

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the financial period ended 31 March 2021

	3 months ended 31.03.21 RM'000 (Unaudited)	3 months ended 31.03.20 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.21 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.20 RM'000 (Unaudited)
Revenue	1,143,727	1,086,834	1,143,727	1,086,834
Cost of sales	(580,211)	(610,922)	(580,211)	(610,922)
Gross profit	563,516	475,912	563,516	475,912
Other operating income	39,381	49,321	39,381	49,321
Administrative expenses	(216,318)	(223,514)	(216,318)	(223,514)
Other operating expenses	(81,180)	(87,104)	(81,180)	(87,104)
Finance costs	(144,995)	(171,995)	(144,995)	(171,995)
Share of results of:				
- associates	36,727	39,996	36,727	39,996
- joint ventures	23,857	32,190	23,857	32,190
Profit before zakat and taxation	220,988	114,806	220,988	114,806
Tax expense	(61,025)	(41,785)	(61,025)	(41,785)
Profit for the financial period	159,963	73,021	159,963	73,021
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Movement in associates' capital reserves	23,588	(55,996)	23,588	(55,996)
Fair value adjustment-cash flow hedge	6,281	15,837	6,281	15,837
Currency translation differences	5,144	14,985	5,144	14,985
Items that will not be reclassified subsequently to profit or loss:				
Net changes in investment securities at Fair Value Through Other Comprehensive Income ("FVTOCI")	(1,658)	(320)	(1,658)	(320)
Other comprehensive income/(loss) for the financial period	33,355	(25,494)	33,355	(25,494)
Total comprehensive income for the financial period	193,318	47,527	193,318	47,527
Profit attributable to:				
Owners of the Parent	124,704	57,882	124,704	57,882
Non-controlling interests	35,259	15,139	35,259	15,139
	159,963	73,021	159,963	73,021
Total comprehensive income attributable to:				
Owners of the Parent	158,059	32,388	158,059	32,388
Non-controlling interests	35,259	15,139	35,259	15,139
	193,318	47,527	193,318	47,527
Earnings per share attributable to owners of the Parent				
- Basic (sen)	4.1	1.9	4.1	1.9

Condensed Consolidated Statement of Financial Position

	As at <u>31.03.21</u> RM' 000 (Unaudited)	As at <u>31.12.20</u> RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,544,674	8,617,166
Investment properties	670,000	673,431
Rights-of-use assets	1,965,077	1,993,471
Interests in associates	4,374,791	4,332,817
Investments in joint arrangements	219,906	276,049
Investment securities	39,292	40,950
Other investments	4,000	4,000
Inventories	3,054,529	3,035,269
Trade and other receivables	41,660	43,321
Intangible assets	2,332,490	2,320,202
Deferred tax assets	528,270	560,962
	<u>21,774,689</u>	<u>21,897,638</u>
Current Assets		
Inventories	71,379	78,844
Trade and other receivables	1,128,419	1,207,457
Contract assets	167,440	102,980
Tax recoverable	13,002	11,831
Other investments	2,076,528	2,349,660
Deposits, bank and cash balances	553,300	451,236
	<u>4,010,068</u>	<u>4,202,008</u>
Assets held for sale	7,643	7,783
	<u>4,017,711</u>	<u>4,209,791</u>
	<u>25,792,400</u>	<u>26,107,429</u>
Total Assets		
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	2,344,276
Reserves	7,324,062	7,166,003
	<u>9,668,338</u>	<u>9,510,279</u>
Non-controlling interests	822,436	787,198
Total Equity	<u>10,490,774</u>	<u>10,297,477</u>
Non-Current Liabilities		
Borrowings	8,377,914	8,760,833
Lease liabilities	2,126,542	2,172,858
Provision for retirement benefits	43,423	43,985
Deferred income	166,677	166,511
Trade and other payables	201,080	171,198
Contract liabilities	101,646	96,669
Deferred tax liabilities	524,500	524,718
	<u>11,541,782</u>	<u>11,936,772</u>
Current Liabilities		
Borrowings	1,271,416	1,010,438
Lease liabilities	170,319	141,844
Trade and other payables	1,309,293	1,628,347
Contract liabilities	914,465	988,299
Deferred income	9,127	12,618
Derivative financial instruments	4,110	16,720
Tax payables	81,114	74,914
	<u>3,759,844</u>	<u>3,873,180</u>
Total Liabilities	<u>15,301,626</u>	<u>15,809,952</u>
Total Equity and Liabilities	<u>25,792,400</u>	<u>26,107,429</u>
Net assets per share attributable to owners of the Parent (sen)	318	312

