

Condensed Consolidated Statement of Comprehensive Income
Quarterly report on unaudited consolidated results
for the period ended 30 June 2020

	3 months <u>ended</u> <u>30.06.20</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>30.06.19</u> RM'000 (Unaudited)	Cumulative <u>6 months ended</u> <u>30.06.20</u> RM'000 (Unaudited)	Cumulative <u>6 months ended</u> <u>30.06.19</u> RM'000 (Unaudited)
Revenue	990,683	1,230,152	2,077,517	2,373,386
Cost of sales	(510,718)	(752,540)	(1,121,640)	(1,458,183)
Gross profit	<u>479,965</u>	<u>477,612</u>	<u>955,877</u>	<u>915,203</u>
Other operating income	37,249	56,851	86,570	92,153
Administrative expenses	(207,914)	(212,322)	(431,428)	(408,779)
Other operating expenses	(77,683)	(80,890)	(164,787)	(161,458)
Finance costs	(173,521)	(176,325)	(345,516)	(347,223)
Share of results of:				
- associates	54,366	34,352	94,362	69,344
- joint ventures	15,635	32,651	47,825	61,176
Profit before zakat and taxation	<u>128,097</u>	<u>131,929</u>	<u>242,903</u>	<u>220,416</u>
Tax expense	(38,244)	(50,279)	(80,029)	(73,860)
Profit for the financial period	<u>89,853</u>	<u>81,650</u>	<u>162,874</u>	<u>146,556</u>
Other comprehensive income/(loss)				
Items that may be reclassified subsequently to profit or loss:				
Movement in associates' capital reserves	28,192	(26,757)	(27,804)	(45,916)
Fair value adjustment-cash flow hedge	(4,167)	97	11,670	(345)
Currency translation differences	306	3,949	15,291	(1,563)
Items that will not be reclassified subsequently to profit or loss:				
Net changes in investments securities at Fair Value Through Other Comprehensive (Loss)/Income ("FVTOCI")	(9,237)	(4,234)	(9,557)	16,063
Other comprehensive income/(loss) for the financial period	<u>15,094</u>	<u>(26,945)</u>	<u>(10,400)</u>	<u>(31,761)</u>
Total comprehensive income for the financial period	<u>104,947</u>	<u>54,705</u>	<u>152,474</u>	<u>114,795</u>
Profit attributable to:				
Owners of the Parent	77,360	67,225	135,242	120,740
Non-controlling interests	12,493	14,425	27,632	25,816
	<u>89,853</u>	<u>81,650</u>	<u>162,874</u>	<u>146,556</u>
Total comprehensive income attributable to:				
Owners of the Parent	92,454	40,280	124,842	88,979
Non-controlling interests	12,493	14,425	27,632	25,816
	<u>104,947</u>	<u>54,705</u>	<u>152,474</u>	<u>114,795</u>
Earnings per share attributable to owners of the Parent				
- Basic (sen)	2.5	2.2	4.4	4.0

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

Condensed Consolidated Statement of Financial Position

	As at 30.06.20 RM' 000 (Unaudited)	As at 31.12.19 RM' 000 (Audited)
Non-Current Assets		
Property, plant and equipment	8,590,796	8,767,795
Investment properties	1,374,113	1,495,841
Rights-of-use assets	2,131,832	2,087,908
Interests in associates	4,364,142	4,382,475
Investments in joint arrangements	256,742	333,037
Investment securities	23,026	32,583
Inventories	1,915,727	1,916,580
Trade and other receivables	115,973	115,654
Intangible assets	2,326,707	2,333,210
Deferred tax assets	604,908	636,793
	<u>21,703,966</u>	<u>22,101,876</u>
Current Assets		
Inventories	72,021	93,323
Trade and other receivables	1,314,575	1,565,222
Contract assets	192,946	233,554
Tax recoverable	21,191	22,581
Other investments	1,474,824	1,334,998
Deposits, bank and cash balances	1,679,635	1,074,646
	<u>4,755,192</u>	<u>4,324,324</u>
Assets held for sale	13,448	19,563
	<u>26,472,606</u>	<u>26,445,763</u>
Total Assets		
Equity and Liabilities		
Equity attributable to owners of the Parent		
Share capital	2,344,276	2,344,276
Reserves	6,987,568	6,999,754
	<u>9,331,844</u>	<u>9,344,030</u>
Non-controlling interests	789,943	762,751
Total equity	<u>10,121,787</u>	<u>10,106,781</u>
Non-Current Liabilities		
Borrowings	7,565,921	7,335,587
Provision for retirement benefits	75,012	77,027
Deferred income	184,236	180,210
Deferred tax liabilities	523,245	523,417
Trade and other payables	183,063	186,862
Contract liabilities	97,456	111,150
Lease liabilities	2,148,833	2,115,281
	<u>10,777,766</u>	<u>10,529,534</u>
Current Liabilities		
Borrowings	3,049,396	3,045,332
Trade and other payables	1,239,728	1,566,223
Contract liabilities	1,051,936	977,660
Lease liabilities	161,401	147,351
Tax payables	59,596	44,633
Deferred income	5,533	24,275
Derivative financial instruments	5,463	3,974
	<u>5,573,053</u>	<u>5,809,448</u>
Total Liabilities	<u>16,350,819</u>	<u>16,338,982</u>
Total equity and liabilities	<u>26,472,606</u>	<u>26,445,763</u>
Net assets per share attributable to owners of the Parent (sen)	306	307

