

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

	3 months <u>ended</u> <u>30.09.20</u> RM'000 (Unaudited)	3 months <u>ended</u> <u>30.09.19</u> RM'000 (Unaudited)	Cumulative <u>9 months ended</u> <u>30.09.20</u> RM'000 (Unaudited)	Cumulative <u>9 months ended</u> <u>30.09.19</u> RM'000 (Unaudited)
Revenue	1,118,501	1,245,785	3,196,018	3,619,171
Cost of sales	(635,777)	(798,452)	(1,757,417)	(2,256,635)
<b>Gross profit</b>	<u>482,724</u>	<u>447,333</u>	<u>1,438,601</u>	<u>1,362,536</u>
Other operating income	39,200	65,535	125,770	157,688
Administrative expenses	(229,484)	(224,008)	(660,912)	(632,787)
Other operating expenses	(83,402)	(86,868)	(248,189)	(248,326)
Finance costs	(159,583)	(166,044)	(505,099)	(513,267)
Share of results of:				
- associates	38,737	49,582	133,099	118,926
- joint ventures	35,585	34,691	83,410	95,867
<b>Profit before zakat and taxation</b>	<u>123,777</u>	<u>120,221</u>	<u>366,680</u>	<u>340,637</u>
Tax expense	(47,526)	(42,365)	(127,555)	(116,225)
<b>Profit for the financial period</b>	<u>76,251</u>	<u>77,856</u>	<u>239,125</u>	<u>224,412</u>
<b>Other comprehensive (loss)/income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Movement in associates' capital reserves	(4,363)	(1,069)	(32,167)	(46,985)
Fair value adjustment-cash flow hedge	(8,284)	5,325	3,386	4,980
Currency translation differences	(9,264)	4,733	6,027	3,170
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Net changes in investments securities at Fair Value Through Other Comprehensive Income ("FVTOCI")	16,711	1,600	7,154	17,663
<b>Other comprehensive (loss)/income for the financial period</b>	(5,200)	10,589	(15,600)	(21,172)
<b>Total comprehensive income for the financial period</b>	<u>71,051</u>	<u>88,445</u>	<u>223,525</u>	<u>203,240</u>
<b>Profit attributable to:</b>				
Owners of the Parent	60,927	66,340	196,169	187,080
Non-controlling interests	15,324	11,516	42,956	37,332
	<u>76,251</u>	<u>77,856</u>	<u>239,125</u>	<u>224,412</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	55,727	76,929	180,569	165,908
Non-controlling interests	15,324	11,516	42,956	37,332
	<u>71,051</u>	<u>88,445</u>	<u>223,525</u>	<u>203,240</u>
<b>Earnings per share attributable to owners of the Parent</b>				
- Basic (sen)	2.0	2.2	6.4	6.1

