>	<u>445,698</u>	<u>300,410</u>
Total comprehensive income attributable to:				
Owners of the Parent	167,879	41,604	348,448	207,512
Non-controlling interests	27,447	7,912	70,403	45,244
	<u>195,326</u>	<u>49,516</u>	<u>418,851</u>	<u>252,756</u>
Earnings per share attributable to owners of the Parent				
- Basic (sen)	5.9	2.2	12.3	8.4

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

Condensed Consolidated Statement of Financial Position

	As at 31.12.20 RM' 000 (Unaudited)	As at 31.12.19 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,639,515	8,767,795
Investment properties	639,807	1,495,841
Rights-of-use assets	1,993,347	2,087,908
Interests in associates	4,328,418	4,382,475
Investments in joint arrangements	276,390	333,037
Investment securities	44,950	32,583
Inventories	3,047,431	1,916,580
Trade and other receivables	25,626	115,654
Intangible assets	2,320,202	2,333,210
Deferred tax assets	567,132	636,793
	<u>21,882,818</u>	<u>22,101,876</u>
Current Assets		
Inventories	66,143	93,323
Trade and other receivables	1,112,971	1,565,222
Contract assets	112,115	233,554
Tax recoverable	15,572	22,581
Other investments	2,318,421	1,334,998
Deposits, bank and cash balances	479,241	1,074,646
	<u>4,104,463</u>	<u>4,324,324</u>
Assets held for sale	7,823	19,563
	<u>4,112,286</u>	<u>4,343,887</u>
	<u>25,995,104</u>	<u>26,445,763</u>
Total Assets		
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	2,344,276
Reserves	7,165,498	6,999,754
	<u>9,509,774</u>	<u>9,344,030</u>
Non-controlling interests	787,052	762,751
Total Equity	<u>10,296,826</u>	<u>10,106,781</u>
Non-Current Liabilities		
Borrowings	8,760,833	7,335,587
Lease liabilities	2,148,325	2,115,281
Provision for retirement benefits	43,237	77,027
Deferred income	167,662	180,210
Trade and other payables	178,180	186,862
Contract liabilities	102,771	111,150
Deferred tax liabilities	524,620	523,417
	<u>11,925,628</u>	<u>10,529,534</u>
Current Liabilities		
Borrowings	1,010,438	3,045,332
Lease liabilities	166,429	147,351
Trade and other payables	1,522,656	1,566,223
Contract liabilities	970,743	977,660
Deferred income	12,618	24,275
Derivative financial instruments	16,720	3,974
Tax payables	73,046	44,633
	<u>3,772,650</u>	<u>5,809,448</u>
	<u>15,698,278</u>	<u>16,338,982</u>
Total Liabilities	<u>15,698,278</u>	<u>16,338,982</u>
	<u>25,995,104</u>	<u>26,445,763</u>
Total Equity and Liabilities		
Net assets per share attributable to owners of the Parent (sen)	312	307

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019.

Condensed Consolidated Statement of Changes in Equity for the financial year ended 31 December 2020

	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 2020	2,344,276	58,118	28,120	(593)	(27,176)	6,941,285	9,344,030	762,751	10,106,781
Net profit for the financial year	-	-	-	-	-	375,295	375,295	70,403	445,698
Other comprehensive (loss)/income	-	(1,366)	-	8,422	(39,895)	5,992	(26,847)	-	(26,847)
Total comprehensive (loss)/ income for the financial year	-	(1,366)	-	8,422	(39,895)	381,287	348,448	70,403	418,851
Acquisition of NCI	-	-	-	-	-	-	-	(176)	(176)
Disposal of equity instrument in a subsidiary to NCI	-	-	-	-	-	-	-	1,497	1,497
Dividends in respect of financial year ended 31 December 2019	-	-	-	-	-	(137,028)	(137,028)	-	(137,028)
Dividends in respect of financial year ended 31 December 2020	-	-	-	-	-	(45,676)	(45,676)	-	(45,676)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(47,423)	(47,423)
At 31 December 2020	2,344,276	56,752	28,120	7,829	(67,071)	7,139,868	9,509,774	787,052	10,296,826

* - 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 2019.

