

**13. ACCOUNTANTS' REPORT**

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**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200601028801 (748557-X)

**ACCOUNTANTS' REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022, 31 DECEMBER 2023**  
**AND 31 DECEMBER 2024**

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**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Note</u>	<u>Financial year ended</u>		
		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
		RM'000	RM'000	RM'000
		Audited	Audited	Audited
Revenue	4	4,058,078	3,961,040	4,356,507
Other operating income	5	88,860	203,929	48,584
Operating expenditure				
- employees' benefits expense	6	(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 loss 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	16	1,111	986	282
Share of results of joint ventures	17	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	8	(380,584)	(392,239)	(390,363)
Profit before zakat and tax	7	829,540	945,954	990,673
Zakat expense		(5,131)	(1,845)	(4,427)
Taxation	9	(254,545)	(138,647)	(225,127)
Profit for the financial year		569,864	805,462	761,119

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)**

	<u>Note</u>	<u>Financial year ended</u>		
		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>Audited</u>	<u>Audited</u>	<u>Audited</u>
Other comprehensive income/(loss):				
Item that may be reclassified subsequently to profit or loss:				
Fair value adjustment - cash flow hedge		200	7,380	(45,540)
Item that will not be reclassified to profit or loss:				
Remeasurement of defined benefit obligations		2,137	(939)	(2,343)
Other comprehensive income for the financial year		2,337	6,441	(47,883)
Total comprehensive income for the financial year		572,201	811,903	713,236
Profit attributable to:				
Owner of the Company		471,816	701,127	636,560
Non-controlling interests		98,048	104,335	124,559
		569,864	805,462	761,119
Total comprehensive income attributable to:				
Owner of the Company		473,526	705,980	602,407
Non-controlling interests		98,675	105,923	110,829
		572,201	811,903	713,236
Earnings per ordinary share attributable to the equity holders of the Company:				
- Basic	10	13.3	19.8	17.9
- Diluted	10	10.2	19.8	17.9

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<u>Note</u>	<u>31.12.2022</u> RM'000 Audited	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2024</u> RM'000 Audited
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	12	3,441,427	3,645,656	3,704,834
Concession assets	13	5,996,081	5,933,698	6,070,913
Right-of-use assets	14(a)	563,265	492,949	458,667
Investment properties	15	431,141	313,643	380,617
Investment in an associate	16	12,508	13,494	-
Investments in joint ventures	17	154,230	161,806	166,682
Intangible assets	18	1,922,150	1,919,044	1,806,565
Trade and other receivables	20	1,025,155	157,133	4,676
Deferred tax assets	31	302,396	228,356	107,645
		<u>13,848,353</u>	<u>12,865,779</u>	<u>12,700,599</u>
<b>CURRENT ASSETS</b>				
Inventories	19	61,043	67,942	84,184
Trade and other receivables	20	585,836	672,555	629,736
Derivative financial instruments	32	3,628	376	780
Tax recoverable		14,957	26,100	49,472
Other investments	21	1,378,075	1,191,751	1,527,446
Cash and bank balances	22	442,428	426,700	347,297
		<u>2,485,967</u>	<u>2,385,424</u>	<u>2,638,915</u>
Assets classified as held for sale	23	4,919	1,799	22,862
		<u>2,490,886</u>	<u>2,387,223</u>	<u>2,661,777</u>
<b>TOTAL ASSETS</b>		<u><u>16,339,239</u></u>	<u><u>15,253,002</u></u>	<u><u>15,362,376</u></u>
<b>EQUITY AND LIABILITIES</b>				
Share capital	24	4,614,402	3,546,417	3,560,000
Reserves		<u>1,122,813</u>	<u>1,388,611</u>	<u>1,362,288</u>
		<u>5,737,215</u>	<u>4,935,028</u>	<u>4,922,288</u>
Non-controlling interests	33	831,947	843,813	878,437
<b>TOTAL EQUITY</b>		<u><u>6,569,162</u></u>	<u><u>5,778,841</u></u>	<u><u>5,800,725</u></u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

	<u>Note</u>	<u>31.12.2022</u> RM'000 Audited	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2024</u> RM'000 Audited
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	27	5,349,368	4,986,253	4,432,528
Concession liabilities	28	2,417,885	2,478,682	2,500,007
Lease liabilities	14(b)	162,583	119,460	345,129
Trade and other payables	25	18,380	18,747	18,049
Contract liabilities	26	97,960	94,543	91,127
Provision for defined benefit obligation	29	47,653	47,986	50,407
Deferred income	30	61,198	57,941	54,682
Deferred tax liabilities	31	108,116	76,931	76,483
		<u>8,263,143</u>	<u>7,880,543</u>	<u>7,568,412</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	25	1,028,285	993,190	854,817
Provision for defined benefit obligation	29	8,528	4,764	4,999
Lease liabilities	14(b)	79,107	54,332	77,350
Borrowings	27	174,040	389,406	932,522
Concession liabilities	28	181,939	121,282	95,008
Deferred income	30	3,257	3,257	3,257
Derivative financial instruments	32	1,984	12,529	21,582
Tax payable		29,794	14,858	3,704
		<u>1,506,934</u>	<u>1,593,618</u>	<u>1,993,239</u>
<b>TOTAL LIABILITIES</b>		<u>9,770,077</u>	<u>9,474,161</u>	<u>9,561,651</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>16,339,239</u>	<u>15,253,002</u>	<u>15,362,376</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

<u>Audited</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Merger reserves</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Retained profits</u> RM'000	<u>Total attributable to owners of the Company</u> RM'000	<u>Non-controlling interests</u> RM'000	<u>Total equity</u> RM'000
At 1 January 2022		4,603,018	734,198	(3,353)	78,165	5,412,028	809,341	6,221,369
Net profit for the financial year		-	-	-	471,816	471,816	98,048	569,864
Other comprehensive income:								
Fair value movement on derivative		-	-	(427)	-	(427)	627	200
Remeasurement of defined benefit obligations		-	-	-	2,137	2,137	-	2,137
Total comprehensive income		-	-	(427)	473,953	473,526	98,675	572,201
Transactions with owners:								
Issuance of redeemable convertible preference shares	24	142,230	-	-	-	142,230	-	142,230
Transfer of redeemable convertible preference shares of a subsidiary to retained profits upon disposal of the subsidiary	24	(130,846)	-	-	130,846	-	-	-
Purchase of additional shares in a subsidiary from non-controlling interests		-	-	-	-	-	(74)	(74)
Effect of disposal of a subsidiary under common control	41(c)	-	-	-	(40,568)	(40,568)	-	(40,568)
Dividends for financial year ended 31 December 2022	11	-	-	-	(250,001)	(250,001)	-	(250,001)
Dividends paid to non-controlling interests		-	-	-	-	-	(75,995)	(75,995)
Total transactions with owners		11,384	-	-	(159,723)	(148,339)	(76,069)	(224,408)
At 31 December 2022		<u>4,614,402</u>	<u>734,198</u>	<u>(3,780)</u>	<u>392,395</u>	<u>5,737,215</u>	<u>831,947</u>	<u>6,569,162</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