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**

	<b>As at 30.09.20 RM' 000 (Unaudited)</b>	<b>As at 31.12.19 RM' 000 (Audited)</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	8,638,364	8,767,795
Investment properties	1,412,819	1,495,841
Rights-of-use assets	2,085,246	2,087,908
Interests in associates	4,375,256	4,382,475
Investments in joint arrangements	165,327	333,037
Investment securities	43,737	32,583
Inventories	1,923,761	1,916,580
Trade and other receivables	103,389	115,654
Intangible assets	2,323,454	2,333,210
Deferred tax assets	583,644	636,793
	<u>21,654,997</u>	<u>22,101,876</u>
<b>Current Assets</b>		
Inventories	70,479	93,323
Trade and other receivables	1,198,202	1,565,222
Contract assets	202,406	233,554
Tax recoverable	19,720	22,581
Other investments	1,650,908	1,334,998
Deposits, bank and cash balances	1,195,144	1,074,646
	<u>4,336,859</u>	<u>4,324,324</u>
Assets held for sale	4,278	19,563
	<u>4,341,137</u>	<u>4,343,887</u>
<b>Total Assets</b>	<u>25,996,134</u>	<u>26,445,763</u>
<b>Equity and Liabilities</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	2,344,276	2,344,276
Reserves	7,043,295	6,999,754
	<u>9,387,571</u>	<u>9,344,030</u>
Non-controlling interests	806,715	762,751
<b>Total equity</b>	<u>10,194,286</u>	<u>10,106,781</u>
<b>Non-Current Liabilities</b>		
Borrowings	8,644,118	7,335,587
Provision for retirement benefits	74,976	77,027
Deferred income	181,027	180,210
Deferred tax liabilities	524,992	523,417
Trade and other payables	176,329	186,862
Contract liabilities	97,456	111,150
Lease liabilities	2,122,387	2,115,281
	<u>11,821,285</u>	<u>10,529,534</u>
<b>Current Liabilities</b>		
Borrowings	1,323,972	3,045,332
Trade and other payables	1,396,342	1,566,223
Contract liabilities	1,022,416	977,660
Lease liabilities	160,266	147,351
Tax payables	60,832	44,633
Deferred income	2,382	24,275
Derivative financial instruments	14,353	3,974
	<u>3,980,563</u>	<u>5,809,448</u>
<b>Total Liabilities</b>	<u>15,801,848</u>	<u>16,338,982</u>
<b>Total equity and liabilities</b>	<u>25,996,134</u>	<u>26,445,763</u>
Net assets per share attributable to owners of the Parent (sen)	308	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 September 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
<b>At 1 January 2020</b>	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	-	-	-	-	-	196,169	196,169	42,956	239,125
Other comprehensive income/(loss)	-	6,034	-	7,154	(34,907)	6,119	(15,600)	-	(15,600)
<b>Total comprehensive income/(loss) for the financial period</b>	-	6,034	-	7,154	(34,907)	202,288	180,569	42,956	223,525
Acquisition of NCI	-	-	-	-	-	-	-	(169)	(169)
Disposal of equity instrument in a subsidiary to NCI	-	-	-	-	-	-	-	1,497	1,497
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(320)	(320)
Dividends in respect of financial year ended 31 December 2019	-	-	-	-	-	(137,028)	(137,028)	-	(137,028)
<b>At 30 September 2020</b>	<b>2,344,276</b>	<b>64,152</b>	<b>28,120</b>	<b>6,561</b>	<b>(62,083)</b>	<b>7,006,545</b>	<b>9,387,571</b>	<b>806,715</b>	<b>10,194,286</b>

\* - 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 September 2019

	Attributable to owners of the parent					Retained earnings RM'000	Total RM'000	Non- controlling interests (NCI) RM'000	Total equity RM'000
	Non-distributable		Distributable						
	Share capital RM'000	Currency translation reserve RM'000	Revaluation reserve* RM'000	Other reserves RM'000	Cash flow hedge reserves RM'000				
<b>At 1 January 2019</b>	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	-	-	-	-	-	187,080	187,080	37,332	224,412
Other comprehensive income/(loss)	-	3,911	-	17,663	(42,746)	-	(21,172)	-	(21,172)
<b>Total comprehensive income/ (loss) for the financial period</b>	-	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	-	-	-	-	-	-	-	(4,828)	(4,828)
Dividends in respect of financial year ended 31 December 2018	-	-	-	-	-	(121,802)	(121,802)	-	(121,802)
<b>At 30 September 2019</b>	2,344,276	74,983	28,120	(3,849)	(23,062)	6,881,406	9,301,874	778,544	10,080,418

