12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the Financial Years Under Review presented below have been extracted from the Accountants' Report included in Section 13 of this Prospectus.

Our historical consolidated financial statements have been prepared in accordance with MFRS.

There are no accounting policies which are peculiar to our Group because of the nature of the business and industry that we are involved in.

The following historical financial information should be read in conjunction with the "*Management's discussion and analysis of financial condition and results of operations*" set out in Section 12.2 of this Prospectus and the Accountants' Report set out in Section 13 of this Prospectus.

Selected financial information from the consolidated statements of comprehensive income

	FYE 31 December		
	Audited		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Revenue	4,058,078	3,961,040	4,356,507
Other operating income	88,860	203,929	48,584
Operating expenditure			
- employees' benefits expense	(890,442)	(958,104)	(1,033,271)
- depreciation of property, plant and equipment, right-of-use assets and investment properties	(505,899)	(487,257)	(501,640)
- amortisation of concession assets and intangible assets	(214,505)	(205,399)	(213,216)
- fuel and utilities	(360,429)	(348,662)	(345,224)
- repairs and maintenance	(299,604)	(281,867)	(347,232)
- Construction Contract Cost	(187,243)	(114,249)	(227,228)
- others	(569,141)	(506,543)	(431,065)
Net (provision)/reversal of impairment losses on trade and other receivables	(1,296)	(10,794)	805
Operating profit	**1,118,379**	**1,252,094**	**1,307,020**
Share of results of an associate	1,111	986	282
Share of results of joint ventures	35,785	7,576	5,453
Profit before interest and tax	**1,155,275**	**1,260,656**	**1,312,755**
Finance income	54,849	77,537	68,281
Finance costs	(380,584)	(392,239)	(390,363)
PBT	**829,540**	**945,954**	**990,673**
Zakat expense	(5,131)	(1,845)	(4,427)
Taxation	(254,545)	(138,647)	(225,127)
Profit for the financial year	**569,864**	**805,462**	**761,119**
Profit attributable to:			
- Owner of our Company	471,816	701,127	636,560
- Non-controlling interests	98,048	104,335	124,559

12. FINANCIAL INFORMATION *(Cont'd)*

	FYE 31 December		
	Audited		
	2022	2023	2024
	RM'000	RM'000	RM'000
Supplementary financial information			
Cost of goods sold(1)	2,456,354	2,381,350	2,566,718
Cost of goods sold (excluding Construction Contract Cost)(1)	2,269,111	2,267,101	2,339,490
GP(1)(2)	1,601,724	1,579,690	1,789,789
GP margin(3) (%)	39.5	39.9	41.1
GP margin (excluding Construction Contract Revenue)(3) (%)	41.4	41.1	43.3
Operating profit margin(4) (%)	27.6	31.6	30.0
Operating profit margin (excluding Construction Contract Revenue)(4) (%)	28.9	32.5	31.7
EBITDA(5)	1,870,548	1,951,467	2,023,184
EBITDA margin(6) (%)	46.1	49.3	46.4
EBITDA margin (excluding Construction Contract Revenue)(6) (%)	48.3	50.7	49.0
PBT margin(7) (%)	20.4	23.9	22.7
PBT margin (excluding Construction Contract Revenue)(7) (%)	21.4	24.6	24.0
PATAMI margin(8) (%)	11.6	17.7	14.6
PATAMI margin (excluding Construction Contract Revenue)(8) (%)	12.2	18.2	15.4
Basic/Diluted EPS (sen)(9)	3.3	4.9	4.5

Notes:

(1) *Under MFRS 101 - Presentation of Financial Statements, companies may choose to present their consolidated statements of profit or loss, and other comprehensive income based on the nature-based or function-based classification of expenses.*

In our consolidated statements of comprehensive income, expenses are grouped and disclosed based on the nature of the expenses instead of the function to which the expenses relate. As such, our consolidated statements of comprehensive income do not present cost of goods sold and GP. Cost of goods sold and GP data disclosed in this Prospectus have been derived from our unaudited consolidated management accounts.

(2) *Calculated as revenue less cost of goods sold.*

(3) *Calculated as GP divided by revenue or, where indicated, revenue excluding Construction Contract Revenue.*

(4) *Calculated as operating profit divided by revenue or, where indicated, revenue excluding Construction Contract Revenue.*

(5) Calculated as profit for the financial year plus (i) taxation; (ii) finance costs; and (iii) depreciation and amortisation, less (v) finance income.

The following table reconciles our profit for the financial year to EBITDA for the financial years indicated:

	FYE 31 December		
	2022	***2023***	***2024***
	RM'000	***RM'000***	***RM'000***
Profit for the financial year	*569,864*	*805,462*	*761,119*
Add/(Less):			
Taxation	*254,545*	*138,647*	*225,127*
Finance costs	*380,584*	*392,239*	*390,363*
Depreciation and amortisation	*720,404*	*692,656*	*714,856*
Finance income	*(54,849)*	*(77,537)*	*(68,281)*
EBITDA	***1,870,548***	***1,951,467***	***2,023,184***

(6) Calculated as EBITDA divided by revenue or, where indicated, revenue excluding Construction Contract Revenue.

(7) Calculated as PBT divided by revenue or, where indicated, revenue excluding Construction Contract Revenue.

(8) Calculated as PATAMI divided by revenue or, where indicated, revenue excluding Construction Contract Revenue.

(9) Calculated as PATAMI divided by our issued Shares of 14,240,000,000 Shares upon our Listing.

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Selected financial information from the consolidated statements of financial position

	As at 31 December		
	Audited		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Total non-current assets	13,848,353	12,865,779	12,700,599
Total current assets	2,490,886	2,387,223	2,661,777
Total assets	**16,339,239**	**15,253,002**	**15,362,376**
Total non-current liabilities	8,263,143	7,880,543	7,568,412
Total current liabilities	1,506,934	1,593,618	1,993,239
Total liabilities	**9,770,077**	**9,474,161**	**9,561,651**
Net assets	**6,569,162**	**5,778,841**	**5,800,725**
Net current assets/(liabilities)	983,952	793,605	668,538
Share capital	4,614,402	3,546,417	3,560,000
Other reserves[(1)]	730,418	736,210	704,400
Retained profits	392,395	652,401	657,888
Equity attributable to:			
- Owners of our Company	5,737,215	4,935,028	4,922,288
- Non-controlling interests	831,947	843,813	878,437
Total equity	**6,569,162**	**5,778,841**	**5,800,725**
Supplementary financial information			
Total borrowings	5,523,408	5,375,659	5,365,050
Gearing ratio[(2)] (times)	0.8	0.9	0.9

Notes:

(1) Reserves other than retained profits.

(2) Calculated as total borrowings divided by total equity as at the end of the financial years.

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12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our Group's financial condition and results of operations is based on our historical consolidated financial information with respect to the Financial Years Under Review, which have been extracted from the Accountants' Report set out in Section 13 of this Prospectus.

For further details on the significant accounting policies of our Group, see Note 2 of the Accountants' Report in Section 13 of this Prospectus.

12.2.1 Overview

We are Malaysia's largest container port operator and the country's leading container hub for transshipment and gateway cargo, according to Drewry. We handle a wide range of container and conventional cargo and provide a balanced mix of transshipment and gateway services across our operations on the west coast of Peninsular Malaysia. We operate five sea ports and a solid product jetty terminal and conduct STS services at an offshore port. We provide marine services and operate free zones in the water limits and land around our ports. We also operate three cruise terminals.

Our five sea ports are PTP, Johor Port, Northport, Penang Port and Tanjung Bruas Port. Our ports provides a mix of container, conventional cargo, marine and other services that are tailored to their business and customers.

We provide port facilities and services for cruise ships through our three cruise terminals, SPCT, PKCT and LCT.

For the FYEs 31 December 2022, 31 December 2023 and 31 December 2024, we generated revenue of RM4,058.1 million, RM3,961.0 million and RM4,356.5 million, respectively, and PATAMI of RM471.8 million, RM701.1 million and RM636.6 million, respectively.

For further information on our business, see Section 7 of this Prospectus.

12.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been and are expected to be, affected by a number of factors, including those set out below.

(i) Throughput volume

Our financial performance and results of operations are affected by throughput volume at our ports, which in turn is affected by global trade activity, domestic trade activity and long-term relationships between us and our customers and among our customers.

(a) Global trade activity

Global trade volumes and global import and export activity affect throughput at our ports due to the strategic position of our ports as regional transshipment hubs for shipping lines and box operators. In turn, global trade volumes are significantly impacted by economic, financial, and political factors around the world, including, for example, favourable macroeconomic policies that promote international trade as well as, conversely, disruptive events such as the Red Sea crisis, the potential resumption of the U.S.-China trade war, and the ongoing Russia-Ukraine war.

For the FYEs 31 December 2022, 31 December 2023 and 31 December 2024, we had transshipment container throughput of 11.4 million, 11.5 million, and 13.5 million TEUs, respectively.

(b) Domestic trade activity

Changes in Malaysia's GDP, domestic economy and domestic economic conditions are key factors that affect the volume of local import and export cargoes that are handled by our ports. Therefore, factors that affect the Malaysian economic generally influence our results of operations.

For the FYEs 31 December 2022, 31 December 2023 and 31 December 2024, we had import/export container throughput of 4.5 million, 4.6 million, and 5.0 million TEUs, respectively.

(c) Customer relationships and alliances

Our throughput volumes and revenues are dependent on our relationships with our customers as well as our customers' relationships with each other. We have long-standing relationships with many of our customers. The length of our relationships with each of our major customers since the formation of the Group reflects a long-standing relationship, which has brought predictability to our results of operations.

Our throughput volumes and revenues are also dependent on relationships among our customers, and our financial performance and results of operations are influenced by such relationships. These relationships enhance our service capabilities and operational efficiencies by optimising resource allocation, improving scheduling, and facilitating better connectivity, enabling us to meet the needs of our customers. The effectiveness of these relationships is affected by various operational, market, and industry factors, both regionally and globally.

In 2015, Maersk and MSC agreed to a 10-year container shipping line vessel sharing arrangement, which became known as the "2M alliance". Accordingly, in each of the Financial Years Under Review, our top two customers were Maersk and MSC. Maersk has entered into a new cooperation arrangement with Hapag-Lloyd AG, known as the "Gemini Cooperation", that took effect in February 2025 and marked the end of the 2M alliance. Accordingly, we expect a shift in our throughput volumes and revenues in the future, with an increase in throughput from Hapag-Lloyd and a decrease in throughput from MSC, in addition to a continuing customer relationship Maersk (who are affiliated with APM Terminals B.V., a wholly-owned subsidiary of A.P.Moller – Maersk A/S, which holds a 30.0% stake in PTPSB, our 70.0%-owned subsidiary that operates PTP).

(ii) Competition from other regional port operators

We face competition from port operators in Singapore and Malaysia, namely Port of Singapore and Westports. Port operators compete for throughput based on several key factors: capacity, operational efficiency, pricing, and the connectivity.

(a) Capacity

Our five sea ports have aggregate capacity of 23.5 million TEUs for container handling and 47.8 million FWT for conventional cargo handling, as of 31 December 2024. For the FYE 31 December 2024 and from 1 January 2025 to the LPD, all of our ports had additional available capacity. For further details, see Section 7.5.2 of this Prospectus. When a port has available capacity, it is able to attract new customers or to accept additional volume from existing customers as their requirements evolve and increase over time. This translates to increasing throughput and, in turn, drives growth in our revenues, variable costs such as fuel and capital requirements.

(b) Operational efficiency

Our ability to reduce or manage increases in our cost base affects our margins and profitability. We seek to achieve optimal operating efficiency by fully utilising our existing assets and capacity within our ports, providing quick cargo handling and fast vessel turnaround and minimising cargo losses, while increasing throughput.

Our ability to maintain operational efficiency while prudently increasing vessel calls and throughput over the Financial Years Under Review has contributed to strong revenue performance during disruptive economic events in the past. For example, in the FYE 31 December 2024, container throughput at our sea ports increased to 18.5 million TEUs from 15.9 million TEUs in the FYE 31 December 2022, largely due to our ability to successfully manage increased demand driven by global shipping diversions and disruptions caused by hostilities towards commercial shipping vessels in the Red Sea.

We enhance our operational efficiency through various measures, including:

- introducing new technologies to expedite berthing processes and reduce port stays and turnaround times;
- improving portside support to ensure that containers and cargo are transported to and from our terminals swiftly and efficiently;
- optimising berth utilisation by arranging berthing locations for ships of different sizes to ensure maximum use of berth length;
- managing the flow of traffic at our ports; and
- increasing the capacity of equipment and storage facilities.

