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

	3 months ended 30.09.19 RM'000 (Unaudited)	3 months ended 30.09.18 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.19 RM'000 (Unaudited)	Cumulative 9 months ended 30.09.18 RM'000 (Unaudited)
Revenue	1,245,785	944,077	3,619,171	3,424,579
Cost of sales	(798,452)	(560,328)	(2,256,635)	(2,265,000)
Gross profit	447,333	383,749	1,362,536	1,159,579
Other operating income				
- items relating to investments	-	50,470	-	65,703
- others	65,535	23,217	157,688	84,671
Administrative expenses	(224,008)	(206,686)	(632,787)	(563,935)
Other operating expenses	(86,868)	(73,396)	(248,326)	(300,422)
Finance costs	(166,044)	(139,462)	(513,267)	(398,692)
Share of results of:				
- associates	49,582	31,119	118,926	85,068
- joint ventures	34,691	19,771	95,867	61,155
Profit before zakat and taxation	120,221	88,782	340,637	193,127
Tax expense	(42,365)	(36,522)	(116,225)	(55,919)
Profit for the financial period	77,856	52,260	224,412	137,208
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Movement in associates' capital reserves	(1,069)	7,149	(46,985)	(12,353)
Fair value adjustment-cash flow hedge	5,325	4,530	4,980	7,126
Currency translation differences	4,733	7,740	3,170	6,856
Items that will not be reclassified subsequently to profit or loss:				
Net changes in investments securities at Fair Value Through Other Comprehensive Income/(Loss) ("FVTOCI")	1,600	(9,146)	17,663	(15,451)
Other comprehensive income/(loss) for the financial period	10,589	10,273	(21,172)	(13,822)
Total comprehensive income for the financial period	88,445	62,533	203,240	123,386
Profit attributable to:				
Owners of the Parent	66,340	38,944	187,080	100,365
Non-controlling interests	11,516	13,316	37,332	36,843
	77,856	52,260	224,412	137,208
Total comprehensive income attributable to:				
Owners of the Parent	76,929	49,217	165,908	86,543
Non-controlling interests	11,516	13,316	37,332	36,843
	88,445	62,533	203,240	123,386
Earnings per share attributable to owners of the Parent				
- Basic (sen)	2.2	1.3	6.1	3.3

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 30.09.19 RM'000 (Unaudited)	As at 31.12.18 RM'000 (Audited)
Non-Current Assets		
Property, plant and equipment	9,491,169	9,481,872
Investment properties	1,370,058	1,304,357
Rights-of-use assets	1,599,907	-
Interests in associates	4,401,546	4,440,459
Investments in joint arrangements	299,331	300,864
Investment securities	4,459	3,375
Inventories	1,911,077	1,885,008
Trade and other receivables	142,063	130,504
Intangible assets	2,330,961	2,351,125
Deferred tax assets	780,574	738,313
	22,331,145	20,635,877
Current Assets		
Inventories	100,579	104,673
Trade and other receivables	1,577,710	2,224,992
Contract assets	242,056	411,094
Derivative financial instruments	3,415	-
Tax recoverable	33,521	127,437
Investments securities	24,869	8,289
Deposits, bank and cash balances	2,144,410	1,616,688
	4,126,560	4,493,173
Assets held for sale	11,706	175,897
Total Assets	26,469,411	25,304,947
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	2,344,276
Reserves	6,747,764	7,215,374
	9,092,040	9,559,650
Non-controlling interests	765,404	733,217
Total equity	9,857,444	10,292,867
Non-Current Liabilities		
Redeemable preference shares	-	16,674
Borrowings	6,470,034	8,146,154
Land lease received in advance	246,324	249,496
Provision for retirement benefits	105,697	125,805
Deferred income	186,453	204,374
Deferred tax liabilities	537,989	603,215
Trade and other payables	471,214	383,472
Finance lease liabilities	2,131,704	-
	10,149,415	9,729,190
Current Liabilities		
Borrowings	3,951,824	2,537,170
Trade and other payables	1,650,379	1,882,525
Contract liabilities	671,682	828,598
Finance lease liabilities	138,557	-
Tax payables	24,607	4,559
Deferred income	25,407	29,679
Derivative financial instruments	96	359
	6,462,552	5,282,890
Total Liabilities	16,611,967	15,012,080
Total equity and liabilities	26,469,411	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 30 September 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	6,606,294	9,047,934	733,217	9,781,151
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	-	-	-	-	-	(511,716)	(511,716)	-	(511,716)
Net profit for the financial period	-	-	-	-	-	187,080	187,080	37,332	224,412
Other comprehensive income/(loss)	-	3,911	-	17,663	(42,746)	-	(21,172)	-	(21,172)
Total comprehensive income/ (loss) for the financial period	-	3,911	-	17,663	(42,746)	187,080	165,908	37,332	203,240
Acquisition of NCI	-	-	-	-	-	-	-	(349)	(349)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,796)	(4,796)
Final dividend in respect of financial year ended 31 December 2018	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 30 September 2019	2,344,276	74,983	28,120	(3,849)	(23,062)	6,671,572	9,092,040	765,404	9,857,444