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	6,816,128	9,257,768	746,389	10,004,157
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	-	-	-	-	-	(301,882)	(301,882)	13,172	(288,710)
Net profit for the financial year	-	-	-	-	-	255,166	255,166	45,244	300,410
Other comprehensive (loss)/income	-	(12,954)	-	20,919	(46,860)	(8,759)	(47,654)	-	(47,654)
Total comprehensive (loss)/ income for the financial year	-	(12,954)	-	20,919	(46,860)	246,407	207,512	45,244	252,756
Acquisition of NCI	-	-	-	-	-	-	-	(384)	(384)
Disposal of interest in a subsidiary to NCI	-	-	-	-	-	552	552	6,900	7,452
Dividends in respect of financial year ended 31 December 2018	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(35,398)	(35,398)
At 31 December 2019	2,344,276	58,118	28,120	(593)	(27,176)	6,941,285	9,344,030	762,751	10,106,781

* - 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 2019.

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.20</u> RM'000 (Unaudited)	12 months ended <u>31.12.19</u> RM'000 (Audited)
Cash flows from operating activities		
Profit before zakat and taxation	645,518	521,991
Adjustments for:		
Non-cash items	986,617	808,158
Interest expense	616,334	659,018
Interest income	(67,813)	(62,809)
Dividend income	(496)	(200)
Share of results in associates and joint ventures	(366,548)	(301,844)
Operating profit before working capital changes	1,813,612	1,624,314
Changes in working capital:		
Net change in inventories	32,008	(36,685)
Net change in other current assets	469,660	736,963
Net change in current liabilities	(34,793)	(64,785)
Deferred income	52	187
Cash generated from operations	2,280,539	2,259,994
Net tax (paid)/refund	(89,969)	45,098
Zakat paid	(3,565)	(3,470)
Retirement benefits paid	(43,543)	(45,443)
Income from subleasing of rights-of-use assets	2,769	-
Net cash generated from operating activities	<u>2,146,231</u>	<u>2,256,179</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(823,130)	(559,635)
Purchase of investment properties	(150,981)	(119,789)
Proceeds from sale of equity instrument in a subsidiary to non-controlling interests	1,497	-
Proceeds from sale of property, plant and equipment	9,300	16,018
Proceeds from sale of investment security	77	-
Proceeds from sale of assets held for sale	28,495	62,136
Proceeds from derecognition of rights-of-use-assets	29,195	8,093
Subscription of an investment security	(4,000)	-
Interest received	67,813	62,809
Repayment of advances from joint ventures	363	8,601
Net advances to associates	(36)	(151)
Capital contribution to a joint venture	-	(500)
Dividend received from		
- Associates	194,022	166,425
- Joint Ventures	251,120	102,400
- Others	496	200
Additional placements in other investments	(2,318,421)	-
Changes in deposits with maturity more than 90 days	40,862	61,044
Changes in other investments with maturity more than 90 days	266,005	(266,005)
Net cash used in investing activities	<u>(2,407,323)</u>	<u>(458,354)</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 2019.