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

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2020

	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 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	-	-	-	-	-	135,242	135,242	27,632	162,874
Other comprehensive income/(loss)	-	17,720	-	(9,557)	(25,889)	7,326	(10,400)	-	(10,400)
Total comprehensive income/(loss) for the financial period	-	17,720	-	(9,557)	(25,889)	142,568	124,842	27,632	152,474
Acquisition of NCI	-	-	-	-	-	-	-	(120)	(120)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(320)	(320)
Dividends in respect of financial year ended 31 December 2019	-	-	-	-	-	(137,028)	(137,028)	-	(137,028)
At 30 June 2020	2,344,276	75,838	28,120	(10,150)	(53,065)	6,946,825	9,331,844	789,943	10,121,787

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

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

Condensed Consolidated Statement of Changes in Equity for the financial period ended 30 June 2019

	Attributable to owners of the parent						Total RM'000	Non- controlling interests (NCI) RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Currency translation reserve RM'000	Revaluation reserve* RM'000	Other reserves RM'000	Cash flow hedge reserves RM'000	Retained earnings RM'000			
At 1 January 2019	2,344,276	71,072	28,120	(21,512)	19,684	6,816,128	9,257,768	746,389	10,004,157
As previously stated	2,344,276	71,072	28,120	(21,512)	19,684	7,118,010	9,559,650	733,217	10,292,867
Effects of adoption of MFRS 16	-	-	-	-	-	(301,882)	(301,882)	13,172	(288,710)
Net profit for the financial period	-	-	-	-	-	120,740	120,740	25,816	146,556
Other comprehensive (loss)/income	-	(3,620)	-	16,063	(44,204)	-	(31,761)	-	(31,761)
Total comprehensive (loss)/ income for the financial period	-	(3,620)	-	16,063	(44,204)	120,740	88,979	25,816	114,795
Acquisition of NCI	-	-	-	-	-	-	-	(234)	(234)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(4,828)	(4,828)
Dividends in respect of financial year ended 31 December 2018	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
At 30 June 2019	2,344,276	67,452	28,120	(5,449)	(24,520)	6,815,066	9,224,945	767,143	9,992,088