\* - 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**

	<b>9 months ended 30.09.20 RM'000 (Unaudited)</b>	<b>9 months ended 30.09.19 RM'000 (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before zakat and taxation	366,680	340,637
Adjustments for:		
Non-cash items	641,399	476,090
Interest expense	505,099	513,267
Interest income	(52,497)	(45,840)
Dividend income	(250)	(140)
Share of results in associates and joint ventures	(216,509)	(214,793)
Operating profit before working capital changes	1,243,922	1,069,221
Changes in working capital:		
Net change in inventories	15,663	(32,385)
Net change in other current assets	341,645	743,889
Net change in current liabilities	(108,899)	(268,658)
Cash generated from operations	1,492,331	1,512,067
Net tax (paid)/refund	(53,771)	25,690
Land lease received in advance	-	9,736
Income from subleasing of rights-of-use assets	2,769	-
<b>Net cash generated from operating activities</b>	<b>1,441,329</b>	<b>1,547,493</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(413,323)	(302,757)
Purchase of investment properties	(79,797)	(71,506)
Purchase of additional shares in a subsidiary from non-controlling interests	(169)	(349)
Proceeds from sale of equity instrument in a subsidiary to non-controlling interests	1,497	-
Proceeds from sale of property, plant and equipment	1,060	2,505
Proceeds from sale of assets held for sale	22,782	42,778
Subscription of an investment security	(4,000)	-
Interest received	52,497	45,840
Dividend received from		
- Associates	114,166	101,512
- Joint Ventures	251,120	97,400
- Others	250	140
Changes in deposits with maturity more than 90 days	(30,874)	134,246
Changes in other investments with maturity more than 90 days	10,852	(101,103)
<b>Net cash used in investing activities</b>	<b>(73,939)</b>	<b>(51,294)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(2,637,973)	(1,074,807)
Drawdown of loans	2,183,701	802,101
Dividends paid	(137,028)	(121,802)
Dividends paid to non-controlling interests of subsidiaries	(320)	(4,796)
Interest paid	(363,907)	(417,673)
Lease liabilities paid	(167,004)	(121,528)
Movement in designated account and pledged deposits	(71,497)	(105,843)
Government grant received	165,500	-
<b>Net cash used in financing activities</b>	<b>(1,028,528)</b>	<b>(1,044,348)</b>
Net change in cash and cash equivalents	338,862	451,851
Effects of changes in exchange rate	6,027	3,170
Cash and cash equivalents at beginning of financial period	1,940,918	1,354,783
<b>Cash and cash equivalents at end of financial period</b>	<b>2,285,807</b>	<b>1,809,804</b>
<b>Cash and cash equivalents comprise:</b>		
Deposits and bank balances	1,195,144	1,165,248
Other investments	1,650,908	979,162
Less: Deposits with maturity more than 90 days	(167,194)	(104,844)
Less: Other investments with maturity more than 90 days	(296,879)	(101,103)
	2,381,979	1,938,463
Designated accounts	(95,623)	(128,110)
Pledge deposits	(549)	(549)
	<b>2,285,807</b>	<b>1,809,804</b>

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 September 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 September 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
<b><u>QTD 30.09.2020</u></b>						
<u>Revenue</u>						
Total	804	-	-	370	13	1,187
Inter-segment	(3)	-	-	(65)	-	(68)
External	801	-	-	305	13	1,119
<u>Results</u>						
Profit/(loss) before zakat and taxation	127	16	13	56	(88)	124
Finance costs	98	-	-	1	61	160
Depreciation and Amortisation	171	-	-	28	14	213
EBITDA*	396	16	13	85	(13)	497
<b><u>QTD 30.09.2019</u></b>						
<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

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

## b) Current Financial Period Ended 30 September 2020 (9 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
<b><u>FPE 30.09.2020</u></b>						
<u>Revenue</u>						
Total	2,338	-	-	938	56	3,332
Inter-segment	(9)	-	-	(127)	-	(136)
External	2,329	-	-	811	56	3,196
<u>Results</u>						
Profit/(loss) before zakat and taxation	347	44	75	176	(275)	367
Finance costs	311	-	-	1	193	505
Depreciation and Amortisation	496	-	-	79	44	619
EBITDA*	1,154	44	75	256	(38)	1,491
<b><u>FPE 30.09.2019</u></b>						
<u>Revenue</u>						
Total	2,373	-	-	1,354	76	3,803
Inter-segment	(9)	-	-	(175)	-	(184)
External	2,364	-	-	1,179	76	3,619
<u>Results</u>						
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

\*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 September 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 September 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:

	30.09.20	31.12.19
	RM mil	RM mil
Subsidiaries	140.0	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:

	30.09.20	31.12.19
	RM mil	RM mil
Property, plant and equipment:		
Authorised and contracted for	545.7	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 September 2020, the Group recorded RM1,118.5 million in revenue, a 10.2% decrease from RM1,245.8 million reported in the corresponding quarter ended 30 September 2019 mainly due to lower progress at KVMRT-SSP Line and lower passenger and cargo volumes at Senai Airport, affected by unprecedented movement control order.

The Group's Profit before zakat and taxation increased to RM123.8 million compared with RM120.2 million reported in the corresponding quarter ended 30 September 2019 attributed to higher volume handled at Pelabuhan Tanjung Pelepas ("PTP"), coupled with lower operating expenses at Penang Port Sdn Bhd ("PPSB") and Northport Malaysia Berhad ("NMB"). These were offset by lower contribution from KVMRT-SSP Line and Senai Airport as mentioned above, and lower share of results of associates, namely Malakoff.