* - 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 30 September 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	-	-	-	-	-	100,365	100,365	36,843	137,208
Other comprehensive (loss)/income	-	(3,808)	-	(15,451)	5,437	-	(13,822)	-	(13,822)
Total comprehensive (loss)/ income for the financial period	-	(3,808)	-	(15,451)	5,437	100,365	86,543	36,843	123,386
Acquisition of NCI	-	-	-	-	-	-	-	(425)	(425)
Final dividend in respect of financial year ended 31 December 2017	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 30 September 2018	2,344,276	59,772	28,120	(12,385)	35,798	6,999,380	9,454,961	754,215	10,209,176

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

The Condensed Consolidated Statement Of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017.

Condensed Consolidated Statement of Cash Flows

	9 months ended 30.09.19 RM'000 (Unaudited)	9 months ended 30.09.18 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	340,637	193,127
Adjustments for:		
Non-cash items	476,090	356,180
Interest expense	513,267	398,692
Interest income	(45,840)	(21,692)
Dividend income	(140)	(150)
Share of results in associates and joint ventures	(214,793)	(146,223)
Operating profit before working capital changes	1,069,221	779,934
Changes in working capital:		
Net change in inventories	(32,385)	(21,066)
Net change in other current assets	743,889	(384,226)
Net change in current liabilities	(390,186)	140,182
Cash generated from operations	1,390,539	514,824
Designated account and pledged deposits	(105,843)	(116,030)
Net tax refund/(paid)	25,690	(69,717)
Land lease received in advance	9,736	10,015
Net cash generated from operating activities	**1,320,122**	**339,092**
Cash flows from investing activities		
Net cash outflow from acquisition of a subsidiary	-	(23,453)
Purchase of additional shares in a subsidiary from non-controlling interests	(349)	(425)
Purchase of property, plant and equipment	(302,757)	(635,663)
Purchase of intangible assets	-	(43)
Purchase of investment properties	(71,506)	(29,222)
Proceeds from sale of property, plant and equipment	2,505	-
Proceeds from sale of assets held for sale	42,778	2,737
Interest received	45,840	21,692
Dividend received from		
- Associates	101,512	123,144
- Joint Ventures	97,400	14,000
- Others	140	150
Net cash used in investing activities	**(84,437)**	**(527,083)**
Cash flows from financing activities		
Repayment of loans	(1,074,807)	(1,437,699)
Drawdown of loans	802,101	2,175,706
Dividend paid	(121,802)	(121,802)
Dividend paid to non-controlling interests of subsidiaries	(4,796)	-
Interest paid	(417,673)	(398,692)
Net cash (used in)/generated from financing activities	**(816,977)**	**217,513**
Net change in cash and cash equivalents	418,708	29,522
Effects of changes in exchange rate	3,170	6,856
Cash and cash equivalents at beginning of financial period	1,593,873	980,049
Cash and cash equivalents at end of financial period	**2,015,751**	**1,016,427**
Cash and cash equivalents comprise:		
Deposits and bank balances	2,144,410	1,157,934
Designated accounts	(128,110)	(140,958)
Pledge deposits	(549)	(549)
	2,015,751	**1,016,427**

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

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2018.

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

The significant accounting policies and methods adopted in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2018.