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2021

	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 2021	2,344,276	57,003	28,120	7,829	(67,071)	7,140,122	9,510,279	787,198	10,297,477
Net profit for the financial period	-	-	-	-	-	124,704	124,704	35,259	159,963
Other comprehensive income/(loss)	-	2,624	-	(1,658)	29,381	3,008	33,355	-	33,355
Total comprehensive income/ (loss) for the financial period	-	2,624	-	(1,658)	29,381	127,712	158,059	35,259	193,318
Acquisition of NCI	-	-	-	-	-	-	-	(21)	(21)
At 31 March 2021	2,344,276	59,627	28,120	6,171	(37,690)	7,267,834	9,668,338	822,436	10,490,774

* - 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 2020.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 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 period	-	-	-	-	-	57,882	57,882	15,139	73,021
Other comprehensive (loss)/income	-	(7,250)	-	(320)	(31,880)	13,956	(25,494)	-	(25,494)
Total comprehensive (loss)/income for the financial period	-	(7,250)	-	(320)	(31,880)	71,838	32,388	15,139	47,527
Acquisition of NCI	-	-	-	-	-	-	-	(120)	(120)
At 31 March 2020	2,344,276	50,868	28,120	(913)	(59,056)	7,013,123	9,376,418	777,770	10,154,188

* - 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 2020.

Condensed Consolidated Statement of Cash Flows

	3 months ended 31.03.21 RM'000 (Unaudited)	3 months ended 31.03.20 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	220,988	114,806
Adjustments for:		
Non-cash items	189,264	203,083
Interest expense	144,995	171,995
Interest income	(13,040)	(11,514)
Share of results in associates and joint ventures	(60,584)	(72,186)
Operating profit before working capital changes	481,623	406,184
Changes in working capital:		
Net change in inventories	(11,795)	13,392
Net change in other current assets	(7,348)	175,171
Net change in current liabilities	(320,070)	(214,940)
Cash generated from operations	142,410	379,807
Net tax paid	(23,522)	(14,680)
Net cash generated from operating activities	118,888	365,127
Cash flows from investing activities		
Purchase of property, plant and equipment	(79,089)	(75,464)
Purchase of investment properties	-	(23,377)
Proceeds from sale of property, plant and equipment	324	3,245
Proceeds from sale of assets held for sale	116	17,209
Interest received	13,040	11,514
Dividend received from		
- Associates	21,448	19,065
- Joint Ventures	80,000	125,000
Government grant received	-	165,500
Net redemption of other investments	273,132	-
Changes in deposits with maturity more than 90 days	71,849	23,816
Changes in other investments with maturity more than 90 days	-	11,700
Net cash generated from investing activities	380,820	278,208
Cash flows from financing activities		
Interest paid	(144,995)	(154,302)
Lease liabilities paid	(51,954)	(47,627)
Drawdown of loans	207,400	177,700
Repayment of loans	(341,369)	(435,300)
Purchase of additional shares in a subsidiary from non-controlling interests	(21)	(120)
Movements in designated accounts and pledged deposits	(2,781)	(93,802)
Net cash used in financing activities	(333,720)	(553,451)
Net change in cash and cash equivalents	165,988	89,884
Effects of changes in exchange rate	5,144	14,985
Cash and cash equivalents at beginning of financial year	305,448	1,940,918
Cash and cash equivalents at end of financial year	476,580	2,045,787
Cash and cash equivalents comprise:		
Deposits and bank balances	553,300	1,209,685
Other investments	-	1,363,114
Less: Deposits with maturity more than 90 days	(48,637)	(154,230)
Less: Other investments with maturity more than 90 days	-	(254,305)
	504,663	2,164,264
Designated accounts	(27,534)	(117,928)
Pledge deposits	(549)	(549)
	476,580	2,045,787