<u>Audited</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Merger reserves</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Retained profits</u> RM'000	<u>Total attributable to owners of the Company</u> RM'000	<u>Non-controlling interests</u> RM'000	<u>Total equity</u> RM'000
At 1 January 2023		4,614,402	734,198	(3,780)	392,395	5,737,215	831,947	6,569,162
Net profit for the financial year		-	-	-	701,127	701,127	104,335	805,462
Other comprehensive income:								
Fair value movement on derivative		-	-	5,792	-	5,792	1,588	7,380
Remeasurement of defined benefit obligations		-	-	-	(939)	(939)	-	(939)
Total comprehensive income		-	-	5,792	700,188	705,980	105,923	811,903
Transactions with owners:								
Redemption of redeemable convertible preference shares	24	(1,067,985)	-	-	-	(1,067,985)	-	(1,067,985)
Changes in ownership interests in a subsidiary	41(d)	-	-	-	(1,034)	(1,034)	(18,002)	(19,036)
Effect of restructuring of commonly controlled entities	24	-	-	-	61,207	61,207	-	61,207
Dividends for financial year ended 31 December 2023	11	-	-	-	(500,355)	(500,355)	-	(500,355)
Dividends paid to non-controlling interests		-	-	-	-	-	(76,055)	(76,055)
Total transactions with owners		(1,067,985)	-	-	(440,182)	(1,508,167)	(94,057)	(1,602,224)
At 31 December 2023		<u>3,546,417</u>	<u>734,198</u>	<u>2,012</u>	<u>652,401</u>	<u>4,935,028</u>	<u>843,813</u>	<u>5,778,841</u>

## 13. ACCOUNTANTS' REPORT (Cont'd)

**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

<u>Audited</u>	<u>Note</u>	<u>Share capital</u> RM'000	<u>Merger reserves</u> RM'000	<u>Cash flow hedge reserve</u> RM'000	<u>Retained profits</u> RM'000	<u>Total attributable to owners of the Company</u> RM'000	<u>Non-controlling interests</u> RM'000	<u>Total equity</u> RM'000
At 1 January 2024		3,546,417	734,198	2,012	652,401	4,935,028	843,813	5,778,841
Net profit for the financial year		-	-	-	636,560	636,560	124,559	761,119
Other comprehensive income:								
Fair value movement on derivative		-	-	(31,810)	-	(31,810)	(13,730)	(45,540)
Remeasurement of defined benefit obligations		-	-	-	(2,343)	(2,343)	-	(2,343)
Total comprehensive income		-	-	(31,810)	634,217	602,407	110,829	713,236
Transactions with owners:								
Issuance of ordinary shares	24	13,583	-	-	-	13,583	-	13,583
Effect of disposal of a subsidiary under common control	41(c)	-	-	-	(118,728)	(118,728)	-	(118,728)
Dividends for financial year ended 31 December 2024	11	-	-	-	(510,002)	(510,002)	-	(510,002)
Dividends paid to non-controlling Interests		-	-	-	-	-	(76,205)	(76,205)
Total transactions with owners		13,583	-	-	(628,730)	(615,147)	(76,205)	(691,352)
At 31 December 2024		3,560,000	734,198	(29,798)	657,888	4,922,288	878,437	5,800,725



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<u>Note</u>	<u>31.12.2022</u> RM'000 Audited	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2024</u> RM'000 Audited
<b>OPERATING ACTIVITIES</b>				
Profit before zakat and taxation		829,540	945,954	990,673
Adjustments for:				
Depreciation of:				
- property, plant and equipment	12	416,138	393,755	391,995
- right-of-use assets	14(a)	79,741	81,310	97,439
- investment properties	15	10,020	12,192	12,206
Amortisation of:				
- concession assets	13	209,091	199,985	211,193
- intangible assets	18	5,414	5,414	2,023
- deferred income	30	(3,257)	(3,257)	(3,259)
Share of results of an associate	16	(1,111)	(986)	(282)
Share of results of joint ventures	17	(35,785)	(7,576)	(5,453)
Finance income		(54,849)	(77,537)	(68,281)
Finance costs	8	380,584	392,239	390,363
Impairment of:				
- trade receivables	20(a)	2,146	12,013	6,872
- other receivables	20(f)	751	711	568
Write down of assets held for sale	23	-	2,245	-
Write-off of:				
- property, plant and equipment	12	84,785	5,812	428
- concession assets	13	-	2,897	4,147
- investment properties	15	50	-	-
Reversal of impairment loss on:				
- trade receivables	20(a)	(1,601)	(1,930)	(3,047)
- other receivables	20(f)	-	-	(5,198)
(Gain)/Loss on disposal of:				
- property, plant and equipment	5	(9,753)	(11,230)	(2,362)
- assets held for sale	5	610	(459)	49
- investment properties	5	-	(148,657)	-
Loss/(Gain) on derecognition of:				
- concession assets		935	-	-
- right-of-use assets	5	(51,760)	-	-
Unrealised foreign exchange loss	7	50	-	-
Provision for defined benefit obligation	29	7,402	6,664	5,916
(Reversal of allowance)/Allowance for slow moving stocks	19	(19,050)	4,478	(7,286)
		<u>1,850,091</u>	<u>1,814,037</u>	<u>2,018,704</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	<u>Note</u>	<u>31.12.2022</u> RM'000 Audited	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2024</u> RM'000 Audited
<b>OPERATING ACTIVITIES (CONTINUED)</b>				
Changes in working capital:				
Inventories		(21,568)	(11,377)	(8,961)
Trade and other receivables		9,430	(99,189)	(75,740)
Trade and other payables		41,600	32,688	88,243
Cash generated from operations		1,879,553	1,736,159	2,022,246
Income tax paid		(169,469)	(126,360)	(130,078)
Zakat paid		(5,131)	(1,845)	(4,427)
Retirement benefits paid	29	(5,546)	(11,331)	(4,790)
Net cash flow generated from operating activities		1,699,407	1,596,623	1,882,951
<b>INVESTING ACTIVITIES</b>				
Net cash proceeds from disposal of a subsidiary	41(c)	-	-	297,024
Repayment of promissory notes from immediate holding company		90,000	-	-
Proceeds from liquidation of a joint venture	17	-	-	423
Interest received		54,849	77,537	68,281
Proceeds from disposal of:				
- property, plant and equipment		12,339	14,486	4,497
- assets held for sale		600	1,334	255
Finance lease payments received		5,685	157,122	56,417
Proceeds from derecognition of:				
- right-of-use assets		51,766	-	-
Purchase of:				
- property, plant and equipment		(420,083)	(696,248)	(524,268)
- concession assets		(191,309)	(113,238)	(234,449)
- investment properties		(94,265)	(28,531)	(1,258)
- intangible assets		(1,035)	(2,308)	(7,930)
Government grant received		15,000	-	-
Placement of deposits with maturity more than 90 days		(234,893)	(244,347)	(234,221)
Redemption of deposits with maturity more than 90 days		193,645	154,410	243,850
Redemption of other investments		8,337,640	5,431,682	6,383,259
Purchase of other investments		(8,372,351)	(5,245,358)	(6,718,954)
Net cash flow used in investing activities		(552,412)	(493,459)	(667,074)