Condensed Consolidated Statement of Cash Flows

	12 months ended <u>31.12.20</u> RM'000 (Unaudited)	12 months ended <u>31.12.19</u> RM'000 (Audited)
Cash flows from financing activities		
Dividends paid	(182,704)	(121,802)
Dividends paid to non-controlling interests of subsidiaries	(47,423)	(35,398)
Interest paid	(446,615)	(548,909)
Lease liabilities paid	(202,521)	(168,877)
Drawdown of loans	2,434,541	1,906,767
Repayment of loans	(3,081,765)	(2,228,147)
Repayment of dividend on preference shares in a subsidiary	-	(16,675)
Proceeds from sale of interest in a subsidiary to non-controlling interests	-	7,452
Purchase of additional shares in a subsidiary from non-controlling interests	(176)	(384)
Movement in designated account and pledged deposits	(627)	(1,860)
Government grant received	165,500	-
Net cash used in financing activities	<u>(1,361,790)</u>	<u>(1,207,833)</u>
Net change in cash and cash equivalents	(1,622,882)	589,992
Effects of changes in exchange rate	(1,281)	(3,857)
Cash and cash equivalents at beginning of financial year	1,940,918	1,354,783
Cash and cash equivalents at end of financial year	<u>316,755</u>	<u>1,940,918</u>
Cash and cash equivalents comprise:		
Deposits and bank balances	479,241	1,074,646
Other investments	2,318,421	1,334,998
Less: Deposits with maturity more than 90 days	(137,184)	(178,046)
Less: Other investments with maturity more than 90 days	-	(266,005)
	<u>2,660,478</u>	<u>1,965,593</u>
Other investments	(2,318,421)	-
Designated accounts	(24,753)	(24,126)
Pledge deposits	(549)	(549)
	<u>316,755</u>	<u>1,940,918</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 2019.

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 2019.

The audited financial statements of the Group for the financial year ended 31 December 2019 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 2019.

Effective from 1 January 2020, the Group adopted the following:

- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 7, MFRS 9 and MFRS 139 Interest Rate Benchmark Reform
- The Conceptual Framework for Financial Reporting (Revised 2018).

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

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

- (i) Financial period beginning on or after 1 January 2021:
 - MFRS 17 Insurance Contracts

- (ii) Financial period beginning on or after 1 January 2022:
 - Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

- (iii) Date yet to be announced by MASB:
 - Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associates/joint ventures. The effective date of these amendments had been deferred and yet to be announced by the Malaysian Accounting Standards Board.

The Group did not early adopt the abovementioned amendments to the standards and is currently assessing their impact.

2. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2019 was not subject to any qualification.

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in financial estimates

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

6. Equity securities

There was no issuance, cancellation, repurchase, resale and repayment of equity securities during the current quarter ended 31 December 2020.

7. Dividend paid

In respect of the financial year ended 31 December 2019, a final dividend of 4.5 sen per ordinary share on 3,045,058,552 ordinary shares amounting to RM137,027,635 was paid on 26 June 2020.

In respect of the financial year ended 31 December 2020, a dividend of 1.5 sen per ordinary share on 3,045,058,552 ordinary shares amounting to RM45,675,878 was paid on 23 December 2020.

8. Segment Reporting

a) Current Quarter Ended 31 December 2020 (3 months)

	Ports & Logistics				Energy & Utilities			Engineering	Investment Holding, Corporate & Others		Total
	RM mil	Gas		Energy	Water	RM mil	RM mil		RM mil		
		RM mil	RM mil	RM mil	RM mil						
<u>QTD 31.12.2020</u>											
<u>Revenue</u>											
Total	906	-	-	6	400	36				1,348	
Inter-segment	(5)	-	-	-	(50)	-				(55)	
External	901	-	-	6	350	36				1,293	
<u>Results</u>											
Profit/(loss) before zakat and taxation	251	17	15	1	146	(151)				279	
Finance costs	73	-	-	-	-	38				111	
Depreciation and Amortisation	206	-	-	-	27	8				241	
EBITDA*	530	17	15	1	173	(105)				631	
<u>QTD 31.12.2019</u>											
<u>Revenue</u>											
Total	831	-	-	10	250	21				1,112	
Inter-segment	(13)	-	-	-	(6)	-				(19)	
External	818	-	-	10	244	21				1,093	
<u>Results</u>											
Profit/(loss) before zakat and taxation	134	18	35	3	97	(106)				181	
Finance costs	92	-	-	-	1	72				165	
Depreciation and Amortisation	178	-	-	-	61	8				247	
EBITDA*	404	18	35	3	159	(26)				593	

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

b) Current Financial Year Ended 31 December 2020 (12 months)