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

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 2020.

The audited financial statements of the Group for the financial year ended 31 December 2020 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 2020.

Effective from 1 January 2021, the Group adopted the following:

- Amendment to MFRS 16 'COVID-19 - Related Rent Concessions'
- Amendment to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases 'Interest Rate Benchmark Reform - Phase 2'

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 periods beginning on or after 1 April 2021:
 - Amendment to MFRS 16 'COVID-19 - Related Rent Concessions beyond 30 June 2021'

- (ii) Financial periods beginning on or after 1 January 2022:
 - Amendments to MFRS 3 'Reference to Conceptual Framework'
 - Amendments to MFRS 116 'Proceeds before intended use'
 - Amendments to MFRS 137 'Onerous contracts-cost of fulfilling a contract'
 - Annual Improvements to MFRSs 2018-2020: Amendments to Illustrative Example 13 accompanying MFRS 16 Leases: 'Lease Incentives' and Amendment to MFRS 9: 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'

- (iii) Financial periods beginning on or after 1 January 2023:
 - Amendments to MFRS 101 Presentation of Financial Statements 'Classification of Liabilities as Current or Non-current'
 - Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors 'Definition of Accounting Estimates'

- (iv) 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 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 2020 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 March 2021.

7. Dividend paid

There was no dividend paid during the current quarter ended 31 March 2021.

8. Segment Reporting

The Group's segmental reporting for the current financial period ended 31 March 2021 is as follows:

	Ports & Logistics	Energy & Utilities			Engineering	Investment Holding, Corporate & Others	Total
		Gas	Energy	Water			
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<u>PTD 31.03.2021</u>							
<u>Revenue</u>							
Total	907	-	-	6	281	5	1,199
Inter-segment	(3)	-	-	-	(52)	-	(55)
External	904	-	-	6	229	5	1,144
<u>Results</u>							
Profit/(loss) before zakat and taxation	237	17	16	1	50	(100)	221
Finance costs	88	-	-	-	-	57	145
Depreciation and Amortisation	171	-	-	1	8	10	190
EBITDA*	496	17	16	2	58	(33)	556
<u>PTD 31.03.2020</u>							
<u>Revenue</u>							
Total	805	-	-	6	304	16	1,131
Inter-segment	(4)	-	-	-	(40)	-	(44)
External	801	-	-	6	264	16	1,087
<u>Results</u>							
Profit/(loss) before zakat and taxation	123	14	27	1	61	(111)	115
Finance costs	102	-	-	-	-	70	172
Depreciation and Amortisation	163	-	-	-	26	15	204
EBITDA*	388	14	27	1	87	(26)	491

*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 March 2021.

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

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

11. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter ended 31 March 2021.

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 2020 except for the following bank guarantees issued to third parties:

	31.03.21	31.12.20
	RM mil	RM mil
Subsidiaries	140.9	136.6

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:

	31.03.21	31.12.20
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	153.2	389.7

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

For the financial period ended 31 March 2021, the Group recorded RM1,143.7 million in revenue, a 5.2% increase from RM1,086.8 million reported in the corresponding financial period ended 31 March 2020 due to higher volume handled at Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") and Northport Malaysia Berhad ("NMB"). These were offset by 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").

