Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 31 March 2019

	3 months ended 31.03.19 RM'000 (Unaudited)	3 months ended 31.03.18 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.19 RM'000 (Unaudited)	Cumulative 3 months ended 31.03.18 RM'000 (Unaudited)
Revenue	1,143,234	1,279,683	1,143,234	1,279,683
Cost of sales	(705,643)	(906,280)	(705,643)	(906,280)
Gross profit	437,591	373,403	437,591	373,403
Other operating income				
- items relating to investments	-	15,233	-	15,233
- others	35,302	29,908	35,302	29,908
Administrative expenses	(196,457)	(168,633)	(196,457)	(168,633)
Other operating expenses	(80,568)	(106,319)	(80,568)	(106,319)
Finance costs	(170,898)	(129,194)	(170,898)	(129,194)
Share of results of:				
- associates	34,992	34,728	34,992	34,728
- joint ventures	28,525	15,121	28,525	15,121
Profit before zakat and taxation	88,487	64,247	88,487	64,247
Tax expense	(23,581)	(8,705)	(23,581)	(8,705)
Profit for the financial period	64,906	55,542	64,906	55,542
Other comprehensive (loss)/income				
Items that may be reclassified subsequently to profit or loss:				
Movement in associates' capital reserves	(19,159)	44,346	(19,159)	44,346
Fair value adjustment-cash flow hedge	(442)	(8,656)	(442)	(8,656)
Currency translation differences	(5,512)	(14,241)	(5,512)	(14,241)
Items that will not be reclassified subsequently to profit or loss:				
Net changes in investments securities at Fair Value Through Other Comprehensive Loss ("FVTOCI")	20,297	(101)	20,297	(101)
Other comprehensive (loss)/income for the financial period	(4,816)	21,348	(4,816)	21,348
Total comprehensive income for the financial period	60,090	76,890	60,090	76,890
Profit attributable to:				
Owners of the Parent	53,515	41,346	53,515	41,346
Non-controlling interests	11,391	14,196	11,391	14,196
	64,906	55,542	64,906	55,542
Total comprehensive income attributable to:				
Owners of the Parent	48,699	62,694	48,699	62,694
Non-controlling interests	11,391	14,196	11,391	14,196
	60,090	76,890	60,090	76,890
Earnings per share attributable to owners of the Parent				
- Basic (sen)	1.8	1.4	1.8	1.4

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

Condensed Consolidated Statement of Financial Position

	As at 31.03.19 RM'000 (Unaudited)	As at 31.12.18 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	9,421,800	9,481,872
Investment properties	1,318,695	1,304,357
Rights-of-use assets	1,593,066	-
Interests in associates	4,435,548	4,440,459
Investments in joint arrangements	329,389	300,864
Investment securities	3,777	3,375
Inventories	1,887,306	1,885,008
Trade and other receivables	124,785	130,504
Intangible assets	2,336,346	2,351,125
Deferred tax assets	818,178	738,313
	22,268,890	20,635,877
Current Assets		
Inventories	100,429	104,673
Trade and other receivables	2,111,282	2,224,992
Contract assets	260,740	411,094
Derivative financial instruments	100	-
Tax recoverable	116,303	127,437
Investments securities	28,184	8,289
Deposits, bank and cash balances	1,921,201	1,616,688
	4,538,239	4,493,173
Assets held for sale	176,130	175,897
Total Assets	26,983,259	25,304,947
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	2,344,276
Reserves	6,757,903	7,215,374
	9,102,179	9,559,650
Non-controlling interests	744,513	733,217
Total equity	9,846,692	10,292,867
Non-Current Liabilities		
Redeemable preference shares	16,674	16,674
Borrowings	8,320,183	8,146,154
Land lease received in advance	245,774	249,496
Provision for retirement benefits	134,558	125,805
Deferred income	200,239	204,374
Deferred tax liabilities	537,784	603,215
Trade and other payables	554,919	383,472
Finance lease liabilities	2,113,013	-
	12,123,144	9,729,190
Current Liabilities		
Borrowings	2,318,788	2,537,170
Trade and other payables	1,578,766	1,882,525
Contract liabilities	964,376	828,598
Finance lease liabilities	121,701	-
Tax payables	3,274	4,559
Deferred income	26,518	29,679
Derivative financial instruments	-	359
	5,013,423	5,282,890
Total Liabilities	17,136,567	15,012,080
Total equity and liabilities	26,983,259	25,304,947
Net assets per share attributable to owners of the Parent (sen)	299	314