	Ports & Logistics		Energy & Utilities			Engineering	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	Gas	Energy	Water	RM mil	RM mil	RM mil
			RM mil	RM mil	RM mil			
<u>FYE 31.12.2020</u>								
<u>Revenue</u>								
Total	3,244	-	-	24	1,338	74	4,680	
Inter-segment	(14)	-	-	-	(177)	-	(191)	
External	3,230	-	-	24	1,161	74	4,489	
<u>Results</u>								
Profit/(loss) before zakat and taxation	599	61	90	4	322	(430)	646	
Finance costs	384	-	-	-	1	231	616	
Depreciation and Amortisation	702	-	-	1	106	51	860	
EBITDA*	1,685	61	90	5	429	(148)	2,122	
<u>FYE 31.12.2019</u>								
<u>Revenue</u>								
Total	3,204	-	-	27	1,603	81	4,915	
Inter-segment	(22)	-	-	-	(181)	-	(203)	
External	3,182	-	-	27	1,422	81	4,712	
<u>Results</u>								
Profit/(loss) before zakat and taxation	449	59	101	4	289	(380)	522	
Finance costs	387	-	-	-	1	290	678	
Depreciation and Amortisation	637	-	-	-	92	51	780	
EBITDA*	1,473	59	101	4	382	(39)	1,980	

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

9. Property, plant and equipment

There was no revaluation of property, plant and equipment during the current quarter ended 31 December 2020.

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

On 11 February 2021, Johor Port Berhad ("JPB"), a wholly-owned subsidiary of MMC, had filed Notices of Appeal to the Special Commissioners of Income Tax pursuant to Section 99 (1) of the Income Tax Act 1967, to appeal against Notices of Additional Assessment from the IRB issued for the years of assessment 2016 to 2018 ("Notices of Additional Assessment") for additional income tax and penalties in the sum of RM39,321,927.66 ("Additional Income Tax"). JPB is of the view that there are reasonable grounds to challenge the Notices of Additional Assessment raised by the IRB and intends to take all steps necessary to challenge the disputed Notices of Additional Assessment and purported liability for the Additional Income Tax.

11. Changes in composition of the Group

On 17 August 2020, MMC Tepat Teknik (Sarawak) Sdn Bhd, a wholly-owned subsidiary of MMC Tepat Teknik Sdn Bhd ("MMC TTSB"), which in turn is a wholly-owned subsidiary of MMC, had acquired 14,407,639 ordinary shares representing 51% equity interest in Red Sea Housing Malaysia Sdn Bhd ("RSH") for a consideration of RM10,560,597. Following the completion of the acquisition on 6 October 2020, RSH became a jointly-controlled entity of MMC.

Save as disclosed above, there was no change in the composition of the Group for the current quarter ended 31 December 2020.

12. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2019 except for the following bank guarantees issued to third parties:

	31.12.20	31.12.19
	RM mil	RM mil
Subsidiaries	138.5	198.9

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

13. Provision of financial assistance

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

- a) MMC and Gamuda Berhad ("Gamuda") joint venture was awarded the Underground Works Package for the Klang Valley Mass Rapid Transit ("KVMRT") Sungai Buloh-Kajang ("SBK") Line in 2012. MMC and Gamuda then established a joint venture company known as MMC Gamuda KVMRT (T) Sdn Bhd, a special purpose vehicle ("SPV"), to undertake the underground works package with each holding 50% interest. As required under the award, MMC has issued a Parent Company Guarantee to guarantee the due performance and obligations of the SPV.
- b) On 17 January 2020, MMC and Gamuda's jointly-controlled entity, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd, a SPV with each holding 50% interest, executed the Supplemental Agreement to the Project Delivery Partner (PDP) Agreement for the KVMRT

Sungai Buloh-Serdang-Putrajaya ("SSP") Line ("Supplemental Agreement"). As required under the Supplemental Agreement, MMC has issued a Parent Company Guarantee to guarantee the due performance and obligations of the SPV.