(c) Pricing

Our ability to attract and retain customers depends on the pricing that we offer to customers. Generally, the prices we charge for our services depend on several factors, including: (i) whether the cargo is for transshipment or import/export; (ii) the type of containers or conventional cargo handled; and (iii) the type of services provided, such as loading and unloading of containers and the transfer of containers both within and out of the terminal. For details on risks related to pricing, please refer to Section 5.1.9 of this Prospectus.

(d) Connectivity

Connectivity is a significant factor in shipping lines selecting a port for transshipment cargo movement. Adequate and efficient connectivity allows shippers to reduce shipping time and maintain more frequent connections, among other benefits. Efficient transshipment connectivity largely relies on feeder services, which manage the movement of transshipment cargo. Therefore, maintaining positive relationships and arrangements with third-party feeder service providers is crucial to ensuring that feeder services at our port remain attractive to shipping lines.

Additionally, import/export connectivity - specifically proximity and intermodal connections via road, rail, and air to hinterlands - also impacts our operational results. The strategic location of our ports, which are in close proximity to the main shipping route along the Strait of Malacca offers us connectivity throughout Malaysia and the region. For details on our port location, please refer to Section 7.5.1 of this Prospectus.

(iii) Costs of operations

Our primary operational costs are related to expenses such as employee costs, fuel and utilities and depreciation and amortisation.

(a) Employees' benefits expense

A significant portion of our operating expenditure is related to employees' benefits. For the FYEs 31 December 2022, 31 December 2023, and 31 December 2024, our employees' benefits expense reported as operating expenditure were 29.4%, 33.0% and 33.3% of our total operating expenditure, respectively.

(b) Fuel and utilities costs

Fuel and utilities costs represented 11.9%, 12.0% and 11.1% of our total operating expenditure for the FYEs 31 December 2022, 31 December 2023, and 31 December 2024, respectively. Fuel prices in Malaysia fluctuate in accordance with global oil prices and the strength of the Malaysian Ringgit. Increases in fuel prices and our consumption generally cause increases in our fuel costs, while our GP margin is generally only adversely affected by increase in fuel prices.

(c) Depreciation and amortisation

Depreciation and amortisation primarily relate to depreciation of our properties, plant and equipment, right-of-use assets and investment properties, and the amortisation of concession assets and intangible assets, which stem from, among others, the relevant port infrastructure and facilities including land reclamation, wharves, jetties, terminal, paved areas and certain assets under construction, as well as the lease rental payables for the relevant port infrastructures and facilities under our Privatisation Agreements. Depreciation and amortisation of assets under construction begins only when the assets are ready for their intended use and is spread over its estimated useful lives or remaining concession period.

(iv) Impact of tax allowances

Income tax liability is a significant expense that affects our profit. When our revenue increases, our statutory income subject to income tax generally increases, which in turn results in higher income tax.

We benefit from the ITA, the IASS and similar incentives and accommodations that the Government of Malaysia provides from time to time to promote general economic growth and investments in selected industries. During the Financial Years Under Review, NMB, PTP and TBP have received the ITA, and PPSB has received the IASS, in each case for qualifying capital expenditures incurred for approved projects or service projects within certain tax assessment years. The amount is determined based on the qualifying capital expenditures incurred during specific years of assessment as determined by the relevant authority for each of the said entities, ranging from 2007 to 2027. These allowances allow us to recognise a deferred tax asset in the year that the allowance is granted. The amount is determined based on the amount of qualifying capital expenditures that we incur. We are entitled to set off these allowances against our statutory income, subject to a cap. Any unutilised ITA can be carried forward indefinitely until it is fully utilised, and any unutilised IASS can be carried forward for utilisation for up to seven consecutive assessment years, unless further extended by the relevant authority. For example, the expiry date of the unutilised IASS for PPSB has been extended to the year of assessment 2028. Any unutilised allowances are recognised as deferred tax assets and set off against future statutory income until the entire deferred portion has been fully recognised. Deferred tax assets on the allowances are recognised to the extent that it is probable that future taxable profit will be available against which the allowances can be utilised as at each reporting date. In any given year, the recognition of ITA and IASS as deferred tax assets has the effect of reducing our total taxation for that year, and the utilisation of deferred tax assets as a set-off against statutory income is recorded as a charge to profit and loss and has the effect of reducing the portion of our total tax liability that is current income tax due and ultimately lowering our amount of income tax paid in cash.

12.2.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires our Directors to exercise their judgement in the process of applying our accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below.

Estimates and judgements are continually being evaluated by our Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

We make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on our results and financial position are tested for sensitivity to changes in the underlying parameters.

We believe that there are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in our financial statements, other than those as set out below.

(i) Income tax

Income taxes are estimated based on the rules governed under the Income Tax Act, 1967.

Differences in determining the capital allowances, deductibility of certain expenses and subsequent utilisation of ITA may arise during the estimation of the provision for income taxes between tax calculated at the reporting date, and the final submission to the tax authorities as a result of obtaining further detailed information that may become available subsequent to the reporting date. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions and deferred tax balance in the financial period in which such determination is made.

Our Group has been granted ITA on qualifying capital expenditure incurred for the expansion and upgrade of existing port facilities from year of assessment 2023 to year of assessment 2027, subject to meeting the ITA conditions, failing which, the Inland Revenue Board of Malaysia has the right to withdraw all ITA claims. As at 31 December 2024, our Group considers that it is probable that the ITA will be available on the basis that our Group expects to continuously fulfil the conditions to support the ITA claims in the provisional tax computation and the recognition of deferred tax assets for the unused ITA. Details of the ITA are disclosed in Note 9 of the Accountants' Report in Section 13 of this Prospectus.

(ii) Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the future taxable profit together with future tax planning strategies. Details of the deferred tax assets are disclosed in Note 31 of the Accountants' Report in Section 13 of this Prospectus.

(iii) Sales and service tax

The Service Tax (Imposition of Tax for Taxable Service in respect of Designated Areas and Special Areas) Order 2018 (by virtue of section 51 and 56 of the Service Tax Act 2018) has been amended to impose service tax on logistic services provided in designated area and special area effective from 1 March 2024.

Under the Service Tax Policy 4/2024 issued in March 2024, the MOF has granted a sales and service tax exemption on logistic services provided within or between designated area or special area. However, in August 2024, the Royal Malaysian Customs Department issued the Service Tax Policy 4/2024 (Amendment) to clarify that the conditions for the service tax exemption would only be applicable where the 'principal place of business' of both the service provider and the service recipient is located in designated area or special area. This amendment is assumed to be effective from 1 March 2024.

In assessing the potential service tax exposure for our Group for the FYE 31 December 2024, our Group has applied judgement that the logistic services provided to customers would be eligible for service tax exemption under item 5 of the Service Tax (Persons Exempted from Payment of Tax) Order 2018 (i.e. business-to-business exemption) and the conditions of the B2B exemptions have been met by the recipients of the logistic services provided. Our Group is of the view the total potential exposure for service tax considering the service provided under B2B exemption is not material for the FYE 31 December 2024.

In the absence of the B2B exemption, the potential service tax liabilities payable by our Group which, as at the LPD, is estimated at (i) RM128.6 million inclusive of a late payment penalty of RM36.7 million for the period from effective date of 1 April 2024 to 31 December 2024; and (ii) RM64.8 million inclusive of a late payment penalty of RM18.5 million from 1 January 2025 until the LPD, based on the maximum penalty rate of 40.0%. If imposed, these liabilities would have a material adverse impact on the financial condition of our Group. However, the likelihood of not qualifying for the B2B exemption is considered low. This assessment is based on customer feedback conducted by our Group, where the majority of our customers indicated that they satisfy the criteria for the B2B exemption. Their responses formed the basis for estimating the potential service tax liabilities with the B2B exemption factored in, as set out below. In view of the foregoing, our Board is of the view that the materiality of this risk is mitigated.

Applying the B2B exemption, the potential service tax liabilities payable by our Group which, as at the LPD, is estimated at (i) RM18.1 million inclusive of a late payment penalty of RM5.2 million for the period from effective date of 1 April 2024 to 31 December 2024; and (ii) RM13.4 million inclusive of a late payment penalty of RM3.8 million from 1 January 2025 until the LPD, based on the maximum penalty rate of 40.0%. Our Board is of the view that the aforesaid estimated service tax liabilities under B2B exemption (including any late payment penalties), if imposed, will not have a material adverse impact on the business operations and financial condition of our Group.

The estimated potential service tax liabilities, if crystallised on LPD, would directly reduce the equity value derived from the discounted cash flow model, as these liabilities represent cash outflows that reduce the Group's available cash and, consequently, its valuation. However, the effect on valuation set out below is purely academic, in view that the expected market capitalisation upon Listing is determined through the bookbuilding process.

(i) Without the B2B exemption, the total estimated liabilities amounting to RM193.4 million would, if settled, theoretically reduce equity value by the same amount; and

(ii) With the B2B exemption, the total estimated liabilities amounting to RM31.5 million would, if settled, theoretically reduce equity value by that same amount.

12.2.4 Results of operations

(i) Principal components of our consolidated statements of comprehensive income

Revenue

We generate revenue from our port operations and from other sources. Our port and terminal operating revenue consists of revenue from four services/functions: (a) container cargo, (b) conventional cargo, (c) marine service and; (d) others. Our revenue from other sources primarily consists of (a) Construction Contract Revenue, (b) logistics and freight forwarding revenue from our former subsidiary, Kontena Nasional, which was fully divested in February 2024, and (c) rental income related to the leasing of other warehouses to the tenants.

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The table below provides a breakdown of our revenue for the Financial Years Under Review, including further breakdown of the port and terminal operating revenue by port operating subsidiaries. For a full breakdown, see Note 4 of the Accountants' Report in Section 13 of this Prospectus.

	FYE 31 December					
	2022		2023		2024	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Container	2,596,468	64.0	2,539,425	64.1	2,873,006	66.0
PTP	*1,402,051*	*34.5*	*1,357,602*	*34.3*	*1,589,985*	*36.5*
JPB	*235,395*	*5.8*	*243,013*	*6.1*	*261,609*	*6.0*
NMB	*591,261*	*14.6*	*533,502*	*13.5*	*623,088*	*14.3*
PPSB	*350,343*	*8.6*	*382,300*	*9.7*	*377,971*	*8.7*
TBP	*3,015*	*0.1*	*887*	*0.0*	*2,832*	*0.1*
Others and inter segment eliminations	*14,403*	*0.4*	*22,121*	*0.6*	*17,521*	*0.4*
Conventional	402,621	9.9	402,011	10.2	438,553	10.1
JPB	*194,352*	*4.8*	*189,978*	*4.8*	*207,149*	*4.8*
NMB	*144,758*	*3.6*	*148,552*	*3.8*	*168,428*	*3.9*
PPSB	*55,635*	*1.4*	*53,572*	*1.4*	*53,749*	*1.2*
TBP	*7,876*	*0.2*	*9,909*	*0.3*	*9,227*	*0.2*
Marine	467,055	11.5	492,481	12.4	511,394	11.7
PTP	*226,232*	*5.6*	*204,585*	*5.2*	*212,170*	*4.9*
JPB	*169,994*	*4.2*	*206,679*	*5.2*	*214,160*	*4.9*
NMB	*37,385*	*0.9*	*43,028*	*1.1*	*45,845*	*1.1*
PPSB	*27,265*	*0.7*	*31,934*	*0.8*	*33,343*	*0.8*
TBP	*6,179*	*0.2*	*6,255*	*0.2*	*5,876*	*0.1*
Others	189,885	4.7	195,029	4.9	209,679	4.8
PTP	*17,357*	*0.4*	*17,085*	*0.4*	*21,116*	*0.5*
JPB	*27,208*	*0.7*	*30,562*	*0.8*	*26,907*	*0.6*
NMB	*51,562*	*1.3*	*41,083*	*1.0*	*45,520*	*1.0*
PPSB	*17,888*	*0.4*	*26,379*	*0.7*	*24,864*	*0.6*
TBP	*811*	*0.02*	*1,011*	*0.03*	*1,113*	*0.03*
Others and inter segment eliminations	*75,059*	*1.8*	*78,909*	*2.0*	*90,159*	*2.1*
Port and terminal operating revenue	**3,656,029**	**90.1**	**3,628,946**	**91.6**	**4,032,632**	**92.6**

12. FINANCIAL INFORMATION *(Cont'd)*

	FYE 31 December					
	2022		2023		2024	
	(RM'000)	(%)	(RM'000)	(%)	(RM'000)	(%)
Construction contracts	187,243	4.6	114,249	2.9	227,228	5.2
Logistics and freight forwarding	140,700	3.5	140,665	3.6	26,665	0.6
Rental income	74,106	1.8	77,180	1.9	69,982	1.6
Total revenue	**4,058,078**	**100.0**	**3,961,040**	**100.0**	**4,356,507**	**100.0**

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Port and terminal operating revenue

Port and terminal operating revenue consists of the following:

- *Container.* Container revenue is generated primarily from terminal handling charges that we charge customers for loading, unloading, and storing shipping containers. Our container services include transshipment services which involve transferring containers from one vessel to another at the terminal en route to their final destination, as well as import/export handling of containers originating from and destined for the ports' hinterland. All five of our sea ports generate container revenue.