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

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2019

	Attributable to owners of the parent								
	Non-distributable					Distributable			
	Share capital RM'000	**Currency translation reserve RM'000**	**Revaluation reserve* RM'000**	**Other reserves RM'000**	**Cash flow hedge reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests (NCI) RM'000**	**Total equity RM'000**
At 1 January 2019	2,344,276	71,072	28,120	(21,512)	19,684	6,611,840	9,053,480	733,217	9,786,697
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	-	-	-	-	-	(506,170)	(506,170)	-	(506,170)
Net profit for the financial period	-	-	-	-	-	53,515	53,515	11,391	64,906
Other comprehensive (loss)/income	-	(3,009)	-	20,297	(22,104)	-	(4,816)	-	(4,816)
Total comprehensive (loss)/ income for the financial period	-	(3,009)	-	20,297	(22,104)	53,515	48,699	11,391	60,090
Acquisition of NCI	-	-	-	-	-	-	-	(95)	(95)
At 31 March 2019	2,344,276	68,063	28,120	(1,215)	(2,420)	6,665,355	9,102,179	744,513	9,846,692

* - 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 2018.

Condensed Consolidated Statement of Changes in Equity for the financial period ended 31 March 2018

	Attributable to owners of the parent								
	Non-distributable					Distributable			
	Share capital RM'000	Currency translation reserve RM'000	Revaluation reserve* RM'000	Other reserves RM'000	Cash flow hedge reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests (NCI) RM'000	Total equity RM'000
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 period	-	-	-	-	-	41,346	41,346	14,196	55,542
Other comprehensive (loss)/income	-	(22,692)	-	(101)	44,141	-	21,348	-	21,348
Total comprehensive (loss)/ income for the financial period	-	(22,692)	-	(101)	44,141	41,346	62,694	14,196	76,890
At 31 March 2018	2,344,276	40,888	28,120	2,965	74,502	7,062,163	9,552,914	731,993	10,284,907

* - 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 2018.

Condensed Consolidated Statement of Cash Flows

	3 months ended 31.03.19 RM'000 (Unaudited)	3 months ended 31.03.18 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	88,487	64,247
Adjustments for:		
Non-cash items	154,444	101,591
Interest expense	170,898	129,194
Interest income	(7,791)	(7,270)
Share of results in associates and joint ventures	(63,517)	(49,849)
Operating profit before working capital changes	342,521	237,913
Changes in working capital:		
Net change in inventories	(10,137)	(13,261)
Net change in other current assets	288,941	(179,457)
Net change in current liabilities	15,780	101,433
Cash generated from operations	637,105	146,628
Designated account and pledged deposits	(101,223)	(110,752)
Net tax paid	(23,550)	(8,801)
Land lease received in advance	-	15,103
Net cash generated from operating activities	**512,332**	**42,178**
Cash flows from investing activities		
Purchase of additional shares in a subsidiary from non-controlling interests	(95)	-
Purchase of property, plant and equipment	(87,150)	(226,053)
Purchase of intangible assets	-	(43)
Purchase of investment properties	(16,169)	(11,176)
Interest received	7,791	7,270
Dividend received from associates	17,873	15,887
Net cash used in investing activities	**(77,750)**	**(214,115)**
Cash flows from financing activities		
Repayment of loans	(422,000)	(1,143,463)
Drawdown of loans	365,647	1,167,579
Interest paid	(170,898)	(129,194)
Net cash used in financing activities	**(227,251)**	**(105,078)**
Net change in cash and cash equivalents	207,331	(277,015)
Effects of changes in exchange rate	(5,512)	(14,241)
Cash and cash equivalents at beginning of financial period	1,593,873	980,049
Cash and cash equivalents at end of financial period	**1,795,692**	**688,793**
Cash and cash equivalents comprise:		
Deposits and bank balances	1,921,201	826,133
Designated accounts	(123,490)	(135,679)
Pledge deposits	(549)	(549)
Bank overdrafts	(1,470)	(1,112)
	1,795,692	**688,793**

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)

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

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

2. Impact of adoption of MFRS 16 Leases

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

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

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

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

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

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

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

	RM’000
Increase in rights-of-use assets	1,627,515
Increase in deferred tax assets	135,479
Decrease in retained earnings	506,170
Increase in finance lease liabilities	(2,269,164)

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 March 2019.