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

14. Capital commitments

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

	31.12.20	31.12.19
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	330.9	593.7

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

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

For the quarter ended 31 December 2020, the Group recorded RM1,293.4 million in revenue, an increase of 18.4% from RM1,092.6 million reported in the corresponding quarter ended 31 December 2019 mainly due to higher volume handled at Pelabuhan Tanjung Pelepas ("PTP") and Northport (Malaysia) Bhd ("NMB"), higher work progress from KVMRT-SSP Line and sale of land at Senai Airport City ("SAC"). These were offset by lower passenger and cargo volumes at Senai Airport, which was affected by conditional movement control order imposed.

The Group's Profit before zakat and taxation increased to RM278.8 million compared with RM181.4 million reported in the corresponding quarter ended 31 December 2019 attributed to higher revenue as mentioned above and higher contribution from KVMRT-SSP Line upon completion of excavation of the underground works. These were partially offset by:

- i) lower contribution from Senai Airport;
- ii) lower share of results from Malakoff due to absence of one-off gain on disposal of investment in its subsidiary; and
- iii) provision for impairment of a discontinued project's receivables.

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

For the financial year ended 31 December 2020, the Group recorded RM4,489.4 million in revenue, a 4.7% decrease from RM4,711.8 million reported in the corresponding financial year ended 31 December 2019 due to lower work progress from KVMRT-SSP Line, lower passenger and cargo volumes at Senai Airport, and lower volume handled at Penang Port Sdn Bhd ("PPSB"). These were partially offset by higher volume handled at PTP and sale of land at SAC.

The Group's Profit before zakat and taxation increased to RM645.5 million compared with RM522.0 million reported in the corresponding financial year ended 31 December 2019 due to the following:-

- i) Higher volume handled at PTP and gain on derecognition of rights-of-use assets;
- ii) Higher contribution from KVMRT-SSP Line upon completion of excavation of the underground works;
- iii) Sale of land at SAC; and
- iv) Lower operating expenses and finance costs across the Group.

These were partially offset by no reversal of provision at Double Track project, lower passenger and cargo volumes at Senai Airport and provision for impairment of a discontinued project's receivables.

Ports & Logistics

The segment recorded revenue of RM3,229.9 million, an increase of 1.5% compared with RM3,181.8 million reported in the corresponding financial year ended 31 December 2019 due

to higher container volume handled at PTP and NMB, offset by lower volume handled at PPSB.

The segment recorded higher Profit before zakat and taxation by RM150.6 million to RM599.1 million compared with RM448.5 million reported in the corresponding financial year ended 31 December 2019 attributed to higher volume handled at PTP and NMB, as well as lower operating expenses across the segment.

Energy & Utilities

The segment recorded revenue of RM24.2 million, a decrease of RM2.5 million compared with RM26.7 million reported in the corresponding financial year ended 31 December 2019 due to completion of certain water treatment projects in 2019.

The segment recorded decrease in Profit before zakat and taxation to RM155.4 million compared with RM164.4 million reported in the corresponding financial year ended 31 December 2019 mainly due to lower contribution from Malakoff. These were attributed to no fair value remeasurement gain on existing interest in its associate, no one-off gain on disposal of investment in its subsidiary and lower daily utilisation payment ("DUP") from its subsidiary, Tanjung Bin Power Sdn Bhd ("TBP"). The fall was cushioned by contribution from Alam Flora, higher contributions from its associates, lower operations and maintenance costs, compensation received from the settlement agreement reached with its contractor and no net impairment losses of its associate, Kapar Energy Ventures Sdn Bhd.

Engineering

The segment recorded revenue of RM1,161.4 million, a decrease of 18.3% compared with RM1,422.4 million reported in the corresponding financial year ended 31 December 2019 mainly due to lower work progress from KVMRT-SSP Line, affected by unprecedented movement control order.

The segment recorded higher Profit before zakat and taxation by 11.1% to RM321.5 million from RM289.4 million reported in the corresponding financial year ended 31 December 2019 due to higher contribution from KVMRT-SSP Line upon completion of excavation of the underground works, offset by no reversal of provision at Double Track project.