- *Conventional.* Conventional revenue is generated primarily from cargo handling charges that we charge customers for loading, unloading, and storing conventional cargo. The types of conventional cargo that we handle are dry bulk, liquid bulk, break bulk and RORO cargo. Conventional cargo represents the majority of total cargo handled at four of our five ports, namely Johor Port, Penang Port, Northport and Tanjung Bruas Port.

- *Marine.* Marine revenue is generated from a range of marine services that we provide at our ports and throughout the port water limits surrounding our ports. Marine services include pilotage services, towing, pilot boats, tug assistance, vessel coordination and traffic monitoring.

- *Others.* Other revenue primarily includes revenue from STS services and cruise, ferry and solid product jetty terminal.

Other revenue sources

Revenue from other sources consists of the following:

- *Construction contracts.* Included in revenue is Construction Contract Revenue and this relates to revenue recorded in accordance with MFRS 15 – Revenue from Contract with Customers as stated in IC Interpretation 12 in relation to the construction or upgrade of the port and terminal infrastructure under concession. In accordance with IC Interpretation 12, because we do not have the right to control the use of the ports and terminals and instead have access to operate the ports and terminals pursuant to long-term concession arrangements, the ports and terminals infrastructure within the scope of IC Interpretation 12 shall not be recognised as property, plant and equipment on our consolidated statements of financial position. Instead, as the operator of the ports and terminals under concession arrangements, we have the right to charge our customers for using the ports and terminals infrastructure, as such, the construction or upgrade of the port and terminal infrastructure under concession are to be recognised on our consolidated statements of financial position as concession assets, being intangible assets received for the right to charge users. As the Group performs the construction of port/terminal developments or upgrades, we recognise Construction Contract Revenue in our consolidated statements of comprehensive income in amounts that generally correspond to increased concession assets. The Group engages third parties to carry out most of its developments or upgrading works, and therefore its Construction Contract Revenue reported approximates our Construction Contract Costs.

- *Logistics and freight forwarding.* Logistics and freight forwarding revenue relates to haulage, freight forwarding and warehousing activities conducted by Kontena Nasional. We fully divested our interests in this company on 29 February 2024 and did not record any logistics and freight forwarding revenue in the FYE 31 December 2024 after that date. See Section 12.2.7 for further details.

- *Rental income.* Rental income relates to the leasing of other warehouses to our tenants.

Other operating income

Other income includes primarily gain on disposal of property, plant and equipment, assets held for sale and investment properties, deposit forfeited, liquidated ascertained damages and other miscellaneous income such as scrap sales.

Operating expenditure

The components of our operating expenditure are set forth in the following table and described below.

	FYE 31 December		
	Audited		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Operating expenditure			
- employees' benefits expense	(890,442)	(958,104)	(1,033,271)
- depreciation of property, plant and equipment, right-of-use assets and investment properties	(505,899)	(487,257)	(501,640)
- amortisation of concession assets and intangible assets	(214,505)	(205,399)	(213,216)
- fuel and utilities	(360,429)	(348,662)	(345,224)
- repairs and maintenance	(299,604)	(281,867)	(347,232)
- Construction Contract Cost	(187,243)	(114,249)	(227,228)
- others	(569,141)	(506,543)	(431,065)

Operating expenditures consist of the following:

- *Employees' benefits expense*: Employees' benefits expense relates to wages, salaries and bonuses for our employees and contributions to the Employees' Provident Fund in Malaysia and defined benefit plans that we offer to our employees. Employees' benefit expense also includes other employee benefits, including medical expenses and allowances.

- *Depreciation of property, plant and equipment, right-of-use assets and investment properties*: Depreciation of property, plant and equipment, right-of-use assets and investment properties relates to cranes, RTGs, boats, vehicles and other infrastructure and equipment in our ports, right-of-use assets such as land and buildings, port facilities and infrastructure, machinery and equipment, vehicles and ferry equipment, and investment properties such as land, buildings and port structures.

- *Amortisation of concession assets and intangible assets*: Amortisation of concession assets and intangible assets relates to our rights over port assets and infrastructure under our privatisation agreements, land lease rentals and port and infrastructure concessions.

- *Fuel and utilities*: Fuel and utilities costs relates to purchases of fuel and utilities to operate the vehicles, equipment, buildings and structures in and around our premises.

- *Repairs and maintenance*: Repairs and maintenance cost relates to repairs and maintenance of our property, plant, equipment and concession assets.

- *Construction Contract Cost*: Construction Contract Cost relates to cost recorded in accordance with MFRS 15 – Revenue from Contract with Customers as stated in IC Interpretation 12 in relation to the construction or upgrade of the port and terminal infrastructure under concession. We engage third parties to carry out most of our developments or upgrading works, and therefore our Construction Contract Revenue reported approximates our Construction Contract Costs.

- *Others*: Other expenses mainly relate to short term rental expenses on plant and machineries; contract labour and contractor costs for hiring third parties to support our operations; write-off of property, plant and equipment; and general administrative expenses.

<u>Finance costs</u>

Our finance costs primarily comprise interest incurred on our borrowings and concession liabilities.

The following table sets out a breakdown of our finance costs for the financial years indicated:

	FYE 31 December		
	Audited		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Interest on borrowings	235,766	231,525	220,954
Interest on lease liabilities	13,933	11,230	17,421
Interest on concession liabilities	117,410	145,516	147,982
Interest on intercompany balances	2,155	-	-
Accretion of interests	11,320	3,968	4,006
Total	**380,584**	**392,239**	**390,363**

<u>Share of results of an associate</u>

Our share of results of an associate primarily relates to our 33.3% interest in P.T. Ritra Konnas Freight Centre. During the Financial Years Under Review, this company was directly owned by our then wholly-owned subsidiary Kontena Nasional, which we disposed of on 29 February 2024. Accordingly, we did not record any share of results of an associate in the FYE 31 December 2024 after that date.

<u>Share of results of joint ventures</u>

Our share of results of joint ventures primarily relates to (i) our 50.0% interest in Cranetech Global Sdn Bhd, a dormant company that was liquidated on 7 August 2024, and (ii) our 50.0% interest in PKCT, which manages the Port Klang CT.

<u>Taxation</u>

Our taxation comprises of income tax on our PBT at the applicable statutory tax rate and deferred income tax relating to origination and reversal of temporary differences.

	FYE 31 December		
	Audited		
	2022	**2023**	**2024**
PBT (RM'000)	829,540	945,954	990,673
PBT margin[(1)] (%)	20.4	23.9	22.7
PBT margin (excluding Construction Revenue)[(1)] (%)	21.4	24.6	24.0
Taxation (RM'000)	(254,545)	(138,647)	(225,127)
Effective tax rate[(2)] (%)	30.7	14.7	22.7
Malaysia statutory tax rate (%)	24.0	24.0	24.0

Notes:

(1) Calculated as PBT divided by revenue, or, where indicated, revenue excluding Construction Contract Revenue.

(2) Computed based on taxation divided by PBT.

Our effective tax rate for the FYE 31 December 2022 was higher than the statutory tax rate primarily due to (a) the impact of a one-off increase in the tax rate to 33.0% on the portion of chargeable income exceeding RM100.0 million, commonly referred to as the "Cukai Makmur", which resulted in additional taxation of RM19.5 million, and (b) higher tax effects of approximately RM54.6 million from expenses not deductible for tax purposes, which mainly contributed by additional tax effects of RM20.4 million (RM84.8 million @ tax rate of 24.0%) arising from the non-tax deductible write-off of property, plant and equipment of RM84.8 million.

Our effective tax rate for the FYE 31 December 2023 decreased to 14.7% from 30.7% for the FYE 31 December 2022 primarily due to (a) the recognition of an ITA of RM60.5 million in FYE 31 December 2023, primarily from qualifying expenditure incurred by NMB for the expansion and upgrade of Northport facilities in FYE 31 December 2023; and (b) higher over accrual of income tax in prior years, of RM22.2 million in FYE 31 December 2023 compared to RM8.7 million in FYE 31 December 2022.

We assume responsibility for the withholding of tax on payments to our service providers who are not resident in Malaysia when the services are rendered on shore, as well as on licenses or royalties paid to our vendors and service providers. We also remit such withheld taxes to the Inland Revenue Board of Malaysia. At the same time, during the Financial Years Under Review, all of our revenue was derived in Malaysia, as such, we are not subject to any foreign withholding tax.

(ii) FYE 31 December 2024 compared to FYE 31 December 2023

The following table presents selected financial information from our consolidated statements of comprehensive income for the financial years indicated:

	FYE 31 December				
	2023		**2024**		**% change**
	RM'000	**% (1)**	**RM'000**	**% (1)**	
Revenue	3,961,040	100.0	4,356,507	100.0	10.0
Other operating income	203,929	5.2	48,584	1.1	(76.2)
Operating expenditure:					
- employees' benefits expense	(958,104)	(24.2)	(1,033,271)	(23.7)	7.8
- depreciation of property, plant and equipment, right-of-use assets and investment properties	(487,257)	(12.3)	(501,640)	(11.5)	3.0
- amortisation of concession assets and intangible assets	(205,399)	(5.2)	(213,216)	(4.9)	3.8
- fuel and utilities	(348,662)	(8.8)	(345,224)	(7.9)	(1.0)
- repairs and maintenance	(281,867)	(7.1)	(347,232)	(8.0)	23.2
- Construction Contract Cost	(114,249)	(2.9)	(227,228)	(5.2)	98.9
- others	(506,543)	(12.8)	(431,065)	(9.9)	(14.9)
Net (provision)/reversal of impairment loss on trade and other receivables	(10,794)	(0.3)	805	0.02	(107.5)
Operating profit	**1,252,094**	**31.6**	**1,307,020**	**30.0**	**4.4**

	FYE 31 December				
	2023		2024		% change
	RM'000	% (1)	RM'000	% (1)	
Share of results of an associate	986	0.02	282	0.01	(71.4)
Share of results of joint ventures	7,576	0.2	5,453	0.1	(28.0)
Profit before interest and tax	**1,260,656**	**31.8**	**1,312,755**	**30.1**	**4.1**
Finance income	77,537	2.0	68,281	1.6	(11.9)
Finance costs	(392,239)	(9.9)	(390,363)	(9.0)	(0.5)
PBT	**945,954**	**23.9**	**990,673**	**22.7**	**4.7**
Zakat expense	(1,845)	(0.1)	(4,427)	(0.1)	139.9
Taxation	(138,647)	(3.5)	(225,127)	(5.2)	62.4
Profit for the financial year	**805,462**	**20.3**	**761,119**	**17.4**	**(5.5)**

Note:

(1) Percentage of revenue.

<u>Revenue</u>

Our total revenue increased by 10.0% from RM3,961.0 million for the FYE 31 December 2023 to RM4,356.5 million for the FYE 31 December 2024, primarily due to an increase in container revenue.

- Container revenue increased by 13.1% from RM2,539.4 million for the FYE 31 December 2023 to RM2,873.0 million for the FYE 31 December 2024 primarily due to increased container throughput at PTP to 12.3 million TEUs from 10.5 million TEUs and at Northport to 3.7 million TEUs from 3.2 million TEUs.

- Conventional revenue increased by 9.1% from RM402.0 million for the FYE 31 December 2023 to RM438.6 million for the FYE 31 December 2024 primarily due to increased conventional throughput at Northport to 12.7 million FWTs from 11.4 million FWTs and at Penang Port to 6.2 million FWTs from 5.6 million FWTs.

- Marine revenue increased by 3.8% from RM492.5 million for the FYE 31 December 2023 to RM511.4 million for the FYE 31 December 2024 primarily due to higher number of vessels handled by Johor Port and Penang Port.

- Other revenue increased by 7.5% from RM195.0 million for the FYE 31 December 2023 to RM209.7 million for the FYE 31 December 2024 primarily due to the addition of four new ferries at Penang Port which began operations on 7 August 2023.

- Construction Contract Revenue increased by 98.9% from RM114.2 million for the FYE 31 December 2023 to RM227.2 million for the FYE 31 December 2024, mainly due to the expansion of Northport's container yard referred to as "Block K".

- Logistics and freight forwarding revenue decreased by 81.0% from RM140.7 million for the FYE 31 December 2023 to RM26.7 million for the FYE 31 December 2024, due to the full divestment of interests in Kontena Nasional on 29 February 2024, resulting in no recorded revenue from this segment for the remainder of the financial year.