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

	<u>Note</u>	<u>31.12.2022</u> RM'000 Audited	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2024</u> RM'000 Audited
<b>FINANCING ACTIVITIES</b>				
Interest paid		(242,865)	(237,686)	(238,145)
Lease liabilities paid		(76,600)	(85,496)	(104,711)
Concession liabilities paid		(140,452)	(166,101)	(158,775)
Drawdown of borrowings		1,761,056	21,870	368,000
Repayment of borrowings		(2,074,720)	(174,065)	(394,575)
Dividend paid		(250,001)	(500,355)	(510,002)
Dividends paid to non-controlling interests of subsidiaries		(75,995)	(76,055)	(76,205)
Advances from immediate holding company		223,541	88,744	17,839
Repayment to immediate holding company		(149,541)	(58,011)	(189,077)
Purchase of additional shares in a subsidiary from non-controlling interests		(74)	(19,036)	-
Redemption of redeemable convertible preference shares	24	-	(2,638)	-
Net cash flow used in financing activities		<u>(1,025,651)</u>	<u>(1,208,829)</u>	<u>(1,285,651)</u>
Net changes in cash and cash equivalents		121,344	(105,665)	(69,774)
Cash and cash equivalents at beginning of the financial year		<u>268,427</u>	<u>389,771</u>	<u>284,106</u>
Cash and cash equivalents at end of the financial year	22	<u>389,771</u>	<u>284,106</u>	<u>214,332</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

Reconciliation of liabilities arising from financing activities:

	At 1 January RM'000	Cash flows RM'000	Non-cash changes Addition/ Modification of liabilities RM'000	Finance cost RM'000	Others RM'000	At 31 December RM'000
<b>31 December 2022</b>						
Borrowings	5,847,584	(556,529)	-	247,086	(14,733)	5,523,408
Lease liabilities	272,688	(76,600)	31,669	13,933	-	241,690
Concession liabilities	2,076,364	(140,452)	546,502	117,410	-	2,599,824
Amount due to immediate holding company	487,449	74,000	-	2,155	(392,282)^	171,322
<b>Total liabilities arising from financing activities</b>	<b>8,684,085</b>	<b>(699,581)</b>	<b>578,171</b>	<b>380,584</b>	<b>(407,015)</b>	<b>8,536,244</b>
<b>31 December 2023</b>						
Borrowings	5,523,408	(389,881)	-	235,493	6,639	5,375,659
Lease liabilities	241,690	(85,496)	6,368	11,230	-	173,792
Concession liabilities	2,599,824	(166,101)	20,725	145,516	-	2,599,964
Amount due to immediate holding company	171,322	30,733	-	-	(24,267)^	177,788
<b>Total liabilities arising from financing activities</b>	<b>8,536,244</b>	<b>(610,745)</b>	<b>27,093</b>	<b>392,239</b>	<b>(17,628)</b>	<b>8,327,203</b>
<b>31 December 2024</b>						
Borrowings	5,375,659	(264,720)	-	224,960	29,151	5,365,050
Lease liabilities	173,792	(104,711)	339,300	17,421	(3,323)	422,479
Concession liabilities	2,599,964	(158,775)	5,844	147,982	-	2,595,015
Amount due to immediate holding company	177,788	(171,238)	-	-	(6,459)	91
<b>Total liabilities arising from financing activities</b>	<b>8,327,203</b>	<b>(699,444)</b>	<b>345,144</b>	<b>390,363</b>	<b>19,369</b>	<b>8,382,635</b>

# Includes redemption of redeemable convertible preference shares, as disclosed in Note 24.

^ Reduction arising from balances owed by a former subsidiary, amounting to RM242 million.

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(Incorporated in Malaysia)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1 GENERAL INFORMATION**

MMC Port Holdings Sdn. Bhd. (the "Company") was incorporated as a private limited liability company in Malaysia on 26 September 2006 under the name of MMC Ventures Sdn. Bhd. and the Company changed its name to MMC Port Holdings Sdn. Bhd. on 15 July 2015. On 30 May 2025, the Company was converted to a public limited liability company and assumed the name of MMC Port Holdings Berhad.

The address of the registered office of the Company is located at Ground Floor, Wisma Budiman, Persiaran Raja Chulan, 50200 Kuala Lumpur. The principal office of business of the Company is 5<sup>th</sup> Floor, Wisma Budiman, Persiaran Raja Chulan, 50200 Kuala Lumpur.

The ultimate, penultimate and immediate holding company are Indra Cita Sdn. Bhd., Seaport Terminal (Johore) Sdn. Bhd. and MMC Corporation Berhad. These companies are incorporated in Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries, associate and joint ventures are shown in Note 33, 16 and 17.

**2 MATERIAL ACCOUNTING POLICY INFORMATION****2.1 Basis of preparation**

The financial statements of the Company and its subsidiaries, collectively known as "the Group", for the financial year ended 31 December 2022, 31 December 2023 and 31 December 2024 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the Prospectus Guidelines issued by the Securities Commission Malaysia for the purposes of the inclusion in the prospectus approved by the Board of Directors of the Company in connection with the initial public offering of the ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad.

The financial statements have been prepared under the historical cost convention, except as disclosed in this material accounting policy information.

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 Directors to exercise their judgement in the process of applying the Group's 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 disclosed in Note 3.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

- 2.2 The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group are as follows:

*Standards, amendments to published standards and interpretations that are effective:*

<u>Financial year ended 31 December 2022</u>	<u>Effective on/after</u>
Amendments to MFRS 3 'Reference to Conceptual Framework'	1 January 2022
Amendments to MFRS 116 'Proceeds before intended use'	1 January 2022
Amendments to MFRS 137 'Onerous contracts-cost of fulfilling a contract'	1 January 2022
Amendment to MFRS 9 'Fees in the '10 per cent test' for Derecognition of Financial Liabilities'	1 January 2022
Amendment to Illustrative Examples accompanying MFRS 16 Leases: Lease Incentives	1 January 2022
<u>Financial year ended 31 December 2023</u>	<u>Effective on/after</u>
Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of accounting policies'	1 January 2023
Amendments to MFRS 108 'Definition of accounting estimates'	1 January 2023
Amendments to MFRS 112 'Deferred tax assets and liabilities arising from a single transaction'	1 January 2023
Amendments to MFRS 112 'International tax reform – pillar two model rules'	1 January 2023
<u>Financial year ended 31 December 2024</u>	<u>Effective on/after</u>
Amendments to MFRS 16 'Lease liability in a sale and leaseback'	1 January 2024
Amendments to MFRS 101 'Classification of liabilities as current or non-current' and 'Non-current liabilities with covenants'	1 January 2024
Amendments to MFRS 107 and MFRS 7 'Supplier finance arrangements'	1 January 2024

The adoption of amendments listed above did not have any significant impact on the current financial year or any prior financial year and is not likely to affect future financial years except for the Amendments to MFRS 101 and MFRS Practice Statement 2. The Group disclosed its material accounting policies in the following notes.