The Group's Profit before zakat and taxation increased to RM221.0 million compared with RM114.8 million reported in the corresponding financial period ended 31 March 2020 in line with higher volume handled at PTP and NMB, gain on sublease of land at PTP, and lower finance costs incurred. These were offset by lower contribution from KVMRT-SSP Line, Senai Airport and PPSB, as mentioned above.

Ports & Logistics

The segment recorded revenue of RM903.6 million, an increase of 12.9% compared with RM800.6 million reported in the corresponding financial period ended 31 March 2020 due to higher volume handled at PTP and NMB, offset by lower volume handled at PPSB.

The segment recorded higher Profit before zakat and taxation by RM114.5 million to RM237.2 million compared with RM122.7 million reported in the corresponding financial period ended 31 March 2020 attributed to higher volume handled at PTP and NMB, and

gain on sublease of land at PTP. These were offset by lower volume handled at PPSB.

Energy & Utilities

The segment recorded revenue of RM6.2 million, a slight decrease by RM0.1 million compared with RM6.3 million reported in the corresponding financial period ended 31 March 2020.

The segment recorded a decrease in Profit before zakat and taxation to RM34.0 million compared with RM42.4 million reported in the corresponding financial period ended 31 March 2020 mainly due to lower contribution from Malakoff. This was attributed to lower contributions from its coal plants given the decline in applicable coal price, decrease in despatch factor at Segari Energy Venture Sdn. Bhd., higher operation and maintenance costs, and lower share of results from its associates.

Engineering

The segment recorded revenue of RM229.2 million, a decrease of 13.3% compared with RM264.4 million reported in the corresponding financial period ended 31 March 2020 mainly due to lower work progress from KVMRT-SSP Line due to completion of tunnelling works and impact of COVID-19.

The segment recorded lower Profit before zakat and taxation by RM11.1 million to RM49.9 million from RM61.0 million reported in the corresponding financial period ended 31 March 2020 in line with lower work progress from KVMRT-SSP Line as explained above.

Investment Holding, Corporate & Others

The segment recorded revenue of RM4.8 million, a decrease of 69.0% compared with RM15.5 million reported in the corresponding financial period ended 31 March 2020 due to lower passenger and cargo volumes at Senai Airport.

The segment recorded lower Loss before zakat and taxation by RM11.2 million to RM100.1 million compared with RM111.3 million reported in the corresponding financial period ended 31 March 2020 attributed to lower finance costs incurred, offset by lower passenger and cargo volumes at Senai Airport.

16. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation by RM66.0 million to RM221.0 million in the current quarter compared with RM287.0 million in the immediate preceding quarter due to lower contribution from KVMRT-SSP Line, lower volume handled at NMB and PPSB and no sale of land at Senai Airport City. These were cushioned by higher volume handled at PTP and no provision for impairment of a discontinued project's receivables.

17. Current prospects

The Group is positive with the growth prospects of its business divisions in FY2021, in line with the expected global and domestic economic recovery. 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 domestic market changes in response to the implementation of Movement Control Orders and the recent rising cases recorded.

The Port and Logistics division is expected to maintain strong momentum in line with economic recovery and growth. The division will continue to optimise the utilisation 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 prioritise its investments and capital allocation in order to elevate and further strengthen the ports' capacities and infrastructures and operational efficiencies.

The Energy & Utilities division remains a key component to the Group and is expected to contribute steady earnings from its two (2) main associated companies, namely Malakoff and Gas Malaysia.