Other operating income

Other operating income decreased by 76.2% from RM203.9 million for the FYE 31 December 2023 to RM48.6 million for the FYE 31 December 2024 primarily due to a decrease in the gains on disposal of investment properties during the year. In FYE 31 December 2023, our Group recognised a disposal of investment properties as a result of entering into long-term lease arrangements of the additional free zone area of PTP and land leases at JPB, resulting in a gain of RM148.7 million under other operating income. Our Group had no such disposal in the FYE 31 December 2024.

Operating expenditure

- Employees' benefits expense: Employees' benefits expense increased by 7.8% from RM958.1 million for the FYE 31 December 2023 to RM1,033.3 million for the FYE 31 December 2024, primarily due to higher wages, salaries and bonus as a result of increased headcount.

- Depreciation of property, plant and equipment, right-of-use assets and investment properties: Depreciation increased by 3.0% from RM487.3 million for the FYE 31 December 2023 to RM501.6 million for the FYE 31 December 2024, primarily due to a larger asset base from increased capital expenditure.

- Amortisation of concession assets and intangible assets: Amortisation of concession assets and intangible assets increased by 3.8% from RM205.4 million for the FYE 31 December 2023 to RM213.2 million for the FYE 31 December 2024, primarily due to a larger concession asset base from continuing upgrading.

- Fuel and utilities: Fuel and utilities expenses decreased slightly by 1.0% from RM348.7 million for the FYE 31 December 2023 to RM345.2 million for the FYE 31 December 2024, primarily due to lower fuel costs.

- Repairs and maintenance: Repairs and maintenance expenses increased by 23.2% from RM281.9 million for the FYE 31 December 2023 to RM347.2 million for the FYE 31 December 2024, primarily due to higher preventive maintenance work and associated costs in line with increased capacity utilisation at our ports.

- Construction Contract Cost: Construction Contract Cost increased by 98.9% from RM114.2 million for the FYE 31 December 2023 to RM227.2 million for the FYE 31 December 2024, primarily due to the expansion of Northport's container yard, referred to as "Block K".

- Others: Other operating expenses decreased by 14.9% from RM506.5 million for the FYE 31 December 2023 to RM431.1 million for the FYE 31 December 2024, primarily due to lower contract labour and contractor related costs, attributable to disposal of Kontena Nasional during the FYE 31 December 2024.

Net (provision)/reversal of impairment loss on trade and other receivables

We made a net provision for impairment loss of RM10.8 million for the FYE 31 December 2023, and we recorded a net reversal for impairment loss of RM0.8 million for the FYE 31 December 2024, primarily due to improved collection from receivables and recovery of previously impaired receivables.

GP and GP margin

GP increased by 13.3% from RM1,579.7 million for the FYE 31 December 2023 to RM1,789.8 million for the FYE 31 December 2024, primarily due to the increase in revenue described above while our cost of goods sold increased at a slower pace than the revenue. Similarly, GP margin and GP margin (excluding Construction Contract) increased from 39.9% and 41.1% for the FYE 31 December 2023, respectively, to 41.1% and 43.3% for the FYE 31 December 2024, primarily driven by:

(i) an increase in revenue which primarily due to higher container throughput at PTP and Northport as described above;

(ii) a slight decrease in fuel and utilities expenses as described above primarily due to lower fuel costs;

(iii) decrease in other operating expenses primarily due to lower contract labour and contractor related costs, attributable to disposal of Kontena Nasional during the FYE 31 December 2024; and

(iv) increases in employees' benefits expenses and depreciation of property, plant and equipment as described above remained proportionally lower than the growth in revenue.

Operating profit and operating profit margin

Operating profit increased by 4.4% from RM1,252.1 million for the FYE 31 December 2023 to RM1,307.0 million for the FYE 31 December 2024, primarily due to the increase in revenue described above while our total operating expenditures increased at a more moderate rate for the reasons described above.

Notwithstanding that, operating profit margin and operating profit margin (excluding Construction Contract Revenue) decreased slightly from 31.6% and 32.5% for the FYE 31 December 2023, respectively, to 30.0% and 31.7% for the FYE 31 December 2024, respectively. In the FYE 31 December 2023, we recognised a disposal of investment properties resulting in a gain of RM148.7 million, and we had no such disposal for gain in the FYE 31 December 2024. In FYE 31 December 2023, we recognised the long-term leases of additional free zone area at PTP and the extension of long-term land leases at JPB as disposal of investment properties under other operating income. No such disposal was recorded in FYE 31 December 2024. Excluding such one-off gain, operating profit margin and operating profit margin (excluding Construction Contract Revenue) for the FYE 31 December 2023 was 27.9% and 28.7%, respectively.

Share of results of an associate

Share of results of an associate decreased by 71.4% from RM1.0 million for the FYE 31 December 2023 to RM0.3 million for the FYE 31 December 2024, primarily due to the disposal of Kontena Nasional during the FYE 31 December 2024.

Share of results of joint ventures

Share of results of joint ventures decreased by 28.0% from RM7.6 million for the FYE 31 December 2023 to RM5.5 million for the FYE 31 December 2024, primarily due to the decrease in profit of PKCT as a result of decreased passenger throughput.

Profit before interest and tax

Profit before interest and tax increased by 4.1% from RM1,260.7 million for the FYE 31 December 2023 to RM1,312.8 million for the FYE 31 December 2024, primarily due to the increase in operating profit described above.

Finance income

Finance income decreased by 11.9% from RM77.5 million for the FYE 31 December 2023 to RM68.3 million for the FYE 31 December 2024, primarily due to the decrease in cash and bank balances to RM347.3 million from RM426.7 million as a result of increased capital expenditure.

Finance costs

Finance costs slightly decreased by 0.5% from RM392.2 million for the FYE 31 December 2023 to RM390.4 million for the FYE 31 December 2024.

PBT and PBT margin

PBT increased by 4.7% from RM946.0 million for the FYE 31 December 2023 to RM990.7 million for the FYE 31 December 2024, primarily due to increased operating profit, which was partially offset by higher net finance costs.

Notwithstanding that, PBT margin and PBT margin (excluding Construction Contract Revenue) decreased slightly from 23.9% and 24.6% for the FYE 31 December 2023, respectively, to 22.7% and 24.0% for the FYE 31 December 2024, respectively. In the FYE 31 December 2023, we recognised a disposal of investment properties resulting in a gain of RM148.7 million, and we had no such disposal for gain in the FYE 31 December 2024. In FYE 31 December 2023, we recognised the long-term leases of additional free zone area at PTP and the extension of long-term land leases at JPB as disposal of investment properties under other operating income. No such disposal was recorded in FYE 31 December 2024. Excluding such one-off gain, PBT margin and PBT margin (excluding Construction Contract Revenue) for the FYE 31 December 2023 was 20.1% and 20.7%, respectively.

Taxation

Taxation increased by 62.4% from RM138.6 million for the FYE 31 December 2023 to RM225.1 million for the FYE 31 December 2024, primarily due to (a) an increase in taxable profit in line with increased chargeable profit, (b) lower recognition of an ITA of RM22.8 million from RM60.5 million in the prior year, primarily from qualifying expenditure incurred by NMB for the expansion and upgrade of Northport facilities in FYE 31 December 2023 and (c) reduction in over accrual of income tax in prior years, of RM0.7 million in FYE 31 December 2024 compared to RM22.2 million in FYE 31 December 2023. Additionally, we recognised net deferred tax assets of RM13.3 million arising from previously unrecognised timing difference arising from the unutilised investment allowances and land lease receivables in FYE 31 December 2023, and we had no such recognition in FYE 31 December 2024.

PATAMI and PATAMI margin

PATAMI decreased by 9.2% from RM701.1 million for the FYE 31 December 2023 to RM636.6 million for the FYE 31 December 2024, and PATAMI margin and PATAMI margin (excluding Construction Revenue) decreased from 17.7% and 18.2%, respectively, for the FYE 31 December 2023 to 14.6% and 15.4%, respectively, for the FYE 31 December 2024, primarily due to the increase in taxation described above.

(iii) FYE 31 December 2023 compared to FYE 31 December 2022

The following table presents selected financial information from our consolidated statements of comprehensive income for the financial years indicated:

	FYE 31 December				
	2022		**2023**		**% change**
	RM'000	**% (1)**	**RM'000**	**% (1)**	
Revenue	4,058,078	100.0	3,961,040	100.0	(2.4)
Other operating income	88,860	2.2	203,929	5.2	129.5
Operating expenditure					
- employees' benefits expense	(890,442)	(21.9)	(958,104)	(24.2)	7.6
- depreciation of property, plant and equipment, right-of-use assets and investment properties	(505,899)	(12.5)	(487,257)	(12.3)	(3.7)
- amortisation of concession assets and intangible assets	(214,505)	(5.3)	(205,399)	(5.2)	(4.2)
- fuel and utilities	(360,429)	(8.9)	(348,662)	(8.8)	(3.3)
- repairs and maintenance	(299,604)	(7.4)	(281,867)	(7.1)	(5.9)
- Construction Contract Cost	(187,243)	(4.6)	(114,249)	(2.9)	(39.0)
- others	(569,141)	(14.0)	(506,543)	(12.8)	(11.0)
Net provision of impairment loss on trade and other receivables	(1,296)	(0.03)	(10,794)	(0.3)	732.9
Operating profit	**1,118,379**	**27.6**	**1,252,094**	**31.6**	**12.0**
Share of results of an associate	1,111	0.03	986	0.02	(11.3)
Share of results of joint ventures	35,785	0.9	7,576	0.2	(78.8)
Profit before interest and tax	**1,155,275**	**28.5**	**1,260,656**	**31.8**	**9.1**
Finance income	54,849	1.4	77,537	2.0	41.4
Finance costs	(380,584)	(9.4)	(392,239)	(9.9)	3.1
PBT	**829,540**	**20.4**	**945,954**	**23.9**	**14.0**
Zakat expense	(5,131)	(0.1)	(1,845)	(0.1)	(64.0)
Taxation	(254,545)	(6.3)	(138,647)	(3.5)	(45.5)
Profit for the financial year	**569,864**	**14.0**	**805,462**	**20.3**	**41.3**

Note:

(1) Percentage of revenue.

Revenue

Our total revenue decreased slightly by 2.4% from RM4,058.1 million for the FYE 31 December 2022 to RM3,961.0 million for the FYE 31 December 2023, primarily due to decreases in container revenue and Construction Contract Revenue.

- Container revenue decreased by 2.2% from RM2,596.5 million for the FYE 31 December 2022 to RM2,539.4 million for the FYE 31 December 2023 primarily due to the easing of global port congestion and decreased dwell time for containers berthed at ports, which resulting in less demand for storage at our ports, which in turn led to a decrease in storage revenue from PTP and Northport.

The container throughput at PTP and Northport remained stable at around 10.5 million TEUs and 3.2 million TEUs, respectively. The revenue decline was mainly due to lower storage-related charges, as there were no material changes in container throughput volume, and there were no changes in tariff rates during the said financial years.

- Conventional revenue decreased slightly by 0.2% from RM402.6 million for the FYE 31 December 2022 to RM402.0 million for the FYE 31 December 2023 primarily due to slight decrease in conventional throughput at Johor Port to 16.7 million FWTs from 19.1 million FWTs and at Penang Port to 5.6 million FWTs from 5.8 million FWTs.

- Marine revenue increased by 5.4% from RM467.1 million for the FYE 31 December 2022 to RM492.5 million for the FYE 31 December 2023 primarily due to higher vessel calls in JPB in line with the resumption of activities in PETRONAS Pengerang Integrated Complex.

- Other revenue increased by 2.7% from RM189.9 million for the FYE 31 December 2022 to RM195.0 million for the FYE 31 December 2023 primarily due to higher ancillary port related service charges.

- Construction Contract Revenue decreased by 39.0% from RM187.2 million for the FYE 31 December 2022 to RM114.2 million for the FYE 31 December 2023 primarily due to lower upgrading and development of concession assets.

Other operating income

Other operating income increased by 129.5% from RM88.9 million for the FYE 31 December 2022 to RM203.9 million for the FYE 31 December 2023, primarily due to an increase in gains on disposal of investment properties during the year, partially offset by the decrease in gain on derecognition of right-of-use assets. In FYE 31 December 2023, our Group recognised a disposal of investment properties resulting in a gain of RM148.7 million, and our Group had no such disposal in FYE 31 December 2022.

In FYE 31 December 2023, our Group recognised a disposal of investment properties as a result of entering into long-term lease arrangements with customers for the additional free zone area of PTP and land leases to customers at JPB, resulting in a gain of RM148.7 million under other operating income. The long-term lease arrangement involved the lease of the free zone area at PTP and land at JPB for a period ranging from more than three years up to the end of the concession period. In this arrangement, all the risks and rewards associated with the investment properties were deemed to have been transferred to the customers (lessees), leading to the said investment properties being treated as disposal. In contrast, in FYE 31 December 2022, we recorded a gain on derecognition of right-of-use assets of RM51.8 million as a result of a disposal of investment properties relating to land and building at PTP.