*IFRIC agenda decisions that are concluded and published*

- IFRIC agenda decision - disclosure of revenues and expenses for reportable segments

During the financial year, the Group has assessed the implication of the IFRIC agenda decision on disclosure of revenues and expenses for reportable segments (MFRS 8 Operating segments), as disclosed in Note 35.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

- 2.3 The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board that are applicable to the Group but not yet effective.

The Group will apply the new standards, amendments and interpretations in the following period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 'Lack of exchangeability'

Amendments to MFRS 121 'Lack of Exchangeability' clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurement date.

The amendments do not specify how an entity estimates the spot exchange rate, but permit an entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7 'Amendments to Classification and Measurement of Financial Instruments'

The amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

- Annual improvements to MFRS 7 'Financial Instruments: Disclosures' on gain or loss on derecognition

The amendment requires an entity to disclose the gain or loss on derecognition relating to financial assets in which the entity has continuing involvement. The entity shall disclose if a gain or loss on derecognition arose because the fair values of the components of the previously recognised asset (i.e. the interest in the asset derecognised and the interest retained by the entity) were different from the fair value of the previously recognised asset as a whole. In that situation, the entity shall also disclose whether the fair value measurements included significant unobservable inputs as described in paragraphs 72–73 of MFRS 13.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

- 2.3 The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board that are applicable to the Group but not yet effective (continued)

The Group will apply the new standards, amendments and interpretations in the following period:  
(continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18 'Presentation and disclosure in financial statements'

MFRS 18 replaces MFRS 101 Presentation of Financial Statements, which would result in the following changes:

- (i) Presentation within the statements of profit or loss and other comprehensive income, including:
  - Presentation of two (2) new defined subtotals: operating profit and profit before financing and income taxes; and
  - Presentation of income and expenses in five (5) categories: operating, investing, financing, income taxes and discontinued operations.
- (ii) Disclosures on management-defined performance measures ("MPM") in the notes to financial statements, including:
  - Reconciliation of MPM to a total or subtotal required by MFRS 18 or another MFRS Accounting Standard; and
  - Disclosures on how MPM is calculated, what the MPM communicates about the financial performance of the Group, and any changes made to the MPMs during the financial year.
- (iii) Aggregation and disaggregation across the financial statements, including:
  - Classification of expenses in the 'operating' category in the profit or loss by nature or function, or both;
  - Disclosures of amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line item in the 'operating' category classified by function; and
  - Label and/or description of material items presented or disclosed as 'other' as faithfully representative and precise a way as possible
- (iv) MFRS 18 introduces 'MFRS Accounting Standards', which refers to accounting standards issued by the MASB that apply to reporting periods beginning on or after 1 January 2012. They comprise:
  - Malaysian Financial Reporting Standards; and
  - IC Interpretations.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**

- 2.3 The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board that are applicable to the Group but not yet effective (continued)

The Group will apply the new standards, amendments and interpretations in the following period:  
(continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2027: (continued)

- MFRS 19 'Subsidiaries without public accountability: disclosures'

MFRS 19 is an optional, disclosure-only standard which permits eligible subsidiaries to provide reduced disclosures when applying MFRS in their financial statements. The eligible subsidiary that applies MFRS 19 is required to apply the requirements in the other MFRS for recognition, measurement and presentation requirements.

Subsidiaries are eligible to apply MFRS 19 if they do not have public accountability and their parent company applies IFRS in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed in a public market (or is in the process of issuing such instruments for trading in a public market) or does not hold assets in a fiduciary capacity for a broad group of outsiders.

The Group is in the process of assessing the impact of the new standards and amendments to the consolidated financial statements of the Group in the year of initial application.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.4 Basis of consolidation****(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The Group applies predecessor accounting to account for business combinations under common control. Under the predecessor accounting, assets and liabilities acquired are not restated to their respective fair values but at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to ensure uniform accounting policies of the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) of the acquired entity is recognised as an adjustment to equity (in merger reserve). No additional goodwill is recognised. The Group incorporates the acquired entity's results and statements of financial position prospectively.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Related party transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

**Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.4 Basis of consolidation (continued)****(ii) Investment in an associate**

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the financial period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

**(iii) Joint arrangements**

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in a joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Negative goodwill is included as income in the determination of the investor's share in joint arrangements' profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.5 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

All the remaining items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress relates to assets under construction which are not depreciated as these assets are not available for use.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Years</u>
Buildings	10 to 50
Marine craft, plant and machinery	3 to 25
Office equipment, motor vehicles and furniture and fittings	2 to 12.5



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.6 Intangible assets****(a) Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent financial periods.

**(b) Rights on Port Business**

The Rights on Port Business represent the right of a subsidiary to provide port operation services and to charge users of the services. It encapsulated concession agreement, license and other agreements relating to the usage of the port related infrastructure as these assets contribute to earnings only in concert with other assets and/or economic factors of the business. The rights are amortised on the straight-line basis over the useful lives of the concession period of 30 years.

**(c) Computer software**

Computer software is recognised at cost and amortised on a straight-line basis over its useful live of 5 years.

**(d) Capital work-in-progress**

Capital work-in-progress relates to assets under construction which are not depreciated as these assets are not available for use.

**2.7 Leases****The Group as lessee**

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.7 Leases (continued)**The Group as lessee (continued)**(i) Lease term**

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (iv) below).

**(ii) ROU assets**

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

**(iii) Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.7 Leases (continued)****(iii) Lease liabilities (continued)**

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay or to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**(iv) Short-term leases and leases of low-value assets**

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases of low-value assets. Payments associated with these leases are recognised on a straight-line basis as an expense in the profit or loss.

**The Group as lessor**

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

**(i) Operating leases**

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

**(ii) Finance leases**

The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset.

Initial direct costs are also included in the initial measurement of the net investment. The net investments are subject to MFRS 9 impairment (refer to Note 2.10 on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.7 Leases (continued)**The Group as lessor (continued)**(iii) Subleases classification**

The Group has also entered into sub-lease arrangements.

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU assets arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

**2.8 Investment property**

Investment property is initially recorded at cost, including transaction costs. Subsequent to recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis to its residual values over the following estimated useful lives:

	<u>Years</u>
Leasehold land	30 - 60
Buildings and warehouses	33 to 50
Cabin	6.67

The carrying values of investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

**2.9 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.9 Impairment of non-financial assets (continued)**

Impairment losses are recognised in the profit or loss except for assets that are previously revalued here the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent financial period.