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

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

Condensed Consolidated Statement of Cash Flows

	6 months ended 30.06.20 RM'000 (Unaudited)	6 months ended 30.06.19 RM'000 (Unaudited)
Cash flows from operating activities		
Profit before zakat and taxation	242,903	220,416
Adjustments for:		
Non-cash items	416,891	305,009
Interest expense	345,516	347,223
Interest income	(34,440)	(27,033)
Share of results in associates and joint ventures	(142,187)	(130,520)
Operating profit before working capital changes	828,683	715,095
Changes in working capital:		
Net change in inventories	22,155	(32,385)
Net change in other current assets	252,416	159,658
Net change in current liabilities	(257,466)	115,093
Cash generated from operations	845,788	957,461
Net tax paid	(31,963)	(21,214)
Land lease received in advance	-	2,115
Income from subleasing of rights-of-use assets	2,769	-
Net cash generated from operating activities	816,594	938,362
Cash flows from investing activities		
Purchase of property, plant and equipment	(197,370)	(217,041)
Purchase of investment properties	(44,097)	(26,120)
Purchase of additional shares in a subsidiary from non-controlling interests	(120)	(234)
Proceeds from sale of property, plant and equipment	1,055	-
Proceeds from sale of assets held for sale	17,209	25,503
Interest received	34,440	27,033
Dividend received from		
- Associates	96,293	83,639
- Joint Ventures	124,120	96,000
Changes in deposits with maturity more than 90 days	11,700	23,740
Changes in other investments with maturity more than 90 days	35,982	(74,305)
Net cash generated from/(used in) investing activities	79,212	(61,785)
Cash flows from financing activities		
Repayment of loans	(957,803)	(873,800)
Drawdown of loans	1,162,013	669,825
Dividends paid	(137,028)	(121,802)
Dividends paid to non-controlling interests of subsidiaries	(320)	(4,828)
Interest paid	(249,000)	(347,223)
Lease liabilities paid	(101,963)	(73,217)
Movement in designated account and pledged deposits	(31,891)	769
Government grant received	165,500	-
Net cash used in financing activities	(150,492)	(750,276)
Net change in cash and cash equivalents	745,314	126,301
Effects of changes in exchange rate	15,291	(1,563)
Cash and cash equivalents at beginning of financial period	1,940,918	1,354,783
Cash and cash equivalents at end of financial period	2,701,523	1,479,521
Cash and cash equivalents comprise:		
Deposits and bank balances	1,679,635	1,089,672
Other investments	1,474,824	701,551
Less: Deposits with maturity more than 90 days	(142,064)	(215,350)
Less: Other investments with maturity more than 90 days	(254,305)	(74,305)
	2,758,089	1,501,568
Designated accounts	(56,017)	(21,498)
Pledge deposits	(549)	(549)
	2,701,523	1,479,521

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

Notes to the interim financial statements

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Appendix 9B (Part A) of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2019.

The audited financial statements of the Group for the financial year ended 31 December 2019 were prepared in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The significant accounting policies and methods adopted in these interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2019.

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

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

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

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

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

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

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

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

2. Audit qualification

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

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Changes in financial estimates

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

6. Equity securities

There was no issuance, cancellation, repurchase, resale and repayment of equity securities during the current quarter ended 30 June 2020.

7. Dividend paid

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

8. Segment Reporting

a) Current Quarter Ended 30 June 2020 (3 months)

	Ports & Logistics	Energy & Utilities Gas	Energy Energy	Engineering	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<u>QTD 30.06.2020</u>						
<u>Revenue</u>						
Total	730	-	-	264	21	1,015
Inter-segment	(2)	-	-	(22)	-	(24)
External	728	-	-	242	21	991
<u>Results</u>						
Profit/(loss) before zakat and taxation	96	15	33	60	(76)	128
Finance costs	112	-	-	-	62	174
Depreciation and Amortisation	162	-	-	25	15	202
EBITDA*	370	15	33	85	1	504
<u>QTD 30.06.2019</u>						
<u>Revenue</u>						
Total	805	-	-	489	26	1,320
Inter-segment	(3)	-	-	(87)	-	(90)
External	802	-	-	402	26	1,230
<u>Results</u>						
Profit/(loss) before zakat and taxation	119	15	14	68	(84)	132
Finance costs	99	-	-	-	77	176
Depreciation and Amortisation	146	-	-	-	12	158
EBITDA*	364	15	14	68	5	466

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

b) Current Financial Period Ended 30 June 2020 (6 months)

	Ports & Logistics	Energy & Utilities Gas	Energy Energy	Engineering	Investment Holding, Corporate & Others	Total
	RM mil	RM mil	RM mil	RM mil	RM mil	RM mil
<u>FPE 30.06.2020</u>						
<u>Revenue</u>						
Total	1,535	-	-	568	43	2,146
Inter-segment	(6)	-	-	(62)	-	(68)
External	1,529	-	-	506	43	2,078
<u>Results</u>						
Profit/(loss) before zakat and taxation	219	29	60	121	(186)	243
Finance costs	214	-	-	-	132	346
Depreciation and Amortisation	325	-	-	51	30	406
EBITDA*	758	29	60	172	(24)	995
<u>FPE 30.06.2019</u>						
<u>Revenue</u>						
Total	1,588	-	-	853	51	2,492
Inter-segment	(6)	-	-	(113)	-	(119)
External	1,582	-	-	740	51	2,373
<u>Results</u>						
Profit/(loss) before zakat and taxation	222	28	32	119	(181)	220
Finance costs	196	-	-	-	151	347
Depreciation and Amortisation	276	-	-	15	30	321
EBITDA*	694	28	32	134	-	888

*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 30 June 2020.

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 30 June 2020.