The Engineering 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 preventive measures and broader coverage of vaccination, 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 optimisation, 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>31.03.21</u>	3 months ended <u>31.03.20</u>	Cumulative 3 months ended <u>31.03.21</u>	Cumulative 3 months ended <u>31.03.20</u>
	RM mil	RM mil	RM mil	RM mil
Interest income	(13.0)	(11.5)	(13.0)	(11.5)
Depreciation	187.3	201.2	187.3	201.2
Amortisation	2.9	3.3	2.9	3.3
Gain on disposal of:				
- property, plant and equipment	(0.1)	(0.4)	(0.1)	(0.4)
- assets held for sale	-	(8.7)	-	(8.7)
Gain on sublease of land	(18.7)	-	(18.7)	-

19. Profit forecast or profit guarantee

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

20. Tax expense

	3 months ended <u>31.03.21</u>	3 months ended <u>31.03.20</u>	Cumulative 3 months ended <u>31.03.21</u>	Cumulative 3 months ended <u>31.03.20</u>
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(28)	(22)	(28)	(22)
Deferred tax expense				
- current	(33)	(20)	(33)	(20)
	<u>(61)</u>	<u>(42)</u>	<u>(61)</u>	<u>(42)</u>

The Group's effective tax rate for the period ended 31 March 2021 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

21. Status of corporate proposals announced

Save as disclosed below, there is no other corporate proposal announced but not yet completed up to the date of this announcement.

- (i) On 19 March 2021, MMC announced that Klang Port Management Sdn Bhd ("KPM"), a wholly-owned subsidiary of Northport (Malaysia) Bhd, which in turn is a 99.1% subsidiary of MMC Port Holdings Sdn Bhd, a wholly-owned subsidiary of MMC, had entered into a conditional share sale and purchase agreement ("SSPA") with Boustead Holdings Berhad ("BHB") in relation to the proposed acquisition of 184,856,447 ordinary shares in Boustead Cruise Centre Sdn Bhd ("BCC") representing 50.0% ordinary equity interest in BCC by KPM from BHB for a cash consideration of RM115.0 million subject to the terms and conditions contained in the SSPA.

- (ii) On 22 March 2021, MMC announced that MMC Land Sdn Bhd, a wholly-owned subsidiary of MMC, had entered into a conditional share sale agreement with Tradewinds Corporation Berhad ("Tradewinds") for the proposed acquisition of 2,500,000 ordinary shares representing 50% equity interest in Retro Highland Sdn Bhd ("Retro Highland") and the shareholder's loan (together with all interest accrued thereon) of approximately RM55 million advanced by Tradewinds to Retro Highland, for a purchase consideration of RM250 million.

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

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:

	31.03.21	31.12.20
	RM mil	RM mil
At 1 January	41.0	32.6
Disposal	-	(0.1)
Changes in fair value	(1.7)	8.5
At 31.03.21/31.12.20	39.3	41.0

23. Borrowings

	31.03.21	31.12.20
	RM mil	RM mil
Current		
- secured	358	144
- unsecured	913	866
	<u>1,271</u>	<u>1,010</u>
Non-current		
- secured	1,955	2,323
- unsecured	6,423	6,438
	<u>8,378</u>	<u>8,761</u>
Total borrowings	<u>9,649</u>	<u>9,771</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

24. Changes in material litigationa) 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.

On 16 April 2021, the arbitral tribunal allowed JPL's claim against CCJV and dismissed CCJV's counterclaim against JPL. The arbitral tribunal awarded to JPL RM52,076,296.82 in respect of the Storage Charges, RM809,304.52 for costs of

the arbitration, deposits paid, legal fees and other expenses, and interest at 5% per annum on RM52,076,296.82 until full payment of the said sum.

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 RM64,247,313.13, including interest and costs.

The Adjudication Notice which was 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 has since been withdrawn by IMW.

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

On 26 August 2020, Salcon MNCB 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

No dividend has been recommended by the Directors during the current quarter ended 31 March 2021 (31 March 2020 : Nil).

26. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended	3 months ended	Cumulative 3 months ended	Cumulative 3 months ended
	<u>31.03.21</u>	<u>31.03.20</u>	<u>31.03.21</u>	<u>31.03.20</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	124.7	57.9	124.7	57.9
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	4.1	1.9	4.1	1.9

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 24 May 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

24 May 2021