**2.10 Financial assets****(a) Classification**

The Group classifies its financial assets as those to be measured at amortised cost and fair value through profit or loss ("FVTPL").

**(b) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits up to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**(c) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

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(Incorporated in Malaysia)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.10 Financial assets (continued)****(c) Measurement (continued)**

There are three measurement categories and the Group classifies its debt instruments into:

**(i) Amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in other income or expenses together with foreign exchange gains or losses. Impairment losses are presented as a separate line item in the statement of comprehensive income as applicable.

**(ii) Fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in the profit or loss and presented net within other gains or losses in the financial period which it arises.

**(d) Subsequent measurement****Impairment of debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has only one financial instrument that is subject to the ECL model:

- Trade and other receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between the present value of cash flows according to contract and the present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.10 Financial assets (continued)****(e) Hedge accounting****Cash flow hedge**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain and loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in the profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into the profit or loss in the same period or periods during which the hedged forecast cash flows affect the profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into the profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into the profit or loss.

**2.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is represented by the following:

**(i) Consumables**

Spare parts, consumables and container repair materials are determined using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business. The inventories are classified as non-current assets except where they are highly probable for sale or available for immediate sale in its present condition.

**2.12 Cash and cash equivalents**

For the purpose of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. In the statements of financial position, banks overdrafts are shown within borrowings in current liabilities.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.13 Government grant**

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to assets are recognised separately as deferred income.

**2.14 Income taxes****(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantially enacted by the reporting date.

Current taxes are recognised in the profit or loss, except to the extent that the tax relates to items recognised outside the profit or loss, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred tax liabilities and/or assets are recognised, using the liability method, for all temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised. Investment tax allowances are treated as tax credit at inception.

The Group accounts for investment tax credits based on the tax credit model where investment tax credits are recognised in current tax in the year when the conditions required to receive the credits are met and they are claimed on the respective company's tax return. Investment tax credits that are unused are recognised as deferred tax assets to the extent that it is probable that future taxable profit will be available against which the unused investment tax credit can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.14 Income taxes (continued)****(b) Deferred tax (continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.15 Service concession agreements**

Certain subsidiaries of the Group had entered into privatisation agreements with port authorities and the Government of Malaysia ("GOM"). The privatisation agreements provide the subsidiaries with the license to operate the ports and to lease the said port properties. Under the term of the agreements, the subsidiaries will operate the port for period as follows:

- Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP"): the concession period is for a period of 30 years commencing from 24 March 1993 and be automatic extended for another 30 years, which expires on 23 March 2055;
- Johor Port Berhad ("JPB"): the concession period is for a period of 30 years commencing from 1 January 1993, and subsequently extended for another 30 years through the supplementary agreement. On 19 October 2022, the concession period has been extended to 23 March 2055, subject to fulfilment of the obligations in the supplemental agreement;
- Northport (Malaysia) Bhd. ("NMB"): the concession for North Port and South Port of Port Klang is for a period of 30 years, expiring on 30 November 2043. On 19 October 2022, the concession period for North Port of Port Klang has been extended to 23 March 2055, subject to fulfilment of the obligations in the supplemental agreement;
- Penang Port Sdn. Bhd. ("PPSB"): the concession period is for a period of 30 years commencing from 1 January 1994, and subsequently extended for another 18 years through the supplementary agreement. On 17 November 2022, the concession period has been extended to 23 March 2055, subject to fulfilment of the obligations in the supplemental agreement; and
- Tanjung Bruas Port Sdn. Bhd. ("TBP"): the concession period is for a period of 30 years expiring on 20 November 2046. On 19 October 2022, the concession period has been extended to 23 March 2055, subject to fulfilment of the obligations in the supplemental agreement.

The port operators have the right to charge the users of the port for services rendered, which the port operators will collect and retain; however, the fees are capped subject to the tariffs for port services as determined by the port authorities and GOM. At the end of the concession period, the relevant port infrastructures and facilities will return to the port authorities and the port operators will have no further involvement in its operation and maintenance requirements.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.16 Concession assets and liabilities**

The Group recognises concession assets arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructures and facilities. Concession assets received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition. Subsequent to initial recognition, the concession assets are measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and accumulated impairment losses.

The estimated useful life of concession assets in a service concession arrangement is over the concession period extended to the Group.

The Group recognised port infrastructure and facilities as concession assets which includes land reclamation, wharves, jetties, terminal, paved areas and certain assets under constructions.

Cost includes expenditures that are directly attributable to the acquisition or construction of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The Group also recognises concession assets (and related service concession obligation) arising from lease rental payable for the relevant port infrastructures and facilities under the privatisation agreements at fair value on the first day of service concession arrangement or where impracticable, on the earliest period presented, arising from the adoption of IC Interpretation 12 Service Concession Arrangements ("IC Interpretation 12"). The concession assets arising from the above are amortised over the relevant concession period. During the financial year ended 31 December 2022, the lease concession period for ports had been extended until 23 March 2055.

The fair value of a concession asset received as consideration for providing construction services in a service concession arrangement is estimated by reference to the fair value of the construction services provided. The fair value is calculated as the estimated total construction cost plus a profit margin, which the Group evaluates and determines to be nil.

The Rights on Port Business represent the right of a subsidiary to provide port operation services and to charge users of the services. It encapsulated concession agreement, license and other agreements relating to the usage of the port related infrastructure as these assets contribute to earnings only in concert with other assets and/or economic factors of the business. The rights are amortised on the straight-line basis over the useful lives of the concession period.

Concession liabilities are measured at the present value of the lease payments and subsequently measured at amortised cost using the effective interest method. Concession liabilities are classified as current liabilities unless the Group has an unconditional right to defer repayment of the liabilities for at least 12 months after the reporting date.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.17 Employee benefits****(a) Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(b) Defined contribution plans**

The Group participates in the national pension scheme as defined by the laws of the country in which it has operations. The Group makes contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the financial period in which the related service is performed.

**(c) Defined benefit plan**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed at regular interval by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in the profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.18 Foreign currency****Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

**2.19 Revenue recognition****(a) Revenue from contracts with customers**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in a contract. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services taxes, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.

The Group's revenue from contracts with customers are recognised over the period in which the services are rendered. There is no obligation for returns or refunds nor warranty in the provision of the ports and logistics related by the Group. The Group's revenue can be categorised as follows:

**Container**

Container revenue is generated primarily from terminal handling charges for import/export and transshipment containers, including income from value added services.

**Conventional**

Relates to conventional cargo services, which primarily includes dry bulk services, break bulk cargo services and liquid bulk cargo services.

**Marine**

Marine revenue is generated from a range of services provided within ports and throughout the water limits surrounding ports, including pilotage services, pilot boats, tug assistance, hydrography services, vessel coordination and traffic monitoring.