12. Changes in contingent liabilities or contingent assets

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

	30.06.20	31.12.19
	RM mil	RM mil
Subsidiaries	146.7	198.9

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

13. Provision of financial assistance

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

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

- b) On 17 January 2020, MMC and Gamuda's jointly-controlled entity, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd, a SPV with each holding 50% interest, executed the Supplemental Agreement to the Project Delivery Partner (PDP) Agreement for the KVMRT Sungai Buloh-Serdang-Putrajaya ("SSP") Line ("Supplemental Agreement"). As required under the Supplemental Agreement, MMC has issued a Parent Company Guarantee to guarantee the due performance and obligations of the SPV.

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

14. Capital commitments

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

	30.06.20	31.12.19
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	585.2	593.7

Additional information required by the Bursa Securities Listing Requirements

15. Review of performance

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

For the quarter ended 30 June 2020, the Group recorded RM990.7 million in revenue, a 19.5% decrease from RM1,230.2 million reported in the corresponding quarter ended 30 June 2019 mainly due to lower progress at KVMRT-SSP Line and lower passenger and cargo volumes at Senai Airport, along with lower volume handled across all ports, affected by unprecedented movement control order.

The Group's Profit before zakat and taxation decreased to RM128.1 million compared with RM131.9 million reported in the corresponding quarter ended 30 June 2019, due to the lower progress at KVMRT-SSP Line, lower passenger and cargo volumes at Senai Airport and lower volume handled across all ports. These were cushioned by higher share of results of associates, namely Malakoff, gain on sale of land at Senai Airport City ("SAC") and lower operating expenses.

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

For the financial period ended 30 June 2020, the Group recorded RM2,077.5 million in revenue, a 12.5% decrease from RM2,373.4 million reported in the corresponding financial period ended 30 June 2019 due to lower work progress from KVMRT-SSP Line, lower passenger and cargo volumes at Senai Airport, lower volume handled at Northport Malaysia Berhad ("NMB"), Johor Port Berhad ("JPB") and Penang Port Sdn Bhd ("PPSB") and lower contribution from logistics services

(Kontena Nasional Berhad ("KNB")). These were partially offset by higher volume handled at Pelabuhan Tanjung Pelepas ("PTP").

The Group's Profit before zakat and taxation increased to RM242.9 million compared with RM220.4 million reported in the corresponding financial period ended 30 June 2019 due to the following:-

- i) Higher volume handled at PTP;
- ii) Higher contribution from JPB attributed by gain on disposal of an asset held for sale; and
- iii) Higher share of results of associates, namely Malakoff.

These were offset with lower contribution from NMB and KNB as well as lower passenger and cargo volumes at Senai Airport.

Ports & Logistics

The segment recorded revenue of RM1,528.5 million, a decrease of 3.4% compared with RM1,582.0 million reported in the corresponding financial period ended 30 June 2019 due to lower contribution from KNB and lower volume handled at NMB, JPB and PPSB, partially offset by higher volume handled at PTP.

The segment recorded lower Profit before zakat and taxation by RM3.3 million to RM219.1 million compared with RM222.4 million reported in the corresponding financial period ended 30 June 2019 due to lower contribution from KNB, NMB and PPSB, cushioned by higher volume handled at PTP and gain on disposal of an asset held for sale at JPB.

Energy & Utilities

The segment recorded increase in Profit before zakat and taxation to RM89.4 million compared with RM60.3 million reported in the corresponding financial period ended 30 June 2019 due to higher contribution from Malakoff attributed to contribution from Alam Flora, higher contributions from its associates, lower operations and maintenance costs and higher contribution from its subsidiary, Tanjung Bin Energy Sdn. Bhd. ("TBE"), following shorter duration plant outage and settlement agreement reached with its contractor.

Engineering

The segment recorded revenue of RM506.0 million, a decrease of 31.7% compared with RM740.4 million reported in the corresponding financial period ended 30 June 2019 mainly due to lower work progress from KVMRT-SSP Line, affected by unprecedented movement control order.

The segment recorded slight increase by 1.5% in Profit before zakat and taxation to RM120.8 million from RM119.0 million reported in the corresponding financial period ended 30 June 2019 attributed to higher interest income at KVMRT-SSP Line and lower operating expenses.

Investment Holding, Corporate & Others

The segment recorded revenue of RM43.0 million, a decrease of 15.5% compared with RM50.9 million reported in the corresponding financial period ended 30 June 2019 due to lower passenger and cargo volumes at Senai Airport, cushioned by sale of land at SAC.