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

For the financial period ended 30 September 2020, the Group recorded RM3,196.0 million in revenue, a 11.7% decrease from RM3,619.2 million reported in the corresponding financial period ended 30 September 2019 due to lower work progress from KVMRT-SSP Line, lower passenger and cargo volumes at Senai Airport, and lower volume handled at NMB and PPSB. These were partially offset by higher volume handled at PTP.

The Group's Profit before zakat and taxation increased to RM366.7 million compared with RM340.6 million reported in the corresponding financial period ended 30 September 2019 due to the following:-

- i) Higher volume handled at PTP;
- ii) Gain on disposal of an asset held for sale at Johor Port Berhad ("JPB");
- iii) Higher share of results of associates, namely Malakoff; and
- iv) Lower finance cost incurred.

These were offset with lower contribution from KVMRT-SSP Line and NMB, as well as lower passenger and cargo volumes at Senai Airport.

#### Ports & Logistics

The segment recorded revenue of RM2,328.9 million, a decrease of 1.5% compared with RM2,363.7 million reported in the corresponding financial period ended 30 September 2019 due to lower volume handled at NMB and PPSB, offset by higher volume handled at PTP.

The segment recorded higher Profit before zakat and taxation by RM31.8 million to RM346.5 million compared with RM314.7 million reported in the corresponding financial period ended 30 September 2019 attributed to higher volume handled at PTP and gain on disposal of an asset held for sale at JPB, offset by lower contribution from NMB.

#### Energy & Utilities

The segment recorded increase in Profit before zakat and taxation to RM118.8 million compared with RM106.7 million

reported in the corresponding financial period ended 30 September 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 settlement agreement reached with its contractor.

#### Engineering

The segment recorded revenue of RM811.3 million, a decrease of 31.2% compared with RM1,178.7 million reported in the corresponding financial period ended 30 September 2019 mainly due to lower work progress from KVMRT-SSP Line, affected by unprecedented movement control order.

The segment recorded lower Profit before zakat and taxation by 8.1% to RM176.4 million from RM192.0 million reported in the corresponding financial period ended 30 September 2019 due to lower work progress from KVMRT-SSP Line.

#### Investment Holding, Corporate & Others

The segment recorded revenue of RM55.9 million, a decrease of 26.8% compared with RM76.4 million reported in the corresponding financial period ended 30 September 2019 due to lower passenger and cargo volumes at Senai Airport, cushioned by sale of land at Senai Airport City ("SAC").

The segment recorded higher Loss before zakat and taxation by RM2.1 million to RM274.9 million compared with RM272.8 million reported in the corresponding financial period ended 30 September 2019 due to lower contribution from Senai Airport, cushioned by sale of land at SAC and lower finance cost incurred.

**16. Variation of results against immediate preceding quarter**

The Group recorded lower Profit before zakat and taxation by RM4.3 million to RM123.8 million in the current quarter compared with RM128.1 million in the immediate preceding quarter due to no sale of land at SAC and lower share of results from an associate, namely Malakoff. These were offset by higher work progress in KVMRT-SSP Line and higher volume handled across all ports.

**17. Current prospects**

The Group is cognizant of the challenging business environment in the financial year 2020 in view of COVID-19 pandemic and its impact on the global and domestic economic conditions. That said, with timely and effective standard operating procedures set in place by the Government to contain the spread of COVID-19 cases, economic and business activities are able to resume progressively. The Group views this development as positive progress towards economic recovery. Notwithstanding the positive developments, the Group will continuously monitor and ensure timely response towards COVID-19 situation to facilitate recovery and growth of our businesses.

The Port and Logistics division has been showing improvement in performance, underpinned by economic recovery momentum since the resumption of the global and domestic trade activities. The division will continue to utilize its assets and resources in the most optimal ways coupled with on-going cost management on the back of a positive container volume outlook for the rest of the year. Continuous investments into the ports' infrastructures, operational efficiency and cost-synergy initiatives across the Group are expected to be the key drivers to the overall Port & Logistics performance in the short and medium terms.