**Logistics and freight forwarding**

Relates to revenue from hauling containers, providing warehousing services and providing freight forwarding services.



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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)****2.19 Revenue recognition (continued)****(a) Revenue from contracts with customers (continued)**Construction contracts

Revenue from construction contracts is recognised over the period in which the services are rendered.

For fixed-price contracts, revenue is recognised under the percentage of completion method, measured by reference to surveys of work performed. Cost plus contracts, where reimbursements are made on costs incurred for works carried out on an agreed contract rate, are recognised as revenue attributed to the proportion of work done progressively over the duration of the contracts.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increase or decrease in the estimated revenue or cost is reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

Contract asset arising from construction upgrade services are presented as "capital work-in-progress" under concession assets during the construction period.

**(b) Revenue from other sources**Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

The Group makes 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 the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.

The estimates and assumptions that have a higher degree of judgement or complexity risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are as follows:

**(a) 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 investment tax allowance 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.

**Investment Tax Allowance ("ITA")**

The Group has been granted ITA on qualifying capital expenditure incurred for the expansion and upgrade of existing port facilities from YA2023 to YA2027, subject to meeting the ITA conditions, failing which, the Inland Revenue Board ("IRB") has the right to withdraw all ITA claims. As at 31 December 2024, the Group considers that it is probable that the ITA will be available on the basis that the 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.

**(b) 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.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

The estimates and assumptions that have a higher degree of judgement or complexity risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are as follows: (continued)

**(c) Sales and Service Tax ("SST")**

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 ("DA") and Special Area ("SA") effective from 1 March 2024.

Under the Service Tax Policy 4/2024 issued in March 2024, the Minister of Finance has granted SST exemption on logistic services provided within or between DA or SA. 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 DA or SA. This amendment is assumed to be effective from 1 March 2024.

In assessing the potential service tax exposure for the Group for the financial year ended 31 December 2024, the 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 ("B2B") exemption) and the conditions of the B2B exemptions have been met by the recipients of the logistic services provided. The Group is of the view the total potential exposure for service tax considering the service provided under B2B exemption is not material for the financial year ended 31 December 2024.

**4 REVENUE**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Revenue from contract with customers	3,983,972	3,883,860	4,286,525
Revenue from other source – rental income	74,106	77,180	69,982
	<u>4,058,078</u>	<u>3,961,040</u>	<u>4,356,507</u>
Timing of revenue recognition for revenue from contract with customers:			
- over time	<u>3,983,972</u>	<u>3,883,860</u>	<u>4,286,525</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4 REVENUE (CONTINUED)**

Disaggregation of Group's revenue: (continued)

	PTP RM'000	NMB RM'000	JPB RM'000	PPSB RM'000	TBP RM'000	KNBG RM'000	Others RM'000	Inter segment eliminations RM'000	Total RM'000
<u>31.12.2022</u>									
<u>Port and terminal operations</u>									
Container	1,402,051	591,261	235,395	350,343	3,015	-	14,439	(36)	2,596,468
Conventional	-	144,758	194,352	55,635	7,876	-	-	-	402,621
Marine	226,232	37,385	169,994	27,265	6,179	-	-	-	467,055
Others	17,357	51,562	27,208	17,888	811	-	75,092	(33)	189,885
	<u>1,645,640</u>	<u>824,966</u>	<u>626,949</u>	<u>451,131</u>	<u>17,881</u>	<u>-</u>	<u>89,531</u>	<u>(69)</u>	<u>3,656,029</u>
Logistics and freight forwarding	-	-	-	-	-	140,700	-	-	140,700
Construction contracts	62,883	61,855	6,364	55,523	618	-	-	-	187,243
	<u>1,708,523</u>	<u>886,821</u>	<u>633,313</u>	<u>506,654</u>	<u>18,499</u>	<u>140,700</u>	<u>89,531</u>	<u>(69)</u>	<u>3,983,972</u>
Revenue from contracts with customers									
	<u>1,708,523</u>	<u>886,821</u>	<u>633,313</u>	<u>506,654</u>	<u>18,499</u>	<u>140,700</u>	<u>89,531</u>	<u>(69)</u>	<u>3,983,972</u>
Rental income, representing revenue from other sources	5,813	-	41,872	20,427	-	4,507	3,201	(1,714)	74,106
	<u>1,714,336</u>	<u>886,821</u>	<u>675,185</u>	<u>527,081</u>	<u>18,499</u>	<u>145,207</u>	<u>92,732</u>	<u>(1,783)</u>	<u>4,058,078</u>
External revenue									
Inter segment revenue	(1,750)	-	-	-	-	-	(33)	1,783	-
	<u>1,712,586</u>	<u>886,821</u>	<u>675,185</u>	<u>527,081</u>	<u>18,499</u>	<u>145,207</u>	<u>92,699</u>	<u>-</u>	<u>4,058,078</u>

Included within construction contracts is revenue recorded related to the construction and upgrade of the port infrastructure under concession.

Definition of the above companies are as disclosed in Note 35.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4 REVENUE (CONTINUED)**

Disaggregation of Group's revenue: (continued)

	PTP RM'000	NMB RM'000	JPB RM'000	PPSB RM'000	TBP RM'000	KNBG RM'000	Others RM'000	Inter segment eliminations RM'000	Total RM'000
<u>31.12.2023</u>									
<u>Port and terminal operations</u>									
Container	1,357,602	533,502	243,013	382,300	887	-	22,524	(403)	2,539,425
Conventional	-	148,552	189,978	53,572	9,909	-	-	-	402,011
Marine	204,585	43,028	206,679	31,934	6,255	-	-	-	492,481
Others	17,085	41,083	30,562	26,379	1,011	-	79,007	(98)	195,029
	<u>1,579,272</u>	<u>766,165</u>	<u>670,232</u>	<u>494,185</u>	<u>18,062</u>	<u>-</u>	<u>101,531</u>	<u>(501)</u>	<u>3,628,946</u>
Logistics and freight forwarding	-	-	-	-	-	140,665	-	-	140,665
Construction contracts	20,834	25,629	17,303	50,187	296	-	-	-	114,249
	<u>1,600,106</u>	<u>791,794</u>	<u>687,535</u>	<u>544,372</u>	<u>18,358</u>	<u>140,665</u>	<u>101,531</u>	<u>(501)</u>	<u>3,883,860</u>
Revenue from contracts with customers									
	<u>1,600,106</u>	<u>791,794</u>	<u>687,535</u>	<u>544,372</u>	<u>18,358</u>	<u>140,665</u>	<u>101,531</u>	<u>(501)</u>	<u>3,883,860</u>
Rental income, representing revenue from other sources	3,582	-	40,582	26,447	-	4,162	3,152	(745)	77,180
	<u>1,603,688</u>	<u>791,794</u>	<u>728,117</u>	<u>570,819</u>	<u>18,358</u>	<u>144,827</u>	<u>104,683</u>	<u>(1,246)</u>	<u>3,961,040</u>
External revenue									
Inter segment revenue	(403)	-	-	-	-	(745)	(98)	1,246	-
	<u>1,603,285</u>	<u>791,794</u>	<u>728,117</u>	<u>570,819</u>	<u>18,358</u>	<u>144,082</u>	<u>104,585</u>	<u>-</u>	<u>3,961,040</u>

Included within construction contracts is revenue recorded related to the construction and upgrade of the port infrastructure under concession.