Operating expenditure

- Employees' benefits expense: Employees' benefits expense increased by 7.6% from RM890.4 million for the FYE 31 December 2022 to RM958.1 million for the FYE 31 December 2023, primarily due to annual increment and increase in employee headcount in PTP.

- Depreciation of property, plant and equipment, right-of-use assets and investment properties: Depreciation decreased by 3.7% from RM505.9 million for the FYE 31 December 2022 to RM487.3 million for the FYE 31 December 2023, primarily due to a decrease in depreciation of plant, machinery and equipment in conjunction with the accelerated depreciation and write-off of under-performing quay cranes in the FYE 31 December 2022.

- Amortisation of concession assets and intangible assets: Amortisation decreased by 4.2% from RM214.5 million for the FYE 31 December 2022 to RM205.4 million for the FYE 31 December 2023, primarily due to lower amortisation of concession assets by RM9.1 million.

- Fuel and utilities: Fuel and utilities expenses decreased by 3.3% from RM360.4 million for the FYE 31 December 2022 to RM348.7 million for the FYE 31 December 2023, primarily due to a significant global increase in fuel prices in 2022 largely driven by the Russia-Ukraine conflict, which disrupted oil supplies and increased Brent crude oil prices, which is one of the recognised international benchmarks for trading oil, above USD100 per barrel, resulting in significantly increased petrol and diesel prices in many countries, including Malaysia, towards the latter half of the period. Fuel prices had since normalised for our Group in 2023, which contributed to a decrease in our overall fuel and utilities expenses in the FYE 31 December 2023.

- Repairs and maintenance: Repairs and maintenance expenses decreased by 5.9% from RM299.6 million for the FYE 31 December 2022 to RM281.9 million for the FYE 31 December 2023, primarily due to lower repairs and maintenance for quay cranes and RTGs, which were either newly acquired or still under warranty and minimised the need for extensive maintenance work and associated costs during this period.

- Construction Contract Cost: Construction Contract Cost decreased by 39.0% from RM187.2 million for the FYE 31 December 2022 to RM114.2 million for the FYE 31 December 2023, primarily due to lower upgrading and development of concession assets.

- Others: Other operating expenses decreased by 11.0% from RM569.1 million for the FYE 31 December 2022 to RM506.5 million for the FYE 31 December 2023, primarily due to write off of property, plant and equipment of RM84.8 million in FYE 31 December 2022.

<u>Net provision of impairment loss on trade and other receivables</u>

Net provision for impairment loss increased from RM1.3 million for the FYE 31 December 2022 to RM10.8 million for the FYE 31 December 2023, primarily due to higher provision for impairment loss on trade receivables in PPSB as we assessed the recoverability from a particular customer to be low.

<u>GP and GP margin</u>

GP decreased by 1.4% from RM1,601.7 million for the FYE 31 December 2022 to 1,579.7 million for the FYE 31 December 2023, primarily due to decrease in revenue described above. Both GP margin and GP margin (excluding Construction Contract Revenue) remained relatively stable over the same period, with year-on-year changes within 0.5%. The revenue decreased slightly by 2.4% primarily due to decreases in container revenue and Construction Contract Revenue as described above, which was largely offset by a corresponding reduction in key operating expenditure as described above, including fuel and utilities, depreciation and amortisation, and repairs and maintenance.

<u>Operating profit and operating profit margin</u>

Operating profit increased by 12.0% from RM1,118.4 million for the FYE 31 December 2022 to RM1,252.1 million for the FYE 31 December 2023, primarily due to the increase in other operating income described above while our total operating expenditure decreased by 4.1% for the reasons described above. Operating profit margin and operating profit margin (excluding Construction Contract Revenue) increased from 27.6% and 28.9%, for the FYE 31 December 2022, respectively, to 31.6% and 32.5%

for the FYE 31 December 2023, respectively, primarily due to the increase in other operating income described above.

Share of results of an associate

Share of results of an associate decreased by 11.3% from RM1.1 million for the FYE 31 December 2022 to RM1.0 million for the FYE 31 December 2023, primarily due to lower profit recorded by our former associate, P.T. Ritra Konnas Freight Centre.

Share of results of joint ventures

Share of results of joint ventures decreased by 78.8% from RM35.8 million for the FYE 31 December 2022 to RM7.6 million for the FYE 31 December 2023, primarily due to the recognition of negative goodwill amounting of RM29.9 million as share of results of joint ventures when we acquired PKCT in FYE 31 December 2022, despite higher profit recorded by PKCT in FYE 31 December 2023.

Profit before interest and tax

Profit before interest and tax increased by 9.1% from RM1,155.3 million for the FYE 31 December 2022 to RM1,260.7 million for the FYE 31 December 2023, primarily due to the increase in operating profit described above.

Finance income

Finance income increased by 41.4% from RM54.8 million for the FYE 31 December 2022 to RM77.5 million for the FYE 31 December 2023, primarily due to a higher weighted average OPR of 2.92% per annum compared to weighted average OPR of 2.17% per annum in 2022 following a decision by the Bank Negara Malaysia.

Finance costs

Finance costs increased by 3.1% from RM380.6 million for the FYE 31 December 2022 to RM392.2 million for the FYE 31 December 2023, primarily due to an increase in interest expense for our concession liabilities from RM117.4 million to RM145.5 million in line with the remeasurement of certain concession land.

PBT and PBT margin

PBT increased by 14.0% from RM829.5 million for the FYE 31 December 2022 to RM946.0 million for the FYE 31 December 2023, and PBT margin and PBT Margin (excluding Construction Contract Revenue) increased from 20.4% and 21.4%, respectively, for the FYE 31 December 2022 to 23.9% and 24.6% for the FYE 31 December 2023, primarily due to the increased operating profit and finance income described above.

Taxation

Taxation decreased by 45.5% from RM254.5 million for the FYE 31 December 2022 to RM138.6 million for the FYE 31 December 2023, primarily due to (a) the recognition of an ITA of RM60.5 million in FYE 31 December 2023, primarily from qualifying expenditure incurred by NMB for the expansion and upgrade of Northport facilities in FYE 31 December 2023; and (b) higher over accrual of income tax in prior years, of RM22.2 million in FYE 31 December 2023 compared to RM8.7 million in FYE 31 December 2022.

PATAMI and PATAMI margin

PATAMI increased by 48.6% from RM471.8 million for the FYE 31 December 2022 to RM701.1 million for the FYE 31 December 2023, and PATAMI margin and PATAMI margin (excluding Construction Contract Revenue) increased from 11.6% and 12.2%, respectively, for the FYE 31 December 2022 to 17.7% and 18.2%, respectively, for the FYE 31 December 2023, primarily due to the increase of PBT and PBT margin, and decrease in taxation, each described above.

12.2.5 Liquidity and capital resources

(i) Working capital

Our working capital is funded through cash generated from our operating activities, borrowings from financial institutions and Sukuk issuances.

As at 31 December 2024, we had cash and bank balances of RM347.3 million out of which cash generated from our operations amounting to RM2,022.2 million and total borrowings of RM5,365.1 million. In addition, we have RM1,527.4 million as at 31 December 2024 in the form of liquid short-term investments. As at 31 December 2024, we were in a net current assets position of RM668.5 million, calculated as the difference between our current assets of RM2,661.8 million and current liabilities of RM1,993.2 million. In addition to our cash and bank balances and liquid short-term investments as at 31 December 2024, we also have access to undrawn credit facilities from financial institutions of approximately RM2.5 billion which may be drawn upon to support working capital or other operational requirements, providing additional liquidity flexibility to the Group.

Our Board is of the view that we have sufficient working capital for at least 12 months from the date of this Prospectus, on the basis of the aforementioned available cash and bank balances, cash generated from our operations, borrowings, liquid short-term investments, and taking into consideration our funding requirements for our committed capital expenditure and contractual obligations, expected cash flows from operations, our existing level of cash and cash equivalents, borrowings from financial institutions and Sukuk issuances, and payment of an interim dividend of RM255.0 million for the FYE 31 December 2025 in July 2025.

(ii) Cash flows

The following table summarises our consolidated statements of cash flows for the Financial Years Under Review:

	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Net cash flow generated from operating activities	1,699,407	1,596,623	1,882,951
Net cash flow used in investing activities	(552,412)	(493,459)	(667,074)
Net cash flow used in financing activities	(1,025,651)	(1,208,829)	(1,285,651)
Net increase/(decrease) in cash and cash equivalents	**121,344**	**(105,665)**	**(69,774)**
Cash and cash equivalents at beginning of the financial year	268,427	389,771	284,106
Cash and cash equivalents at the end of the financial year	**389,771**	**284,106**	**214,332**

As at the LPD, except for an immaterial amount of approximately RM5.3 million held in USD, all our cash and cash equivalents are all held in RM. There are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to any applicable withholding tax and the availability of distributable reserves, and compliance with applicable covenants in our subsidiaries' outstanding borrowings and Sukuk.

Net cash flow generated from operating activities

FYE 31 December 2024

For the FYE 31 December 2024, our net cash flow generated from operating activities was RM1,883.0 million, after taking into consideration our cash flow generated from operations before working capital changes of RM2,018.7 million, as well as further adjustment for working capital changes which mainly comprised:

(i) an increase in trade and other payables of RM88.2 million mainly due to higher operating expenses incurred in the FYE 31 December 2024;

(ii) an increase in trade and other receivables of RM75.7 million mainly due to an increase in port and terminal operations revenue in the FYE 31 December 2024; and

(iii) an increase in inventories of RM9.0 million due to an increase in consumables, spares and supplies.

We had cash outflows for payment of income taxes amounting to RM130.1 million, payment of zakat amounting to RM4.4 million, and retirement benefits paid of RM4.8 million.

FYE 31 December 2023

For the FYE 31 December 2023, our net cash flow generated from operating activities was RM1,596.6 million, after taking into consideration our cash flow generated from operations before working capital changes of RM1,814.0 million, as well as further adjustment for working capital changes which mainly comprised:

(i) an increase in trade and other receivables of RM99.2 million mainly due to a slightly longer collection period for certain trade receivables for the FYE 31 December 2023;

(ii) an increase in trade and other payables of RM32.7 million mainly due to an increase in lease rental collected on behalf of JPA for land managed by JPB, that is outstanding and payable to JPA; and

(iii) an increase in inventories of RM11.4 million due to an increase in consumables, spares and supplies.

We had cash outflows for payment of income taxes amounting to RM126.4 million, payment of zakat amounting to RM1.8 million, and retirement benefits paid of RM11.3 million.

FYE 31 December 2022

For the FYE 31 December 2022, our net cash flow generated from operating activities was RM1,699.4 million after taking into consideration our cash flows generated from operations before working capital changes of RM1,850.1 million, as well as further adjustment for working capital changes which mainly comprised:

(i) an increase in trade and other payables of RM41.6 million mainly due to higher operating expenses incurred in the FYE 31 December 2022 which had resulted in higher trade payables;

(ii) a decrease in trade and other receivables of RM9.4 million mainly due to increased collections from customers due to improved collection efforts; and

(iii) an increase in inventories of RM21.6 million mainly due to an increase in consumables, spares and supplies, and additional construction materials to support property development activities of Seaport Worldwide for the construction of a bridge. In April 2022, JPB completed the disposal of Seaport Worldwide to MMC Land Sdn Bhd, a wholly-owned subsidiary of MMC Corp, for consideration of RM649.3 million.

We had cash outflows for payment of income taxes amounting to RM169.5 million, payment of zakat amounting to RM5.1 million, and retirement benefits paid of RM5.5 million.

Net cash flow used in investing activities

FYE 31 December 2024

For the FYE 31 December 2024, we recorded net cash flow used in investing activities of RM667.1 million, which mainly comprised the purchase of property, plant, and equipment of RM524.3 million and RM234.4 million spent on concession assets relating to the upgrading of port infrastructure and higher net purchase of short term investments of RM335.7 million.

The outflow was partly offset by cash proceeds from disposal of Kontena Nasional of RM297.0 million, interest received of RM68.3 million and finance lease payments received of RM56.4 million received in relation to the disposal of investment properties.

FYE 31 December 2023

For the FYE 31 December 2023, we recorded net cash flow used in investing activities of RM493.5 million, which mainly comprised the purchase of property, plant, and equipment of RM696.2 million and RM113.2 million spent on concession assets relating to the upgrading of port infrastructure.

The outflow was partly offset by net redemption of short-term investments of RM186.3 million, interest received of RM77.5 million, and finance lease payments received of RM157.1 million in relation to the disposal of investment properties.

FYE 31 December 2022

For the FYE 31 December 2022, we recorded net cash flow used in investing activities of RM552.4 million, which mainly comprised the purchase of property, plant, and equipment of RM420.1 million, RM191.3 million spent on concession assets relating to the upgrading of port infrastructure and purchase of investment properties of RM94.3 million.