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

The Engineering division is expected to provide earnings visibility for the Group from its substantial existing order-book, anchored by KVMRT-SSP Line project. The division is committed and remains active in its effort to secure new projects on the back of the anticipated economic activity from COVID-19 recovery, whilst focusing on the execution and timely completion of its existing projects.

Moving forward, under this challenging but improving business environment, the Group is committed to strengthening our financial and market positions by focusing on operational excellence and cost optimization, whilst exploring new business opportunities.

Notwithstanding the exceptional challenges this year, the Group expects the financial performance for the current financial year to be satisfactory.

## 18. Profit before zakat and taxation

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

	3 months ended 30.09.20 RM mil	3 months ended 30.09.19 RM mil	Cumulative 9 months ended 30.09.20 RM mil	Cumulative 9 months ended 30.09.19 RM mil
Interest income	(18.1)	(18.8)	(52.5)	(45.8)
Depreciation	209.7	209.9	608.9	524.8
Amortisation	2.9	2.9	9.8	8.9
Loss/(gain) on disposal of:				
- property, plant and equipment	2.9	(0.5)	2.8	(0.5)
- assets held for sale	1.4	(10.0)	(7.3)	(26.4)
Compensation received	-	(18.3)	-	(18.3)

**19. Profit forecast or profit guarantee**

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

**20. Tax expense**

	3 months ended 30.09.20	3 months ended 30.09.19	Cumulative 9 months ended 30.09.20	Cumulative 9 months ended 30.09.19
	RM mil	RM mil	RM mil	RM mil
Current tax expense				
- current	(25)	(29)	(71)	(65)
- prior years	-	(6)	(2)	(2)
Deferred tax expense				
- current	(23)	(7)	(55)	(49)
	<u>(48)</u>	<u>(42)</u>	<u>(128)</u>	<u>(116)</u>

The Group's effective tax rate for the period ended 30 September 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:

	30.09.20	31.12.19
	RM mil	RM mil
At 1 January	32.6	11.7
Addition	4.0	-
Changes in fair value	7.1	20.9
At 30.09.20/31.12.19	43.7	32.6

### 23. Borrowings

	30.09.20	31.12.19
	RM mil	RM mil
Current		
- secured	146	1,663
- unsecured	1,178	1,382
	1,324	3,045
Non-current		
- secured	2,202	2,882
- unsecured	6,442	4,454
	8,644	7,336
Total borrowings	9,968	10,381

All borrowings of the Group are denominated in Ringgit Malaysia.

## 24. Changes in material litigation

### a) Claim against Hood bin Osman

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

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

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

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

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

### b) Arbitration against CCJV P1 Engineering and Construction Sdn. Bhd.

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

and machineries, accumulating to a sum of RM52,076,296.12 ("Storage Charges"). CCJV disputes the said charges and refuses to satisfy payment of the charges to JPL.

On 3 April 2019, JPL commenced arbitration proceedings by serving a Notice of Arbitration against CCJV ("Notice of Arbitration"). CCJV has a counterclaim in the proceedings where, CCJV seeks, among others, a declaration that it is not liable for JPL's claim of RM52,076,296.12, damages to be assessed for alleged breaches of contract and fiduciary duties by JPL, exemplary and aggravated damages to be assessed, interest and costs.

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

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

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

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

An adjudicator has yet to be appointed for the matter.

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

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

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

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

An arbitrator has yet to be appointed for the matter.

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

## **25. Dividend Payable**

The Board of Directors have declared a dividend of 1.5 sen per ordinary share on the 3,045,058,552 ordinary shares, amounting to RM45,675,878 in respect of the financial year ending 31

December 2020. The dividend will be paid on 23 December 2020 to shareholders registered on the Company's Register of Members at the close of business on 10 December 2020.

No dividend was recommended by the Directors in the corresponding quarter ended 30 September 2019.

## 26. Earnings per ordinary share

### Basic Earnings Per Ordinary Share

	3 months ended <u>30.09.20</u>	3 months ended <u>30.09.19</u>	Cumulative 9 months ended <u>30.09.20</u>	Cumulative 9 months ended <u>30.09.19</u>
Profit for the financial period attributable to owners of the Parent (RM mil)	60.9	66.3	196.2	187.1
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)	2.0	2.2	6.4	6.1

## 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 25 November 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

25 November 2020