Definition of the above companies are as disclosed in Note 35.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4 REVENUE (CONTINUED)**

Disaggregation of Group's revenue: (continued)

	PTP RM'000	NMB RM'000	JPB RM'000	PPSB RM'000	TBP RM'000	KNBG RM'000	Others RM'000	Inter segment eliminations RM'000	Total RM'000
<u>31.12.2024</u>									
<u>Port and terminal operations</u>									
Container	1,589,985	623,088	261,609	377,971	2,832	-	17,825	(304)	2,873,006
Conventional	-	168,428	207,149	53,749	9,227	-	-	-	438,553
Marine	212,170	45,845	214,160	33,343	5,876	-	-	-	511,394
Others	21,116	45,520	26,907	24,864	1,113	-	90,259	(100)	209,679
	<u>1,823,271</u>	<u>882,881</u>	<u>709,825</u>	<u>489,927</u>	<u>19,048</u>	<u>-</u>	<u>108,084</u>	<u>(404)</u>	<u>4,032,632</u>
Logistics and freight forwarding	-	-	-	-	-	26,665	-	-	26,665
Construction contracts	46,135	84,248	92,201	4,644	-	-	-	-	227,228
	<u>1,869,406</u>	<u>967,129</u>	<u>802,026</u>	<u>494,571</u>	<u>19,048</u>	<u>26,665</u>	<u>108,084</u>	<u>(404)</u>	<u>4,286,525</u>
Revenue from contracts with customers									
	<u>1,869,406</u>	<u>967,129</u>	<u>802,026</u>	<u>494,571</u>	<u>19,048</u>	<u>26,665</u>	<u>108,084</u>	<u>(404)</u>	<u>4,286,525</u>
Rental income, representing revenue from other sources	3,600	-	41,651	23,153	-	714	2,637	(1,773)	69,982
	<u>1,873,006</u>	<u>967,129</u>	<u>843,677</u>	<u>517,724</u>	<u>19,048</u>	<u>27,379</u>	<u>110,721</u>	<u>(2,177)</u>	<u>4,356,507</u>
External revenue									
Inter segment revenue	(2,077)	-	-	-	-	-	(100)	2,177	-
	<u>1,870,929</u>	<u>967,129</u>	<u>843,677</u>	<u>517,724</u>	<u>19,048</u>	<u>27,379</u>	<u>110,621</u>	<u>-</u>	<u>4,356,507</u>

Included within construction contracts is revenue recorded related to the construction and upgrade of the port infrastructure under concession.

Definition of the above companies are as disclosed in Note 35.



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5 OTHER OPERATING INCOME**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Rental income	2,530	255	16
Amortisation of deferred income	3,257	3,257	3,259
Gain on disposal of:			
- property, plant and equipment	9,753	11,230	2,362
- assets held for sale	-	459	-
- investment properties	-	148,657	-
Gain on derecognition of right-of-use assets	51,760	-	-
Compensation on loss of income	6,000	-	-
Deposit forfeited	-	-	10,252
Liquidated ascertained damages	4,419	5,613	4,043
Realised gain on foreign exchange	169	4,644	1,261
Commission on demurrage	3,576	4,126	1,535
Penalty income	290	1,058	1,003
Others	7,106	24,630	24,853
	<u>88,860</u>	<u>203,929</u>	<u>48,584</u>

**6 EMPLOYEES' BENEFITS EXPENSE**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Wages, salaries and bonus	711,138	747,021	814,746
Contribution to defined contribution plans	77,478	78,702	80,893
Defined benefit retirement plan	5,817	6,664	5,916
Other employee benefits	96,009	125,717	131,716
	<u>890,442</u>	<u>958,104</u>	<u>1,033,271</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7 PROFIT BEFORE ZAKAT AND TAXATION**

Profit before zakat and taxation is arrived at:

	<u>Note</u>	<u>31.12.2022</u> RM'000 Audited	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2024</u> RM'000 Audited
After charging/(crediting):				
Auditors' remuneration (PricewaterhouseCoopers PLT):				
- statutory audit		974	1,068	940
- other audit services		169	112	955 <sup>1</sup>
Total statutory and other audit services		1,143	1,180	1,895
- non-audit services		-	164	566 <sup>2</sup>
Total auditors' remuneration		1,143	1,344	2,461
Directors' remuneration		249	235	233
Depreciation of:				
- property, plant and equipment	12	416,138	393,755	391,995
- right-of-use assets	14	79,741	81,310	97,439
- investment properties	15	10,020	12,192	12,206
Amortisation of:				
- concession assets	13	209,091	199,985	211,193
- intangible assets	18	5,414	5,414	2,023
Impairment of:				
- trade receivables	20(a)	2,146	12,013	6,872
- other receivables	20(f)	751	711	568
Write-off of:				
- property, plant and equipment	12	84,785	5,812	428
- concession assets	13	-	2,897	4,147
- investment properties	15	50	-	-
Write down of assets held for sale	23	-	2,245	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	5	(9,753)	(11,230)	(2,362)
- assets held for sale	5	610	(459)	49
- investment properties	5	-	(148,657)	-
Loss/(Gain) on derecognition of:				
- concession assets		935	-	-
- right-of-use assets	5	(51,760)	-	-
Reversal of impairment loss on:				
- trade receivables	20(a)	(1,601)	(1,930)	(3,047)
- other receivables	20(f)	-	-	(5,198)
(Reversal of allowance)/allowance for slow moving stocks	19	(19,050)	4,478	(7,286)
Service contract expense on land and buildings		8,637	16,245	12,502
Service contract expense on plant and machinery		140,557	146,864	122,366



**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)**

Profit before zakat and taxation is arrived at: (continued)

		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
		RM'000	RM'000	RM'000
		Audited	Audited	Audited
Provision for defined benefit obligation	29	7,402	6,664	5,916
Construction contract cost recognised as expense*		187,243	114,249	227,228
Unrealised foreign exchange loss		50	-	-
		<u>          </u>	<u>          </u>	<u>          </u>

<sup>1</sup> Fees incurred primarily in relation to reporting accountant services, audits other than statutory audit and agreed-upon procedures.

<sup>2</sup> Fees incurred in relation to tax compliance and advisory services for the Group's corporate exercise.