The outflow was partly offset by the receipt of repayment of RM90.0 million from MMC Corp in relation to the promissory notes previously issued, interest received of RM54.8 million and proceeds from the derecognition of right-of-use assets of RM51.8 million as a result of a disposal of investment properties relating to land and building at PTP.

Net cash flow used in financing activities

FYE 31 December 2024

For the FYE 31 December 2024, we recorded net cash used in financing activities of RM1,285.7 million, which mainly comprised total dividends paid to shareholder and non-controlling interests of RM586.2 million, repayment of our borrowings of RM394.6 million, interest paid for our borrowings of RM238.1 million, repayment of advances received from MMC Corp of RM189.1 million, concession liabilities paid of RM158.8 million and lease liabilities paid of RM104.7 million.

FYE 31 December 2023

For the FYE 31 December 2023, we recorded net cash used in financing activities of RM1,208.8 million, which mainly comprised of total dividends paid to shareholder and non-controlling interest of RM576.4 million, interest paid for our borrowings of RM237.7 million, repayment of our borrowings of RM174.1 million, concession liabilities paid of RM166.1 million and lease liabilities paid of RM85.5 million.

FYE 31 December 2022

For the FYE 31 December 2022, we recorded net cash used in financing activities of RM1,025.7 million, which mainly comprised of repayment of our borrowings of RM2,074.7 million, total dividends paid to shareholder and non-controlling interests of RM326.0 million, interest paid for our borrowings of RM242.9 million, concession liabilities paid of RM140.5 million and lease liabilities paid of RM76.6 million. The outflows were partly offset by the drawdown of our borrowings of RM1,761.1 million.

12.2.6 Borrowings and Sukuk

As at 31 December 2024, our total borrowings amounted to RM5,365.1 million, all of which are interest bearing and denominated in RM. As at 31 December 2024, we have no borrowings denominated in any foreign currencies. Details of our bank borrowings and Sukuk are set out as below:

	RM'000	**Profit rate for the FYE 31 December 2024 (per annum)**
Non-current		
Secured:		
- Term loans	45,378	3.38% - 5.19%
- Sukuk	238,142	4.45% - 4.89%
Unsecured:		
- Sukuk	4,149,008	3.15% - 5.78%
	4,432,528	
Current		
Secured:		
- Term loans	13,749	3.38% - 5.19%
- Sukuk	880	4.45% - 4.89%
Unsecured:		
- Term loans	350,593	4.42%
- Sukuk	567,300	3.15% - 5.78%
	932,522	
Total	**5,365,050**	

As at 31 December 2024, our Group's floating and fixed rate borrowings and Sukuk are set out as below:

	RM'000
Floating rate borrowings	362,130
Fixed rate borrowings	5,002,920
	5,365,050

Our secured borrowings for the Financial Years Under Review are structured as recourse financing. Our unsecured borrowings for the Financial Years Under Review, however, are on a non-recourse basis. There are no restrictions on the use of the Group's borrowings, other than those specifically designated for particular purposes as stated in the relevant financing agreements. There is no seasonality to the Group's borrowing requirements, as funding needs are generally driven by operational and capital expenditure requirements.

The following table sets out the maturity profile of our borrowings as at 31 December 2024:

	RM'000
On demand or within one year	932,522
More than one year and less than two years	423,951
More than two years and less than 15 years	4,008,577
Total	**5,365,050**

The covenants attached to our subsidiaries' outstanding borrowings and Sukuk do not, and are not expected to, have any impact on our Group's ability to meet its cash obligations as and when they fall due. We have not been in default on payments of either interest or principal for any of our borrowings for the Financial Years Under Review and up to the LPD. As at the LPD, we are not in breach of the terms and conditions or covenants under our credit arrangements or bank loans which would materially affect our financial position and results of operations or the investments in our Shares. However, in connection to our Listing, we are required to early redeem our government-guaranteed Sukuk facility, amounting to RM240.0 million, within one year of our listing.

12.2.7 Capital expenditures and material acquisitions and divestitures

(i) Capital expenditures

The tables below set out a breakdown of our capital expenditures for the Financial Years Under Review:

	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Land and buildings	98,236	69,793	111,638
Plant, machinery and equipment	204,516	102,626	67,395
Port facilities and infrastructure	36,806	5,196	12,700
Constructed ferry infrastructure and facilities	-	-	739
Right-of-use assets	32,100	11,119	274,464
Capital work-in-progress	445,887	581,389	743,267
Land lease rental	75,306	-	5,845
Total capital expenditure	**892,851**	**770,123**	**1,216,048**

Our main capital expenditures incurred during the Financial Years Under Review are set out below:

(a) our capital expenditure of RM98.2 million on land and buildings for the FYE 31 December 2022 was primarily for development of Tanjung Adang land (in the Pelepas Free Zone) by PTPSB. Our capital expenditure on land and buildings for the FYE 31 December 2024 was primarily for the re-addition of land in PTP worth RM102.5 million that was previously sub-leased. The sub-lease was terminated in the FYE 31 December 2024, and it was recognised as addition to land and buildings in accordance with applicable accounting standards;

(b) our capital expenditure on plant, machinery, and equipment during the Financial Years Under Review was primarily for RTGs, quay cranes, trailers, and prime movers across all our ports. We continued to invest in new equipment, refurbish existing equipment and review the retirement of old assets, including RTGs and quay cranes, to enhance our handling capabilities and improve operational efficiency;

(c) our capital expenditure on port facilities and infrastructure during the Financial Years Under Review was primarily for the expansion of container yards and wharf road upgrades. In FYE 31 December 2022, PTP completed an expansion project involving three blocks within its container yard to increase storage capacity;

(d) our capital expenditure on right-of-use assets during the Financial Years Under Review was primarily for tugboats and pilot boats to support our marine services. The significant increase in FYE 31 December 2024 to RM274.5 million was primarily due to the conversion of short-term rental arrangements for tugboats and pilot boats into long-term lease agreements ranging from two to ten years, thereby ensuring the consistent availability of tugboats and pilot boats and the continuity of related marine services. These lease arrangements were recognised as right-of-use assets in accordance with applicable accounting standards; and

(e) our capital expenditure on capital work-in-progress was primarily for property, plant and equipment, and concession assets under construction.

For FYEs 31 December 2022 and 31 December 2023, our capital work-in-progress primarily related to: (1) the addition of quay cranes and RTGs by PTP and Northport which were under construction, and (2) the expansion of container yard block "J" at Northport.

For FYE 31 December 2024, our capital work-in-progress primarily related to: (1) the continuing construction of quay cranes and RTGs acquired by PTP and Northport, (2) the expansion of container yard block "K" at Northport and container yard block "15" to "21" at PTP; and (3) construction of two additional berths from the existing liquid jetties of Johor Port.

We have historically funded our capital expenditure requirements primarily through our internally generated funds, bank borrowings and Sukuk issuances.

(ii) Material investments and divestitures

Our material acquisitions and/or divestitures for the Financial Years Under Review and up to the LPD and the relevant consideration amounts are set out below:

Disposal of property development business

Previously, under the ports and logistics business division of MMC Corp, Seaport Worldwide was wholly owned by JPB. The principal activities of Seaport Worldwide are investment holding and property development, which are non-port-related activities. Seaport Worldwide was loss-making when we undertook the disposal of the property development business.

In April 2022, JPB completed the disposal of Seaport Worldwide to MMC Land Sdn Bhd, a wholly-owned subsidiary of MMC Corp, for consideration of RM649.3 million.

Disposal of logistics business

In February 2024, we completed the disposal of Kontena Nasional, which operated our logistics business and was previously a subsidiary of NCB Holdings, to MMC Logistics Holdings Sdn Bhd, a wholly-owned subsidiary of MMC Corp, for RM307.0 million.

Save as disclosed above, we have not undertaken any material acquisitions or divestitures during the Financial Years Under Review and up to the LPD.

12.2.8 Capital commitments and other contractual obligations

(i) Capital commitments

The following table sets out a summary of our capital commitments (being our contracted and estimated capital expenditures) as at the LPD:

	RM'000
Capital expenditure	
Contracted, but not provided for	2,120,113
Total	2,120,113

Our contracted, but not provided for, capital commitments as at the LPD consist of capital expenditures undertaken by our ports, mainly in respect of the following:

(a) approximately RM1.7 billion in capital commitments by PTPSB for the expansion of PTP, covering the delivery of additional quay cranes, electrified RTGs, and development of container yards; and

(b) approximately RM289.2 million in capital commitments by NMB for the expansion of Northport, covering wharf extension and upgrading, purchase of new equipment, and digitalisation and automation of wharf and gate operations.

We plan to meet our capital commitments through our internally generated funds, bank borrowings and Sukuk issuances.

Save as disclosed above, as at the LPD, we do not have any other material capital commitments incurred or known to be incurred by us that may have a material impact on our financial results.

(ii) Other contractual obligations

Our contractual cash obligations (excluding capital commitments) as at 31 December 2024 comprise primarily of repayment obligations in respect of our borrowings, concession liabilities, trade and other payables (excluding statutory obligations) and lease liabilities.

The following table sets out the maturity profile of our liabilities based on contractual undiscounted repayment obligations as at 31 December 2024:

	On demand	Within one year	One to five years	Over five years	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade and other payables (excluding statutory obligations)	44,740	627,441	9,089	-	681,270
Borrowings	-	1,069,115	3,139,245	2,111,091	6,319,451
Concession liabilities	-	148,561	679,209	4,559,885	5,387,655
Lease liabilities	-	89,887	186,563	344,886	621,336
Total	44,740	1,935,004	4,014,106	7,015,862	13,009,712

We plan to meet our contractual cash obligations through our cash on hand, as well as cash generated from future operations and funding from other financing activities (if required).

12.2.9 Material litigation, claims and arbitration

As at the LPD, our Directors have confirmed that we are not engaged in any governmental proceedings pursuant to the Government Proceedings Act 1956, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings that may have or have had, material or significant effect on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

12.2.10 Contingent liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.2.11 Key financial ratios

The following table sets out our key financial ratios for the Financial Years Under Review:

	FYE 31 December		
	2022	2023	2024
Current ratio(1) (times)	1.7	1.5	1.3
Gearing ratio(2) (times)	0.8	0.9	0.9
Trade payables turnover(3) (days)	16	18	18
Trade receivables turnover(4) (days)	41	42	41
Inventory turnover(5) (days)	7	8	10

Notes:

(1) Computed based on current assets divided by current liabilities as at the end of the financial year.

(2) Computed based on total borrowings divided by total equity as at the end of the financial year.

(3) Computed based on the average trade payables as at the beginning and end of the financial year divided by operating expenditure (excluding Construction Contract Cost) for such year, multiplied by 365 days

(4) Computed based on the average trade receivables as at the beginning and end of the financial year divided by revenue (excluding Construction Contract Revenue) for such year, multiplied by 365 days.

(5) Computed based on the average inventories as at the beginning and end of the financial year divided by total operating expenditure (excluding Construction Contract Cost) for such year, multiplied by 365 days.

(i) Current ratio

As at 31 December 2024, our current ratio decreased to 1.3 times, compared to 1.5 times as at 31 December 2023. This decrease was primarily due to an increase in current liabilities from RM1,593.6 million to RM1,993.2 million, while current assets increased from RM2,387.2 million to RM2,661.8 million. For the FYE 31 December 2023, our current ratio decreased to 1.5 times from 1.7 times in the FYE 31 December 2022, reflecting a decrease in current assets from RM2,490.9 million to RM2,387.2 million, while current liabilities increased from RM1,506.9 million to RM1,593.6 million.

(ii) Gearing ratio

As at 31 December 2024, our gearing ratio remained stable at 0.9 times, compared to 0.9 times as at 31 December 2023, reflecting an increase in total equity from RM5,778.8 million to RM5,800.7 million, while total borrowings slightly decreased from RM5,375.7 million to RM5,365.1 million. For the FYE 31 December 2023, our gearing ratio increased to 0.9 times from 0.8 times in the FYE 31 December 2022, reflecting a decrease in total equity from RM6,569.2 million to RM5,778.8 million, while total borrowings decreased from RM5,523.4 million to RM5,375.7 million.

(iii) Trade payables turnover

Trade payables comprise amounts outstanding for trade purchases. The credit periods granted to our Group by suppliers is normally 30 days. We have not entered into any material security arrangements in relation to outstanding trade payables.

Our trade payables turnover periods for the FYEs 31 December 2022, 31 December 2023 and 31 December 2024 were 16 days, 18 days, and 18 days, respectively, which were within the normal credit periods granted by our suppliers.