The segment recorded higher Loss before zakat and taxation by RM5.2 million to RM186.4 million compared with RM181.2 million reported in the corresponding financial period ended 30 June 2019 due to lower contribution from Senai Airport, cushioned by sale of land at SAC.

16. Variation of results against immediate preceding quarter

The Group recorded higher Profit before zakat and taxation by RM13.3 million to RM128.1 million in the current quarter compared with RM114.8 million in the immediate preceding quarter due to sale of land at SAC, higher contribution from Malakoff and lower administrative cost incurred. These were offset by no gain on disposal of an asset held for sale at JPB and lower volume handled across all ports.

17. Current prospects

The Group is cognizant of the challenging business environment in financial year 2020 in view of the global economic contraction arising from the on-going COVID-19 pandemic. With the recent drop in COVID-19 cases locally and to a certain extent globally, most business activities have seen to resume operations whilst adhering to stricter standard operating procedures. The Group views this development as a positive progress towards economic recovery outlook should the situation remains.

The Port and Logistics division continues to focus on resource optimization amid the improving global container volume outlook. Continuous vigilant investments into the ports' infrastructures, operational efficiency and cost synergies' initiatives across the Group are expected to be the key drivers to the overall Port & Logistics performance.

The Energy & Utilities division is expected to contribute consistent earnings from its two associated companies, namely Malakoff and Gas Malaysia.

The Engineering division is expected to provide earnings visibility for the Group from its substantial existing order-book, anchored by KVMRT-SSP Line project. The division remains active in its effort to replenish its order-book whilst focusing on the execution and timely completion of its existing projects.

Moving forward, in anticipation of challenging environment, the Group is committed to strengthen our market position by focusing on operational performance and cost optimization, whilst exploring new opportunities.

18. Profit before zakat and taxation

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

	3 months ended 30.06.20	3 months ended 30.06.19	Cumulative 6 months ended 30.06.20	Cumulative 6 months ended 30.06.19
	RM mil	RM mil	RM mil	RM mil
Interest income	(16.9)	(13.2)	(34.4)	(27.0)
Depreciation	198.0	155.5	399.2	314.9
Amortisation	3.5	2.7	6.8	6.0
(Gain)/loss on disposal of:				
- property, plant and equipment	0.3	(16.4)	(0.1)	(16.4)
- assets held for sale	-	-	(8.7)	-

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 30.06.20	3 months ended 30.06.19	Cumulative 6 months ended 30.06.20	Cumulative 6 months ended 30.06.19
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(24)	(15)	(46)	(36)
- prior years	(2)	-	(2)	4
Deferred tax expense				
- current	(12)	(35)	(32)	(42)
	<u>(38)</u>	<u>(50)</u>	<u>(80)</u>	<u>(74)</u>

The Group's effective tax rate for the period ended 30 June 2020 was higher than the statutory income tax rate principally due to effect of non-deductible expenses for tax purposes.

21. Status of corporate proposals announced

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

22. Investment securities

Fair value of financial instruments

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted price included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, observable inputs).

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

	30.06.20	31.12.19
	RM mil	RM mil
At 1 January	32.6	11.7
Net(loss)/gain transferred to equity	(9.6)	20.9
At 30.06.20/31.12.19	<u>23.0</u>	<u>32.6</u>

23. Borrowings

	30.06.20	31.12.19
	RM mil	RM mil
Current		
- secured	1,645	1,663
- unsecured	1,404	1,382
	<u>3,049</u>	<u>3,045</u>
Non-current		
- secured	3,111	2,882
- unsecured	4,455	4,454
	<u>7,566</u>	<u>7,336</u>
Total borrowings	<u>10,615</u>	<u>10,381</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

24. Changes in material litigation

a) Claim against Hood bin Osman

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

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

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

The Shah Alam High Court has fixed 25 August 2020 to deliver its decision.

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.

Hearing of the arbitration is scheduled to continue on 9 to 11 September 2020.

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

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

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

An adjudicator has yet to be appointed for the matter.

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 interim dividend has been recommended by the Directors during the current quarter ended 30 June 2020 (30 June 2019 : Nil).

26. Earnings per ordinary share

Basic Earnings Per Ordinary Share

	3 months ended <u>30.06.20</u>	3 months ended <u>30.06.19</u>	Cumulative 6 months ended <u>30.06.20</u>	Cumulative 6 months ended <u>30.06.19</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	77.4	67.2	135.2	120.7
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)	2.5	2.2	4.4	4.0

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 August 2020.

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 August 2020.