8. Dividend paid

There was no dividend paid during the current quarter ended 31 March 2019.

9. Segment Reporting

The Group's segmental reporting for the current financial period ended 31 March 2019 is as follows:

	Ports & Logistics	Energy & Utilities		Engineering	Investment Holding, Corporate & Others	Total
		Gas	Energy			
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
PTD 31.03.2019						
Revenue						
Total	783	-	-	364	25	1,172
Inter-segment	(3)	-	-	(26)	-	(29)
External	780	-	-	338	25	1,143
Results						
Profit/(loss) before zakat and taxation	104	13	19	49	(97)	88
Finance costs	97	-	-	-	74	171
Depreciation and Amortisation	130	-	-	16	18	164
EBITDA*	331	13	19	65	(5)	423
PTD 31.03.2018						
Revenue						
Total	657	-	-	655	21	1,333
Inter-segment	(2)	-	-	(51)	-	(53)
External	655	-	-	604	21	1,280
Results						
Profit/(loss) before zakat and taxation	67	17	21	74	(115)	64
Finance costs	42	-	-	-	87	129
Depreciation and Amortisation	101	-	-	1	13	115
EBITDA*	210	17	21	75	(15)	308

*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 March 2019.

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

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

b) On 19 April 2019, MMC had received notification that Anglo-Oriental do Brasil Ltd, an indirect wholly-owned dormant subsidiary of MMC, had been automatically liquidated and removed from the Registry of Companies in Brazil. The liquidation does not have any material effect on the earnings, net assets and gearing of MMC Group for the financial year ending 31 December 2019.

c) On 22 April 2019, Borneo Highway PDP Sdn Bhd ("BHP") which is 40% owned by UEM MMC Joint Venture Sdn Bhd ("UMJV"), had received notification from the Government of Malaysia terminating the Project Delivery Partner Agreement of 11 April 2016 and the Supplemental Project Delivery Partner Agreement of 19 January 2018 entered into by BHP with the Government of Malaysia and the State Government of Sabah ("PDP Agreement"). The termination is to take effect on the expiry of five (5) months from 22 April 2019. MMC Group's effective interest in BHP via UMJV is 20%. The termination is not expected to have any significant effect on the earnings of the MMC Group for the financial year ending 31 December 2019.

12. Changes in composition of the Group

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

	31.03.19	31.12.18
	RM mil	RM mil
Subsidiaries	221.2	224.5

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

14. Provision of financial assistance

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

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

b) On 13 July 2015, MMC and Gamuda's jointly-controlled entity, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd, a SPV with each holding 50% interest, executed the Project Delivery Partner (PDP) Agreement for the KVMRT Sungai Buloh-Serdang-Putrajaya ("SSP") Line. As required under the award, MMC and Gamuda have issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

c) On 31 March 2016, MMC Gamuda KVMRT (T) Sdn Bhd, a jointly-controlled entity of MMC and Gamuda, has been awarded the Underground Works Package for the KVMRT SSP Line. As required under the award, MMC and Gamuda have issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

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

15. Capital commitments

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

	31.03.19	31.12.18
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	387.9	484.0

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

For the financial period ended 31 March 2019, the Group recorded RM1,143.2 million in revenue, a 10.7% decrease from RM1,279.7 million reported in the corresponding quarter of the preceding financial period due to lower contribution from KVMRT SSP Line underground works following revision of contract in November 2018 as well as lower progress from Langat Sewerage project. These were moderated by consolidation of Penang Port Sdn Bhd's ("PPSB") revenue and higher volume handled at Pelabuhan Tanjung Pelepas ("PTP").

The Group's Profit before zakat and taxation increased to RM88.5 million compared with RM64.2 million reported in the corresponding quarter of the preceding financial period, mainly due to higher contributions from port entities, offset by lower contribution from KVMRT SSP Line underground works.

Ports & Logistics

The segment recorded revenue of RM780.4 million, an increase of 19.2% compared with RM654.5 million reported in the corresponding quarter of the preceding financial period, mainly due to effect from full consolidation of PPSB's revenue and higher volume handled at PTP.

The segment recorded higher Profit before zakat and taxation by RM36.9 million to RM103.9 million compared with RM67.0 million reported in the corresponding quarter of the preceding financial period due to higher contribution from Johor Port Berhad ("JPB") and Northport Malaysia Berhad ("NMB") as well as full consolidation of PPSB's result. These were offset by higher finance cost and depreciation due to the adoption of MFRS 16 “Leases”.