Ageing analysis

The following table sets out the ageing analysis for our total trade payables as at 31 December 2024 and the LPD, which are typically settled within 1 to 30 days:

		Past due			
	Current	**1 – 30 days**	**31 – 120 days**	**More than 120 days**	**Total**
As at 31 December 2024:					
Trade payables (RM'000)	134,098	7,318	298	1,119	142,833
% of total trade payables	93.9	5.1	0.2	0.8	100.0
As at the LPD:					
Trade payables settled (RM'000)	129,922	7,228	280	893	138,323
Trade payables settled (% of total trade payables)	96.9	98.8	93.9	79.8	96.8
Trade payables outstanding (RM'000)	4,176	90	18	226	4,510

We endeavour to pay our suppliers within the credit periods granted to us to ensure our supplies are not disrupted. As at the LPD, we do not have any material disputes in respect of our trade payables and there have been no material legal proceedings initiated by our suppliers against us to demand payment.

(iv) Trade receivables turnover

Our trade receivables primarily comprise amounts due from customers for port-related services rendered, including terminal handling, storage, marine services, and ancillary services. Our trade receivables turnover periods for the FYEs 31 December 2022, 2023, and 2024 were 41 days, 42 days, and 41 days, respectively.

The normal credit period of our Group for our trade debtors is 30 days. We may extend longer credit periods to certain major customers. We have granted a large customer an extended credit period, and they typically settle their trade debts with us in about 60 days on average. Hence, our trade receivables turnover period for the Financial Years Under Review was higher than our normal credit period of 30 days.

Ageing analysis

The following table sets out the ageing analysis for our trade receivables as at 31 December 2024:

		Past due			
	Current	**to 3 months**	**3 months to 6 months**	**More than 6 months**	**Total**
Trade receivables (net) (RM'000)[(1)]	323,092	125,322	3,326	2,358	454,098
% of total trade receivables	71.2	27.6	0.7	0.5	100.0
As at the LPD:					
Trade receivables settled (RM'000)	297,133	124,091	3,007	843	425,074
Trade receivables settled (% of total trade receivables)	92.0	99.0	90.4	35.8	93.6
Trade receivables outstanding (RM'000)	25,959	1,231	319	1,515	29,024

Note:

(1) After net of the allowance of impairment loss of RM22.9 million.

As at the LPD, we do not have any significant exposure to any customer which we believe is not recoverable. Further, there has been no significant increase in credit risk or changes in the gross carrying amount of trade receivables that have significantly affected the loss allowance since the initial recognition of the trade receivables.

(v) Inventory turnover

The following table sets out a summary breakdown of our inventories for the Financial Years Under Review:

	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Consumables, spares and supplies, at cost	78,204	89,581	98,537
Less: Allowance for inventory obsolescence	(17,161)	(21,639)	(14,353)
Total	**61,043**	**67,942**	**84,184**

Our inventory turnover periods for the FYEs 31 December 2022, 2023, and 2024 were 7 days, 8 days, and 10 days, respectively.

Our inventories primarily comprise consumables, spare parts, and repair materials, and are measured using the weighted average method. In line with our inventory holding policy, our Group maintains and regularly reviews inventory levels to align with operational requirements, ensuring the availability of supplies while minimising excess stock. While the inventory turnover periods for the Financial Years Under Review were computed using a standard formula, our inventory levels and the corresponding allowances for inventory obsolescence remained consistent with our inventory holding policy.

During the Financial Years Under Review, we recognised allowances for inventory obsolescence, reflecting impairment losses from obsolete inventories. There were no inventory write-offs during the Financial Years Under Review.

12.2.12 Off-balance sheet arrangements

We did not have any off-balance sheet arrangements during the Financial Years Under Review.

12.2.13 Financial risk management

We are exposed to certain financial risks arising from our operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and hedging activities and liquidity risk.

Financial risk management is established to ensure that adequate resources are available for the development of our businesses, while effectively managing the aforesaid key financial risks. We operate within policies and procedures approved by our Board to ensure the effectiveness of the risk management process.

Our key financial risks are as follows:

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Our exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, we minimise credit risk by dealing exclusively with high credit rating institutions.

Our objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. We trade only with recognised and creditworthy third parties. It is our Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of our financial assets and liabilities. Our objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our exposure to interest rate risk arises primarily from our borrowings. Our investments in financial assets are mainly short term in nature and mostly placed in financial deposits.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates arise primarily from our operating activities when revenue or expense are denominated in a different currency from our functional currency. The foreign exchange exposures in transactional currencies other than our functional currency are kept to an acceptable level.

Hedging activities and liquidity risk

In relation to cash flow hedge for asset acquisition, our Group has entered into forward exchange contracts to limit our exposure on foreign currency exchange risk in relation to the payments to the asset suppliers.

The hedged firm commitments denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of year end relates to purchases of assets and will be included in the carrying amount of the assets acquired.

12.2.14 Treasury policy and objectives

Our treasury responsibilities are to ensure that we have sufficient liquidity and cash to meet financial obligations when it falls due. Our principal sources of liquidity are our cash and bank balances, cash generated from our operations and borrowings from financial institutions.

We maintain a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding source and keeping an adequate amount of credit facilities. With a series of appropriate governance and policies in place, it is the responsibility of treasury to identify, quantify, monitor and control the risks (liquidity, interest, credit, legal and regulatory) associated with these activities.

We prepare monthly forecasts taking into account all major transactions to ensure we have sufficient liquidity and cash to meet our obligation. Any excess funds, which are temporary in nature, will be invested in highly liquid investment instruments such as interest-bearing current accounts, time deposits and money market deposits. We also perform rolling twelve-month cash flow projections to ensure that requirements are identified as early as possible, and we have sufficient cash to meet operational needs. Such projections take into consideration our financing plans and are also used for monitoring of external loans' covenant compliance.

12.2.15 Inflation

Inflation has not had a material impact on our business, financial condition or results of operations for the Financial Years Under Review. However, inflation may affect our financial performance by increasing certain of our expenses, such as expenses relating to employee benefits. Any increase in the inflation rate beyond levels experienced in the past may affect our operations and financial performance if we are unable to fully offset higher costs through increased revenue.

12.2.16 Government / economic / fiscal / monetary policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Sections 5.1.1 and 5.1.2 of this Prospectus.

12.2.17 Order book

Due to the nature of our business, we do not maintain an order book.

12.2.18 Trends information

Save as disclosed in this Section and in Sections 5, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our financial condition and results of operations.

12.2.19 Significant changes

Save as disclosed elsewhere in the Prospectus, no significant changes have occurred since 31 December 2024 which may have a material effect on our financial position and results of operations.

12.2.20 Accounting standards issued that are not yet effective

For a description of accounting standards that are issued but not yet effective and not adopted, see Note 2.3 of the Accountants' Report in Section 13 of this Prospectus.

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12.3 CAPITALISATION AND INDEBTEDNESS

The following table sets out our consolidated capitalisation and indebtedness as at 30 April 2025 and on the assumption that our IPO and Listing as set out in Section 4 of this Prospectus had occurred on a date no earlier than 60 days prior to the date of the prospectus. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 April 2025 and is provided for illustrative purposes only.

	Unaudited as at 30 April 2025 RM'000	**Adjustments [(1)] RM'000**	**After our IPO and Listing RM'000**
Indebtedness			
Current			
Secured and guaranteed:			
- Borrowings	8,835		8,835
Unsecured and unguaranteed:			
- Borrowings	1,142,733		1,142,733
- Lease liabilities	67,999		67,999
- Concession liabilities	96,826		96,826
Non-current			
Secured and guaranteed:			
- Borrowings	282,495		282,495
Unsecured and unguaranteed:			
- Borrowings	3,938,172		3,938,172
- Lease liabilities	350,076		350,076
- Concession liabilities	2,473,047		2,473,047
Total indebtedness	**8,360,183**		**8,360,183**
Equity attributable to owners of our Company	5,099,659	[●]	[●]
Total capitalisation and indebtedness	**13,459,842**		**[●]**

Note:

(1) After taking into account estimated listing expenses of approximately RM[●] million as at 30 April 2025.

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12.4 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DRAFT FOR PURPOSE OF INCLUSION IN THE PROSPECTUS EXPOSURE

The Board of Directors
MMC Port Holdings Berhad
Ground Floor, Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur

[ ] 2025

PwC/REES/MMCPH/GWF/EK/SAR/PNN

Dear Sirs,

Reasonable Assurance Report on the Compilation of Pro Forma Consolidated Statements of Financial Position of MMC Port Holdings Berhad

We have completed our reasonable assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of MMC Port Holdings Berhad (the "Company") as at 31 December 2024 (the "Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position (which we have stamped for the purpose of identification), have been compiled by the Directors of the Company (the "Directors") for submission to the Securities Commission Malaysia ("SC") in connection with the initial public offering ("IPO") of the ordinary shares in the Company and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing").

The basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in paragraphs 9.18 and 9.20 of Chapter 9 Part II Division I: Equity of the Prospectus Guidelines issued by the SC ("Prospectus Guidelines").

Directors' Responsibilities for the Pro Forma Consolidated Statements of Financial Position

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Directors to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Company's consolidated statement of financial position as at 31 December 2024 presented had the events or transactions been effected on that date. As part of this process, information about the Company's consolidated financial position has been extracted by the Directors from the Company's consolidated financial statements for the financial year ended 31 December 2024 as contained in the Company's Accountants' Report, on which an audit opinion has been issued on [ ] 2025.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P O Box 10192, 50706 Kuala Lumpur Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

DRAFT FOR PURPOSE OF INCLUSION IN THE PROSPECTUS EXPOSURE

The Board of Directors
MMC Port Holdings Berhad
PwC/REES/MMCPH/GWF/EK/SAR/PNN
[ ] 2025

Reasonable Assurance Report on the Compilation of Pro Forma Consolidated Statements of Financial Position of MMC Port Holdings Berhad (continued)

Directors' Responsibilities for the Pro Forma Consolidated Statements of Financial Position (continued)

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the Malaysian Institute of Accountants' ("MIA") Guidance Note for Issuers of Pro Forma Financial Information.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

We conducted our engagement in accordance with the approved standard on assurance engagements in Malaysia, International Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" ("ISAE 3420"), issued by the MIA. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

DRAFT FOR PURPOSE OF INCLUSION
IN THE PROSPECTUS EXPOSURE

The Board of Directors
MMC Port Holdings Berhad
PwC/REES/MMCPH/GWF/EK/SAR/PNN
[ ] 2025

Reasonable Assurance Report on the Compilation of Pro Forma Consolidated Statements of Financial Position of MMC Port Holdings Berhad (continued)

Reporting Accountants' Responsibilities (continued)

The purpose of the Pro Forma Consolidated Statements of Financial Position included in the submission to SC is solely to illustrate the impact of significant events or transactions on the unadjusted consolidated financial information of the Company as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at that date would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria as disclosed in the notes thereon used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provides a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company and its subsidiaries, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DRAFT FOR PURPOSE OF INCLUSION IN THE PROSPECTUS EXPOSURE

pwc

The Board of Directors
MMC Port Holdings Berhad
PwC/REES/MMCPH/GWF/EK/SAR/PNN
[ ] 2025

Reasonable Assurance Report on the Compilation of Pro Forma Consolidated Statements of Financial Position of MMC Port Holdings Berhad (continued)

Our Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Consolidated Statements of Financial Position, in accordance with the requirements of the Prospectus Guidelines and with the MIA's Guidance Note for Issuers of Pro Forma Financial Information.

Restriction on Distribution and Use

This report is issued for the sole purpose of submission to the SC in connection with the IPO and Listing and should not be used or relied upon for any other purpose. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come.

Yours faithfully,

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

GAN WEE FONG
03253/01/2027 J
Chartered Accountant

Kuala Lumpur

MMC PORT HOLDINGS BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION

The Pro Forma Consolidated Statements of Financial Position ("Pro Forma Consolidated SOFP") of MMC Port Holdings Berhad (the "Company") and its subsidiaries (collectively referred to as the "Group") together with the notes thereon, of which the Directors are solely responsible, have been prepared for the purposes of submission to the Securities Commission Malaysia ("SC") in connection with the initial public offering ("IPO") of the ordinary shares in the Company and the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad (the "Listing").

2. MATERIAL COMPLETED TRANSACTION

Paragraph 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines"), requires the effects of the following material completed transaction to be illustrated in the Pro Forma Consolidated SOFP:

<u>Distribution of dividend</u>

The Company had declared an interim dividend of RM30.0 million for the financial year ending ("FYE") 31 December 2025 to its existing shareholder on 21 March 2025, with the dividend payment made on 24 March 2025. The distribution and payment of the abovementioned dividend is illustrated in the Pro Forma Consolidated SOFP to show the effects of this transaction had this transaction been effected on 31 December 2024.

3. THE PROPOSALS

The Company will undertake the following transactions in conjunction with and as an integral part of the Listing. The following proposals are viewed as one exercise being undertaken and are illustrated in accordance with Paragraph 9.18 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines.