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

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

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

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

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

(i) Financial period beginning on or after 1 January 2020:
- Amendments to MFRS 3 Definition of a Business
- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 Definition of Material

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

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

2. Impact of adoption of MFRS 16 Leases

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

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

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

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

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

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

Impact of adoption of MFRS 16 to opening balance at 1 January 2019	Debit/ (Credit) RM’000
Increase in rights-of-use assets	1,674,796
Increase in deferred tax assets	135,438
Decrease in retained earnings	511,716
Increase in finance lease liabilities	(2,321,950)

3. Audit qualification

The report of the auditors on the Group's financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

4. Seasonal or cyclical factors

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

5. Unusual items

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

6. Changes in financial estimates

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

7. Equity securities

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

8. Dividend paid

In respect of the financial year ended 31 December 2018, a final dividend of 4.0 sen per ordinary share of RM0.10 each on 3,045,058,552 ordinary shares amounting to RM121,802,342 was paid on 26 June 2019.

9. Segment Reporting

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

	Ports & Logistics	Energy & Utilities		Engineering	Investment Holding, Corporate & Others	Total
		Gas	Energy			
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<u>QTD 30.09.2019</u>						
<u>Revenue</u>						
Total	785	-	-	501	26	1,312
Inter-segment	(3)	-	-	(63)	-	(66)
External	782	-	-	438	26	1,246
<u>Results</u>						
Profit/(loss) before zakat and taxation	92	13	33	73	(91)	120
Finance costs	99	-	-	-	67	166
Depreciation and Amortisation	184	-	-	17	12	213
EBITDA*	375	13	33	90	(12)	499
<u>QTD 30.09.2018</u>						
<u>Revenue</u>						
Total	792	-	-	188	24	1,004
Inter-segment	(3)	-	-	(57)	-	(60)
External	789	-	-	131	24	944
<u>Results</u>						
Profit/(loss) before zakat and taxation	137	12	17	21	(98)	89
Finance costs	61	-	-	-	78	139
Depreciation and Amortisation	125	-	-	1	16	142
EBITDA*	323	12	17	22	(4)	370

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

b) Current Financial Period Ended 30 September 2019 (9 months)

	Ports & Logistics	Energy & Utilities Gas	Energy & Utilities Energy	Engineering	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
FPE 30.09.2019						
Revenue						
Total	2,373	-	-	1,354	76	3,803
Inter-segment	(9)	-	-	(175)	-	(184)
External	2,364	-	-	1,179	76	3,619
Results						
Profit/(loss) before zakat and taxation	315	41	66	192	(273)	341
Finance costs	295	-	-	-	218	513
Depreciation and Amortisation	460	-	-	31	43	534
EBITDA*	1,070	41	66	223	(12)	1,388
FPE 30.09.2018						
Revenue						
Total	2,193	-	-	1,339	67	3,599
Inter-segment	(10)	-	-	(164)	-	(174)
External	2,183	-	-	1,175	67	3,425
Results						
Profit/(loss) before zakat and taxation	286	44	49	173	(359)	193
Finance costs	156	-	-	1	242	399
Depreciation and Amortisation	348	-	-	5	38	391
EBITDA*	790	44	49	179	(79)	983

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

10. Property, plant and equipment

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

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

On 21 June 2019, Projek SMART Holdings Sdn Bhd ("Projek SMART"), a 50% joint venture of MMC Corporation Bhd ("MMC") received an offer from the Minister of Finance (Incorporated) ("MOF Inc.") to acquire all the securities of Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd ("SMART") held by Projek SMART, for a cash consideration of RM184.5 million (at MMC's 50% shareholding), less its share of any outstanding indebtedness as at completion date ("Proposed Disposal"). On 31 October 2019, MOF Inc. and Projek SMART had, by way of a letter, mutually agreed to extend:

i. the Cut-Off Date to negotiate and finalise the terms of the definitive agreement to 31 December 2019;
ii. the Long Stop Date to satisfy the Conditions Precedent to 29 February 2020; and
iii. the date of Completion to a date which shall be no later than 31 March 2020.

12. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter ended 30 September 2019.