Energy & Utilities

The segment recorded decrease in Profit before zakat and taxation to RM31.5 million compared with RM38.0 million reported in the corresponding quarter of the preceding financial period due to higher operation and maintenance costs at Malakoff.

Engineering

The segment recorded revenue of RM337.9 million, a decrease of 44.1% compared with RM604.3 million reported in the corresponding quarter of the preceding financial period mainly due to lower contribution from KVMRT SSP Line underground works following revision of contract in November 2018.

The segment recorded decrease of 33.6% in Profit before zakat and taxation to RM49.4 million from RM74.4 million reported in the corresponding quarter of the preceding financial period due to lower contribution from KVMRT SSP Line underground works.

Investment Holding, Corporate & Others

The segment recorded revenue of RM25.0 million, an increase of 19.0% compared with RM21.0 million reported in the corresponding quarter of the preceding financial period due to higher passenger volume at Senai Airport.

The segment recorded lower Loss before zakat and taxation by RM17.9 million to RM97.4 million compared with RM115.3 million reported in the corresponding quarter of the preceding financial period mainly due to lower finance costs incurred and lower administrative cost.

17. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation of RM88.5 million in the current quarter compared with RM209.8 million in the immediate preceding quarter due to lower contribution from KVMRT SSP Line underground works.

18. Current prospects

Ports & Logistics division is expected to record positive volume growth across all the ports. Continuous investments into the port’s infrastructure, capacity 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 underground and elevated work. Furthermore, the earnings contribution from the Engineering division will be sustained by on-going projects including Langat 2 Water Treatment Plant and Langat Centralized Sewerage Treatment Project.

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

19. Profit before zakat and taxation

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

	3 months ended 31.03.19	3 months ended 31.03.18	Cumulative 3 months ended 31.03.19	Cumulative 3 months ended 31.03.18
	RM mil	RM mil	RM mil	RM mil
Interest income	(7.8)	(7.3)	(7.8)	(7.3)
Depreciation	160.4	109.3	160.4	109.3
Amortisation	3.3	6.2	3.3	6.2
Remeasurement gain of interest in an associate	-	(15.2)	-	(15.2)

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 31.03.19	3 months ended 31.03.18	Cumulative 3 months ended 31.03.19	Cumulative 3 months ended 31.03.18
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(38)	5	(38)	5
- prior years	4	(2)	4	(2)
Deferred tax expense				
- current	10	(12)	10	(12)
	(24)	(9)	(24)	(9)

The Group’s effective tax rate for the period ended 31 March 2019 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

22. Status of corporate proposals announced

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

23. Investment securities

Fair value of financial instruments

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

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

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

	31.03.19	31.12.18
	RM mil	RM mil
At 1 January	11.7	3.1
Reclassification	-	33.1
Net gain/(loss) transferred to equity	20.3	(24.5)
At 31.03.19/31.12.18	32.0	11.7
Less: Non-current portion	(3.8)	(3.4)
Current portion	28.2	8.3

24. Borrowings

	31.03.19	31.12.18
	RM mil	RM mil
Current		
- secured	412	399
- unsecured	1,907	2,138
	2,319	2,537
Non-current		
- secured	3,889	4,318
- unsecured	4,431	3,828
	8,320	8,146
Total borrowings	10,639	10,683

All borrowings of the Group are denominated in Ringgit Malaysia.

The Group is currently in the process of refinancing a term loan amounting to RM1.0 billion via a Sukuk program. Management is of the opinion that the term loan will be refinanced on time.

25. Changes in material litigation

a) Accolade Land Litigation

A jointly controlled entity of MMC, MMC Gamuda KVMRT (PDP) Sdn Bhd ("KVMRT PDP") was served with a Writ and Statement of Claim by Accolade Land Sdn Bhd ("Accolade") on 24 June 2016.

The suit is premised on an alleged breach of a contract between Accolade and Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp") relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass

Rapid Transit project in which KVMRT PDP was the Project Delivery Partner.

Accolade is claiming, jointly and severally against the four defendants in the suit, damages in the sum of RM303,534,216.00 with interest and costs.

On 20 April 2017, the High Court ordered that Accolade’s Writ and Statement of Claim be struck out with costs.