3.1 Pre-IPO Dividend

The Company intends to declare and pay a dividend of up to RM255.0 million for the FYE 31 December 2025 ("Pre-IPO Dividend"), with the payment scheduled for completion in July 2025.

As it is merely an intention, the proposed Pre-IPO Dividend has not been illustrated in the Pro Forma Consolidated SOFP. The effects on the consolidated net assets attributable to owners of the Company assuming completion of the Pre-IPO Dividend is included in Note 5.

3.2 Proposed Subdivision

The Company proposes to undertake a subdivision of the existing 3,560,000,000 ordinary shares into 14,240,000,000 ordinary shares ("Proposed Subdivision"). Upon the completion of the Proposed Subdivision, the Company will have 14,240,000,000 ordinary shares. The Proposed Subdivision does not have any financial impact on the Pro Forma Consolidated SOFP.

3.3 Proposed IPO

After the Proposed Subdivision, the Company proposes to undertake the proposed IPO of up to 4,272,000,000 ordinary shares comprising an offer for sale of up to 4,272,000,000 existing ordinary shares ("Offer Shares") by the existing shareholder of the Company, MMC Corporation Berhad ("Selling Shareholder"), representing 30.0% of the issued ordinary shares, at an indicative price of RM[●] per Offer Share ("Proposed IPO") and subject to the clawback and reallocation provisions and the over-allotment option.

The Proposed IPO does not have any financial impact on the Pro Forma Consolidated SOFP.

3.3.1 Use of Proceeds

As the Company will not be issuing any new ordinary shares under the Proposals, no proceeds will be received from the Proposed IPO.

The gross proceeds from the Proposed IPO of up to RM[●] billion will accrue entirely to the Selling Shareholder and will be utilised by the Selling Shareholder.

<u>Fees and expenses for the Proposed IPO and Listing</u>

The estimated fees and expenses for the Proposed IPO and Listing to be borne by the Company are estimated to be RM[●] million, comprising the following:

Details of expenses	RM'000
Professional fees[(1)]	[●]
Fees payable to authorities	[●]
Other fees and expenses relating to the IPO and the Listing[(2)]	[●]
Total	[●]

Notes:

(1) This includes professional fees for, among others, the Principal Adviser, legal advisers, Reporting Accountants, Independent Market Researcher, translator, Issuing House and Share Registrar.

(2) This includes related fees and expenses in connection with the Proposed IPO and Listing, such as printing, advertising, travel and roadshow expenses, media related expenses and Proposed IPO and Listing's event expenses.

The Selling Shareholder will bear the brokerage fee, underwriting fee, placement fee as well as other miscellaneous expenses in relation to the Proposed IPO. This has not been illustrated in the Pro Forma Consolidated SOFP.

The fees and expenses to be borne by the Company are estimated to be RM[●] million, of which RM3.6 million has been charged to the profit or loss of the Group in FYE 31 December 2024. Out of the RM3.6 million, RM[●] million has been paid and RM[●] million is included in Trade and Other Payables as at 31 December 2024.

For the purpose of the illustration in the Pro Forma Consolidated SOFP, the remaining balance amounting to RM[●] million are assumed to be paid after 31 December 2024 with RM[●] million to be expensed off and included in the Retained Profits after 31 December 2024.

4 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Pro Forma Consolidated SOFP as at 31 December 2024 have been prepared for illustrative purposes only to show the effects on the audited consolidated SOFP of the Company as at 31 December 2024 based on the assumption that the Material Completed Transaction and the Proposals set out in Note 2 and Note 3 respectively had been effected on that date, and should be read in conjunction with the notes in this section.

	Audited	Pro Forma I	Pro Forma II
	Consolidated SOFP as at 31 December 2024	After the Material Completed Transaction	After Pro Forma I and the Proposals
	RM'000	RM'000	RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3,704,834	3,704,834	3,704,834
Concession assets	6,070,913	6,070,913	6,070,913
Right-of-use assets	458,667	458,667	458,667
Investment properties	380,617	380,617	380,617
Investments in joint ventures	166,682	166,682	166,682
Intangible assets	1,806,565	1,806,565	1,806,565
Trade and other receivables	4,676	4,676	4,676
Deferred tax assets	107,645	107,645	107,645
	12,700,599	12,700,599	12,700,599
CURRENT ASSETS			
Inventories	84,184	84,184	84,184
Trade and other receivables	629,736	629,736	629,736
Derivative financial instruments	780	780	780
Tax recoverable	49,472	49,472	49,472
Other investments	1,527,446	1,527,446	1,527,446
Cash and bank balances	347,297	317,297	[•]
	2,638,915	2,608,915	[•]
Assets classified as held for sale	22,862	22,862	22,862
	2,661,777	2,631,777	[•]
TOTAL ASSETS	15,362,376	15,332,376	[•]
EQUITY AND LIABILITIES			
Share capital	3,560,000	3,560,000	3,560,000
Reserves	1,362,288	1,332,288	[•]
Equity attributable to the owners of the Company	4,922,288	4,892,288	[•]
Non-controlling interests	878,437	878,437	878,437
TOTAL EQUITY	5,800,725	5,770,725	[•]

	Audited	Pro Forma I	Pro Forma II
	Consolidated SOFP as at 31 December 2024	After the Material Completed Transaction	After Pro Forma I and the Proposals
	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES			
Borrowings	4,432,528	4,432,528	4,432,528
Concession liabilities	2,500,007	2,500,007	2,500,007
Lease liabilities	345,129	345,129	345,129
Trade and other payables	18,049	18,049	18,049
Contract liabilities	91,127	91,127	91,127
Provision for defined benefit obligation	50,407	50,407	50,407
Deferred income	54,682	54,682	54,682
Deferred tax liabilities	76,483	76,483	76,483
	7,568,412	7,568,412	7,568,412
CURRENT LIABILITIES			
Trade and other payables	854,817	854,817	[●]
Provision for defined benefit obligation	4,999	4,999	4,999
Lease liabilities	77,350	77,350	77,350
Borrowings	932,522	932,522	932,522
Concession liabilities	95,008	95,008	95,008
Deferred income	3,257	3,257	3,257
Derivative financial instruments	21,582	21,582	21,582
Tax payable	3,704	3,704	3,704
	1,993,239	1,993,239	[●]
TOTAL LIABILITIES	9,561,651	9,561,651	[●]
TOTAL EQUITY AND LIABILITIES	15,362,376	15,332,376	[●]

Supplementary information:			
Net assets[(i)] (RM'000)	4,922,288	4,892,288	[●]
Number of ordinary shares in issue ('000)	3,560,000	3,560,000	14,240,000
Net assets per share attributable to the owners of the Company (RM)	1.38	1.37	[●]

[(i)] *Net assets represent equity attributable to the owners of the Company*

4.1 Basis of preparation

The Pro Forma Consolidated SOFP as at 31 December 2024 have been prepared based on the audited consolidated SOFP of the Company as at 31 December 2024 as contained in the Company's Accountants' Report for the FYE 31 December 2024 ("Accountants' Report") on which an unmodified audit opinion has been issued. The Accountants' Report was prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Chapter 10 of the Prospectus Guidelines.

The Pro Forma Consolidated SOFP have been prepared in a manner consistent with the format of the financial statements and accounting policies of the Group.

The Pro Forma Consolidated SOFP have been prepared in accordance with Paragraphs 9.18 and 9.20 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines and the Malaysian Institute of Accountants' Guidance Note for Issuers of Pro Forma Financial Information, for illustrative purposes only, to show the effects of the transactions as set out in Note 2 and Note 3 on the Company's audited consolidated SOFP as at 31 December 2024 had the events or transactions been effected on 31 December 2024, and should be read in conjunction with the Notes to the Pro Forma Consolidated SOFP.

Such information, because of its hypothetical nature, does not give a true picture of the actual effects of the transactions or events on the financial information presented had the transaction or event occurred on 31 December 2024. Further, such information does not purport to predict the Group's future financial position.

4.2 Adjustments to the Pro Forma Consolidated Statements of Financial Position

4.2.1 Pro Forma I

Pro Forma I incorporated the effects of the Material Completed Transaction as set out in Note 2 above.

4.2.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I as set out in Note 2 and the Proposals set out in Note 3.

4.3 Notes to the Pro Forma Consolidated Statements of Financial Position

4.3.1 Cash and bank balances

	RM'000
Audited as at 31 December 2024	347,297
Less: Dividend paid (Note 2)	(30,000)
Per Pro Forma Consolidated SOFP I	317,297
Less: Estimated expenses for the Proposed IPO and Listing (Note 3.3.1)	([●])
Per Pro Forma Consolidated SOFP II	[●]

4.3.2 Reserves

	Retained profits	Other reserves[(i)]	Total reserves
	RM'000	RM'000	RM'000
Audited as at 31 December 2024	657,888	704,400	1,362,288
Less: Dividend paid (Note 2)	(30,000)	-	(30,000)
Per Pro Forma Consolidated SOFP I	627,888	704,400	1,332,288
Less: Estimated expenses for the Proposed IPO and Listing (Note 3.3.1)	([•])	-	([•])
Per Pro Forma Consolidated SOFP II	[•]	704,400	[•]

[(i)] *Reserves other than retained profits*

4.3.3 Trade and other payables (Current)

	RM'000
Audited as at 31 December 2024/ Per Pro Forma Consolidated SOFP I	854,817
Less: Estimated expenses for the Proposed IPO and Listing (Note 3.3.1)	([•])
Per Pro Forma Consolidated SOFP II	[•]

5. EFFECTS OF CONSOLIDATED NET ASSETS ATTRIBUTABLE TO THE OWNERS OF THE COMPANY ASSUMING COMPLETION OF THE PRE-IPO DIVIDEND

For illustrative purposes only, assuming the Pre-IPO Dividend, as set out in Note 3.1, had been effected on 31 December 2024 after Pro Forma II, the effects of the consolidated net assets attributable to the owners of the Company ("**NA**") as at 31 December 2024 is illustrated as follows:

	RM'000
Audited NA as at 31 December 2024	4,922,288
<u>Adjustments to effect Pro Forma Consolidated SOFP I</u>	
Less: Dividend paid (Note 2)	(30,000)
Per Pro Forma Consolidated SOFP I	4,892,288
<u>Adjustments to effect Pro Forma Consolidated SOFP II</u>	
Less: Estimated expenses for the Proposed IPO and Listing (Note 3.3.1)	([•])
Per Pro Forma Consolidated SOFP II	[•]
<u>Adjustments to illustrate the effects of the Pre-IPO Dividend</u>	
Less: Pre-IPO Dividend (Note 3.1)	(255,000)
Illustrative NA as at 31 December 2024 after incorporating the effects of the Pre-IPO Dividend	[•]

6. APPROVAL BY BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position have been approved for issue in accordance with a resolution of the Board of Directors of MMC Port Holdings Berhad on [ ] 2025.

Signed on behalf of the Board of Directors

……………………………………….	……………………………………….
TAN SRI CHE KHALIB MOHAMAD NOH	JOHARI ABDUL MUID
DIRECTOR	DIRECTOR

12.5 DIVIDEND POLICY

For information purposes, the following table sets out our Company's dividends declared for the Financial Years Under Review and period indicated and paid as of the date of this Prospectus and the corresponding dividend pay-out ratio:

	FYE 31 December		
	2022	**2023**	**2024**
	RM'000	**RM'000**	**RM'000**
Dividends declared and paid	250,001	500,355	510,002
PATAMI	471,816	701,127	636,560
Dividend payout ratio(1) (%)	53.0	71.4	80.1

Note:

(1) Computed based on dividends declared divided by PATAMI for the Financial Years Under Review.

We declared and paid an interim dividend of RM30.0 million for the FYE 31 December 2025 in March 2025 and further declared and paid an interim dividend of RM255.0 million for the FYE 31 December 2025 in July 2025 using our internally generated funds. The aforesaid interim dividends do not affect the execution and implementation of our future plans and strategies as mentioned in this Prospectus.

As our Company is a holding company and we conduct substantially all of our operations through our subsidiaries, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiaries. The ability of our subsidiaries to pay dividends or make other distributions to our Company in the future will depend upon their distributable profits, operating results, earnings, capital expenditure plans, general financial condition, compliance with certain financial covenants under certain debt facilities entered into by our subsidiaries and other factors that the board of directors of each subsidiary deems relevant. Dividends may only be paid out of distributable reserves and under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

We target a payout ratio of not less than 60.0% of our PATAMI for each financial year on a consolidated basis after taking into account working capital, maintenance capital and committed capital requirements of our Group. The declaration and payments of any dividend is subject to the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations, certain Sukuk restrictive covenants which our Company is subject to and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board. As at the LPD, there are no dividend restrictions imposed on our subsidiaries.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend pay-outs. See Section 5.3.3 of this Prospectus for the factors which may affect or restrict our ability to pay dividends.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.