Investment Holding, Corporate & Others

The segment recorded revenue of RM73.9 million, a decrease of 8.7% compared with RM80.9 million reported in the corresponding financial year ended 31 December 2019 due to lower passenger and cargo volumes at Senai Airport, cushioned by sale of land at SAC.

The segment recorded higher Loss before zakat and taxation by RM50.0 million to RM430.4 million compared with RM380.4 million reported in the corresponding financial year ended 31 December 2019 due to lower contribution from Senai Airport and provision for impairment of a discontinued project's receivables, cushioned by sale of land at SAC and lower finance costs incurred.

16. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation by RM155.0 million to RM278.8 million in the current quarter compared with RM123.8 million in the immediate preceding

quarter mainly due to higher volume handled at PTP and NMB, higher contribution from KVMRT-SSP Line and sale of land at SAC, offset by provision for impairment of receivables.

17. Current prospects

The Group is positive with regards to the growth prospects of its business divisions in FY2021, in line with the expected recovery of global and domestic economic growth. As the economic demand and production activities are expected to increase in line with the projected growth in GDP, MMC's key business divisions are to continue to play important roles in facilitating and enabling economic growth. Nevertheless, the Group remains vigilant on the market changes locally in response to the recent implementation of MCO 2.0 since 13 January 2021.

The Port and Logistics division will continue to optimize the utilization of its assets and resources coupled with the continuous introduction and adoption of stringent cost management. Over the short to medium term, the division will undertake prioritized investments in order to elevate and strengthen further the ports' capacities and infrastructures, operational efficiencies and Group-wide synergies.

The Energy & Utilities division remains resilient to the impact brought upon by the COVID-19 pandemic and is expected to contribute steady earnings from its two (2) main associated companies, namely Malakoff and Gas Malaysia.

The Engineering division is expected to provide earnings visibility for the Group from its substantial existing order-book, anchored by KVMRT-SSP Line project. The division is committed and remains active in its effort to secure new projects on the back of the anticipated economic recovery and

Budget 2021 announcement which aims to revive the economy by, among other initiatives, increasing the development expenditure allocation by 38% as compared to Budget 2020.

Looking forward, with better and timely measures and response to the pandemic spread, the Group views that the anticipated economic recovery is attainable. The Group is committed to strengthening our financial and market positions by focusing on operational excellence and cost optimization, whilst exploring new business opportunities.

Overall, the Group expects to sustain its financial and operational performance for FY2021.

18. Profit before zakat and taxation

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

	3 months ended <u>31.12.20</u>	3 months ended <u>31.12.19</u>	Cumulative 12 months ended <u>31.12.20</u>	Cumulative 12 months ended <u>31.12.19</u>
	RM mil	RM mil	RM mil	RM mil
Interest income	(15.3)	(17.0)	(67.8)	(62.8)
Depreciation	238.1	242.5	847.1	767.3
Amortisation	3.3	4.1	13.0	13.0
Gain on disposal of:				
- property, plant and equipment	(8.2)	(4.6)	(5.4)	(5.1)
- assets held for sale	(3.1)	(9.7)	(10.6)	(36.1)
Gain on derecognition of rights- of-use assets	(21.0)	(6.9)	(21.0)	(6.9)
Impairment of receivables	126.2	63.6	136.2	63.6
Net compensation received	(4.3)	-	(4.3)	(18.3)

19. Profit forecast or profit guarantee

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

20. Tax expense

	3 months ended 31.12.20	3 months ended 31.12.19	Cumulative 12 months ended 31.12.20	Cumulative 12 months ended 31.12.19
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(28)	11	(98)	(54)
- prior years	(25)	(44)	(27)	(46)
Deferred tax expense				
- current	(16)	(69)	(71)	(118)
	<u>(69)</u>	<u>(102)</u>	<u>(196)</u>	<u>(218)</u>

The Group's effective tax rate for the year ended 31 December 2020 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