Accolade initially appealed against the High Court decision to the Court of Appeal but however withdrew its appeal on 25 April 2019.

Accolade’s appeal against KVMRT PDP is therefore deemed concluded.

b) Oil Spill Claim

Pelabuhan Tanjung Pelepas Sdn Bhd (“PTP”), a 70% owned subsidiary of MMC Corporation Berhad, has filed an in rem action against the shipowner, Rising Star Shipping Sdn Bhd (“RSS”), and an in personam action against RSS and the insurer, The Shipowners’ Mutual Protection and Indemnity Association (Luxembourg) Singapore Branch (“the Club”), respectively on 18 July 2017 at the Kuala Lumpur High Court in relation to the oil spill at PTP’s premises causing damages.

The action stems from an oil spill incident of the vessel on 24 August 2016 where there was an overflow of oil from one of the vessel’s tanks in the course of loading a cargo of 2,500 metric tons of marine fuel oil which subsequently spread into PTP’s premises (“Oil Spill”). As a result, PTP suffered various substantial losses and now claims a sum of RM31,862,212.00 against RSS and the Club.

RSS had earlier obtained an order of the Kuala Lumpur High Court to limit its liability in the Oil Spill to approximately RM25.9 million ("Limitation Amount"), as provided for under the Merchant Shipping (Liability and Compensation for Oil Pollution) Act 1994 ("Limitation Action"). The Club consequently lodged security for the Limitation Amount with the Kuala Lumpur High Court.

Subsequently, the International Oil Pollution Compensation Fund 1992 was joined in the Limitation Action, to take up further claims by parties affected by the Oil Spill beyond the value of the Limitation Amount.

On 3 January 2018, the Kuala Lumpur High Court consolidated PTP's in personam action with the Limitation Action.

Parties to the Limitation Action are currently preparing their documents for trial which is fixed on 8, 9, 10 and 11 July 2019.

c) Claim against Hood bin Osman

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

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

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

The Court fixed the matter for trial on 28, 29 and 30 May 2019.

d) Emrail Arbitration

On 25 October 2018, MMC-Gamuda Joint Venture Sdn. Bhd. (a 50% jointly controlled entity of MMC) ("MGJV") was served with a Notice of Intention to Commence Arbitration Proceedings ("Notice") by Emrail Sdn. Bhd.("Emrail").

Emrail is MGJV's subcontractor for the Construction, Completion, Testing, Commissioning and Maintenance of Track Works for the Electrified Double Track Project between Ipoh and Padang Besar ("Project").

The Notice is premised on Emrail's alleged dispute and differences arising out of the Conditions of Contract dated 23 December 2010 in respect of the Project.

On 5 December 2018, MGJV filed an Originating Summons at the Shah Alam High Court to seek declarations that, among others, the Notice is invalidly issued and Emrail is not entitled to commence arbitration proceedings against MGJV ("Application").

At the Court hearing on 16 May 2019, the Application was withdrawn by MGJV. Consequently, the Notice against MGJV was withdrawn by Emrail.

e) <u>Arbitration against CCJV P1 Engineering and Construction Sdn. Bhd.</u>

Vide a Subcontract on Project Customs Broker Service (On-Shore) dated 5 May 2015, JP Logistics Sdn. Bhd. ("JPL"), a wholly-owned subsidiary of Johor Port Bhd., which in turn is a wholly-owned subsidiary of MMC Corporation Bhd., had provided to CCJV P1 Engineering and Construction Sdn. Bhd. ("CCJV") storage services, involving storage of CCJV's plant and machineries, accumulating to a sum of RM52,076,296.12 ("Storage Charges"). CCJV disputes the said charges and refuses to satisfy payment of the charges to JPL.

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

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

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

26. Dividend Payable

No interim dividend has been recommended by the Directors for the current quarter ended 31 March 2019 (31 March 2018 : Nil).

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 31.03.19	3 months ended 31.03.18	Cumulative 3 months ended 31.03.19	Cumulative 3 months ended 31.03.18
Profit for the financial period attributable to owners of the Parent (RM mil)	53.5	41.3	53.5	41.3
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)	1.8	1.4	1.8	1.4

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 28 May 2019.

By Order of the Board
Ahmad Aznan Mohd Nawawi (L.S. No.0009371)
Sazlin Ayesha Abdul Samat (L.S. No.0008112)
Secretaries
Kuala Lumpur
28 May 2019