13. Changes in contingent liabilities or contingent assets

There was no change in contingent liabilities or contingent assets since the last audited financial statements for the financial year ended 31 December 2018 except for the following bank guarantees issued to third parties:

	30.09.19	31.12.18
	RM mil	RM mil
Subsidiaries	195.5	224.5

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

14. Provision of financial assistance

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

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

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

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

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

15. Capital commitments

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

	30.09.19	31.12.18
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	562.7	484.0

Additional information required by the Bursa Securities Listing Requirements

16. Review of performance

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

For the quarter ended 30 September 2019, the Group recorded RM1,245.8 million in revenue, a 32.0% increase from RM944.1 million reported in the corresponding quarter ended 30 September 2018, due to higher work progress from KVMRT-SSP Line, offset with lower progress from Langat Sewerage project.

The Group's Profit before zakat and taxation increased to RM120.2 million compared with RM88.8 million reported in the corresponding quarter ended 30 September 2018, mainly due to the following:

i. Higher work progress from KVMRT-SSP Line;
ii. Higher contribution from Malakoff due to improved contribution from its coal plants, lower barging and demurrage cost, lower finance cost and fair value gain on acquisition of a subsidiary;
iii. Gain on disposal of an asset held for sale and lower administrative cost across the Group; and
iv. Oil spill compensation at Pelabuhan Tanjung Pelepas ("PTP").

These were offset by no recognition of negative goodwill of RM51.7 million upon finalisation of Penang Port Sdn Bhd's ("PPSB") Purchase Price Allocation ("PPA") exercise, higher operating expenses at PPSB as well as higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".

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

For the financial period ended 30 September 2019, the Group recorded RM3,619.2 million in revenue, a 5.7% increase from RM3,424.6 million reported in the corresponding financial period ended 30 September 2018 due to higher work progress from KVMRT-SSP Line, consolidation of PPSB's revenue and higher volume handled at PTP. These were offset by lower progress from Langat Sewerage project.

The Group's Profit before zakat and taxation increased to RM340.6 million compared with RM193.1 million reported in the corresponding financial period ended 30 September 2018, mainly due to higher contributions from port entities and KVMRT-SSP Line, gain on disposal of assets held for sale and lower administrative costs. These were offset by no recognition of negative goodwill upon finalisation of PPSB's PPA exercise as well as higher finance cost and depreciation due to the adoption of MFRS 16 "Leases".

Ports & Logistics

The segment recorded revenue of RM2,363.7 million, an increase of 8.3% compared with RM2,183.2 million reported in the corresponding financial period ended 30 September 2018, mainly due to the effect of full consolidation of PPSB's revenue and higher volume handled at PTP and Johor Port ("JPB").

The segment recorded higher Profit before zakat and taxation by RM28.7 million to RM314.7 million compared with RM286.0 million reported in the corresponding financial period ended 30 September 2018 due to higher volume handled at PTP and JPB, oil spill compensation at PTP as well as higher contribution from Red Sea Gateway Terminal. These were offset by no recognition of negative goodwill as explained above, higher operating expenses at PPSB as well as higher finance cost and depreciation due to the adoption of MFRS 16 “Leases”.

Energy & Utilities

The segment recorded increase in Profit before zakat and taxation to RM106.7 million compared with RM93.4 million reported in the corresponding financial period ended 30 September 2018 due to higher contribution from Malakoff attributed by improved contribution from its coal plants, lower barging and demurrage cost, lower finance cost and fair value gain on acquisition of a subsidiary.

Engineering

The segment recorded revenue of RM1,178.7 million, an increase of 0.3% compared with RM1,174.6 million reported in the corresponding financial period ended 30 September 2018 mainly due to higher work progress from KVMRT-SSP Line, offset with lower progress from Langat Sewerage project.

The segment recorded increase of 11.1% in Profit before zakat and taxation to RM192.0 million from RM172.8 million reported in the corresponding financial period ended 30 September 2018 due to higher work progress from KVMRT-SSP Line.

Investment Holding, Corporate & Others

The segment recorded revenue of RM76.4 million, an increase of 14.4% compared with RM66.8 million reported in the corresponding financial period ended 30 September 2018 due to higher passenger volume at Senai Airport.

The segment recorded lower Loss before zakat and taxation by RM86.3 million to RM272.8 million compared with RM359.1 million reported in the corresponding financial period ended 30 September 2018 year mainly due to gain on disposal of an asset held for sale, lower finance costs incurred and lower administrative cost.