21. Status of corporate proposals announced

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

22. 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:

	31.12.20	31.12.19
	RM mil	RM mil
At 1 January	32.6	11.7
Addition	4.0	-
Disposal	(0.1)	-
Changes in fair value	8.5	20.9
At 31.12.20/31.12.19	<u>45.0</u>	<u>32.6</u>

23. Borrowings

	31.12.20	31.12.19
	RM mil	RM mil
Current		
- secured	147	1,663
- unsecured	863	1,382
	<u>1,010</u>	<u>3,045</u>
Non-current		
- secured	2,323	2,882
- unsecured	6,438	4,454
	<u>8,761</u>	<u>7,336</u>
Total borrowings	<u>9,771</u>	<u>10,381</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

24. 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 claims, 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.

On 25 August 2020 the Shah Alam High Court found that Hood bin Osman had breached his legal and fiduciary duties to KNB and awarded damages to KNB in the sum of RM6,852,918.13, with costs.

On 24 September 2020, Hood bin Osman filed an appeal to the Court of Appeal against the decision of the Shah Alam High Court.

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 has a counterclaim in the proceedings where, CCJV seeks, among others, a declaration that it is not liable for JPL's claim of RM52,076,296.12, damages to be assessed for alleged breaches of contract and fiduciary duties by JPL, exemplary and aggravated damages to be assessed, interest and costs.

Parties are presently attending to the written submissions for the arbitration as directed by the arbitral tribunal.

c) Adjudication Proceedings by Integrated Marine Works Sdn Bhd Against Pelabuhan Tanjung Pelepas Sdn Bhd

On 28 February 2020 Integrated Marine Works Sdn Bhd ("IMW") issued a Notice of Adjudication stated as issued under the Construction Industry Payment and Adjudication Act 2012 ("Adjudication Notice") to Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP"), a 70%-owned subsidiary of MMC Corporation Berhad, claiming the sum of RM 64,247,313.13, including interest and costs.

The Adjudication Notice is premised on a dispute arising out of the Contract for the Deepening of Navigation Channel at Pelabuhan Tanjung Pelepas dated 8 November 2017 between IMW and PTP.

An adjudicator has yet to be appointed for the matter.

d) Arbitration Proceedings by Salcon MMCB AZSB JV Sdn Bhd against Pengurusan Aset Air Berhad

On 26 August 2020, Salcon MMCB AZSB JV Sdn Bhd ("SMAJV") issued a notice to commence arbitration proceedings ("Arbitration Notice") against Pengurusan Aset Air Berhad ("PAAB") claiming a sum of RM85,912,482.14 for, among others, loss and expense claims, claims for works done under variation orders, release of retention sum and unilateral deduction by PAAB on payments due to SMAJV as at the date of the Arbitration Notice, subject to further quantification of further losses suffered by SMAJV (collectively referred to as "Claims").

The Claims relate to works performed by SMAJV in respect of the development of the Langat 2 Water Treatment Plant and Water Reticulation System in Selangor Darul Ehsan/Wilayah Persekutuan Kuala Lumpur ("Project").

PAAB on 25 September 2020 counterclaimed a sum of RM63,030,664.84 against SMAJV for alleged breaches relating to the works performed by SMAJV in respect of the Project.

An arbitrator has yet to be appointed for the matter.

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

25. Dividend Payable

A decision on the declaration of the final dividend for the financial year ended 31 December 2020 has yet to be made.

26. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended <u>31.12.20</u>	3 months ended <u>31.12.19</u>	Cumulative 12 months ended <u>31.12.20</u>	Cumulative 12 months ended <u>31.12.19</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	179.1	68.1	375.3	255.2
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)	5.9	2.2	12.3	8.4

Basic and diluted earnings per ordinary shares are the same as there are not potential ordinary shares in issue.

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution by the Directors as of 26 February 2021.

By Order of the Board

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

Sharifah Ashtura Jamalullail Syed Osman (L.S. No.0009113)

Secretaries

Kuala Lumpur

26 February 2021