17. Variation of results against immediate preceding quarter

The Group recorded lower Profit before zakat and taxation of RM120.2 million in the current quarter compared with RM131.9 million in the immediate preceding quarter due to lower volume handled at PTP and higher operating expenses at PPSB, offset with higher contribution from Malakoff due to fair value gain on acquisition of a subsidiary.

18. Current prospects

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

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

Substantial existing order-book provides earnings visibility for the Engineering division anchored by the KVMRT-SSP Line. Furthermore, the earnings contribution from the Engineering division will be sustained by on-going projects.

Overall, the Group expects to strengthen our capabilities with a focus on operating performance and efficiency, whilst exploring new opportunities. Based on the foregoing, the Group expects the financial performance for 2019 to be satisfactory.

19. Profit before zakat and taxation

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

	3 months ended 30.09.19	3 months ended 30.09.18	Cumulative 9 months ended 30.09.19	Cumulative 9 months ended 30.09.18
	RM mil	RM mil	RM mil	RM mil
Interest income	(18.8)	(11.7)	(45.8)	(21.7)
Depreciation	209.9	138.4	524.8	378.6
Amortisation	2.9	3.3	8.9	12.6
(Gain)/loss on disposal of:				
- property, plant and equipment	(0.5)	12.2	(0.5)	12.2
- assets held for sale	(10.0)	(2.1)	(26.4)	(2.1)
Fair value gain on reclassification of investment in an associate to investment securities	-	-	-	(15.2)
Negative goodwill	-	(51.7)	-	(51.7)
Compensation received	(18.3)	-	(18.3)	-

20. Profit forecast or profit guarantee

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

21. Tax expense

	3 months ended 30.09.19	3 months ended 30.09.18	Cumulative 9 months ended 30.09.19	Cumulative 9 months ended 30.09.18
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(29)	(21)	(65)	(16)
- prior years	(6)	-	(2)	(2)
Deferred tax expense				
- current	(7)	(16)	(49)	(38)
	(42)	(37)	(116)	(56)

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

22. Status of corporate proposals announced

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

23. Investment securities

Fair value of financial instruments

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

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

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

	30.09.19	31.12.18
	RM mil	RM mil
At 1 January	11.7	3.1
Reclassification	-	33.1
Net gain/(loss) transferred to equity	17.6	(24.5)
At 30.09.19/31.12.18	29.3	11.7
Less: Non-current portion	(4.4)	(3.4)
Current portion	24.9	8.3

24. Borrowings

	30.09.19	31.12.18
	RM mil	RM mil
Current		
- secured	1,946	399
- unsecured	2,006	2,138
	3,952	2,537
Non-current		
- secured	2,640	4,318
- unsecured	3,830	3,828
	6,470	8,146
Total borrowings	10,422	10,683

All borrowings of the Group are denominated in Ringgit Malaysia.

The Group is currently in the process of refinancing the borrowings amounting to RM2.5 billion via Sukuk programs.

25. Changes in material litigation

a) Oil Spill Claim

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

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

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

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

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

After receiving full payment of the settlement amount, PTP discontinued legal proceedings against RSS and the Club on 7 October 2019. This matter is thus resolved.

b) Claim against Hood bin Osman

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

KNB's claim against Hood bin Osman is premised primarily on breach of employment contract, fraud and various breaches of duty of care under common law and the Companies Act 2016. KNB is claiming, among others, damages in the sum of RM66,590,105.43, general damages, full indemnity against any claims arising from the transactions, interest and costs.

The High Court fixed new trial dates for the matter from 3 to 6 February 2020.

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

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

("Storage Charges"). CCJV disputes the said charges and refuses to satisfy payment of the charges to JPL.

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

CCJV responded to the Notice of Arbitration on 10 May 2019. The arbitrator fixed 8 to 12 June 2020 as the hearing dates for this matter. In the interim, parties are to submit the requisite cause papers and statements in preparation of the hearing.

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

26. Dividend Payable

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

27. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended 30.09.19	3 months ended 30.09.18	Cumulative 9 months ended 30.09.19	Cumulative 9 months ended 30.09.18
Profit for the financial period attributable to owners of the Parent (RM mil)	66.3	38.9	187.1	100.4
Weighted average number of ordinary shares in issue ('mil)	3,045.1	3,045.1	3,045.1	3,045.1
Basic earnings per ordinary share (sen)	2.2	1.3	6.1	3.3

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 26 November 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
26 November 2019