\* Included within construction contract cost recognised as expense is cost relating to services rendered in the construction and upgrade of the port infrastructure under concession. The Group considers the fair value of the consideration for the services rendered in the construction and upgrade of the port infrastructure to approximate the cost incurred as the construction works are mainly subcontracted to third parties.

**8 FINANCE COSTS**

		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
		RM'000	RM'000	RM'000
		Audited	Audited	Audited
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
		<u>          </u>	<u>          </u>	<u>          </u>
		<u>380,584</u>	<u>392,239</u>	<u>390,363</u>

**9 TAXATION**

		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
		RM'000	RM'000	RM'000
		Audited	Audited	Audited
Income tax:				
- current financial year		128,287	122,442	96,215
- over accrual in prior financial years		(8,660)	(22,161)	(663)
		<u>          </u>	<u>          </u>	<u>          </u>
		<u>119,627</u>	<u>100,281</u>	<u>95,552</u>
Deferred tax (Note 31):				
- origination and reversal of temporary differences		134,918	38,366	129,575
		<u>          </u>	<u>          </u>	<u>          </u>
		<u>254,545</u>	<u>138,647</u>	<u>225,127</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****9 TAXATION (CONTINUED)**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Profit before zakat and taxation	<u>829,540</u>	<u>945,954</u>	<u>990,673</u>
Tax calculated at the applicable Malaysian tax rate of 24%	199,090	227,029	237,762
Tax effects of:			
- impact of differential tax rates	19,475	-	-
- expenses not deductible for tax purposes	54,638	16,610	26,594
- income not subject to tax	(1,740)	(6,939)	(14,379)
- reversal of previously recognised deferred tax assets	6,315	-	-
- recognition of previously unrecognised deferred tax assets	-	(13,325)	-
- share of results of joint ventures and associate (net)	(8,855)	(2,055)	(1,376)
- incentive arising from Tax Allowance recognised during the year <sup>^</sup>	(5,718)	(60,512)	(22,811)
- over accrual in prior financial years	(8,660)	(22,161)	(663)
Taxation	<u>254,545</u>	<u>138,647</u>	<u>225,127</u>

<sup>^</sup>During the financial year ended 31 December 2023, the Ministry of Finance Malaysia ("MOF") granted a subsidiary of the Group with Investment Tax Allowance ("ITA"), on qualifying capital expenditure incurred for the expansion and upgrade of existing port facilities from YA2023 to YA2027, subject to meeting the ITA conditions, failing which, the Inland Revenue Board ("IRB") has the right to withdraw all ITA claims.

During the financial year ended 31 December 2024, the MOF issued a clarification to specify a minimum annual qualifying capital expenditure as part of the previous requirements for cumulative capital expenditure by the end of YA2027. Further to discussions with the MOF, these conditions were subsequently revised to allow for cumulative qualifying capital expenditure incurred on an annual basis, following the approval obtained before the period end.

The Directors have exercised judgement that it is probable the ITA will be available on the basis that the 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.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****10 EARNINGS PER SHARE****(a) Basic**

Basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Profit attributable to ordinary equity holders of the Company	<u>471,816</u>	<u>701,127</u>	<u>636,560</u>
Weighted average number of ordinary shares in issue ('000)	3,546,417	3,546,417	3,547,234
Basic earnings per share (sen)	<u>13.3</u>	<u>19.8</u>	<u>17.9</u>

**(b) Diluted**

Diluted earnings per ordinary shares is calculated by dividing the profit attributable to equity holders of the Company by the weighted number of shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Profit attributable to ordinary equity holders of the Company	<u>471,816</u>	<u>701,127</u>	<u>636,560</u>
Weighted average number of ordinary shares in issue ('000)	3,546,417	3,546,417	3,547,234
Effects of dilution:			
- Redeemable convertible preference shares ('000)	<u>1,067,985</u>	<u>-</u>	<u>-</u>
Adjusted weighted average number of shares applicable to diluted earnings per share ('000)	<u>4,614,402</u>	<u>3,546,417</u>	<u>3,547,234</u>
Diluted earnings per share (sen)	<u>10.2</u>	<u>19.8</u>	<u>17.9</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****11 DIVIDENDS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Dividends recognised</u>			
<u>In respect of financial year ended 31 December 2022:</u>			
Dividend of 7.0494 sen per share on 3,546,417,409 ordinary shares, paid on 31 December 2022	250,001	-	-
<u>In respect of financial year ended 31 December 2023:</u>			
Dividend of 1.6918 sen per share on 3,546,417,409 ordinary shares, paid on 30 June 2023	-	60,000	-
Dividend of 12.4169 sen per share on 3,546,417,409 ordinary shares, paid on 31 December 2023	-	440,355	-
<u>In respect of financial year ended 31 December 2024</u>			
Dividend of 0.8177 sen per share on 3,546,417,409 ordinary shares, paid on 30 June 2024	-	-	29,000
Dividend of 10.0383 sen per share on 3,546,417,409 ordinary shares, paid on 17 October 2024, 18 October 2024, 30 October 2024, 15 November 2024, 4 December 2024 and 16 December 2024	-	-	356,000
Dividend of 3.5113 sen per share on 3,560,000,000 ordinary shares, paid on 24 December 2024	-	-	125,002
	<u>250,001</u>	<u>500,355</u>	<u>510,002</u>

On 21 March 2025, the Board of Directors approved and declared a dividend of 0.84270 sen per ordinary share on the 3,560,000,000 ordinary shares, amounting to RM30,000,120 in respect of the financial year ending 31 December 2025. The dividend was paid on 24 March 2025. The dividend will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 December 2025.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****12 PROPERTY, PLANT AND EQUIPMENT**

	<u>Note</u>	<u>Freehold land</u> RM'000	<u>Buildings</u> RM'000	<u>Plant, machinery and equipment</u> RM'000	<u>Capital work-in- progress</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>						
At 1 January 2022		94,913	310,699	3,763,191	127,879	4,296,682
Additions		-	3,971	204,516	290,349	498,836
Disposals		-	(6,896)	(172,560)	-	(179,456)
Disposal of a subsidiary	41(c)	-	-	(347)	-	(347)
Reclassification		-	10,737	260,040	(270,777)	-
Write-off		-	(2,081)	(301,751)	(25)	(303,857)
At 31 December 2022		<u>94,913</u>	<u>316,430</u>	<u>3,753,089</u>	<u>147,426</u>	<u>4,311,858</u>
<u>Accumulated depreciation</u>						
At 1 January 2022		-	(89,088)	(757,067)	-	(846,155)
Depreciation		-	(36,076)	(380,062)	-	(416,138)
Disposals		-	5,520	171,350	-	176,870
Disposal of a subsidiary	41(c)	-	-	331	-	331
Write-off		-	1,853	217,219	-	219,072
At 31 December 2022		<u>-</u>	<u>(117,791)</u>	<u>(748,229)</u>	<u>-</u>	<u>(866,020)</u>
<u>Accumulated impairment losses</u>						
At 1 January / 31 December 2022		<u>-</u>	<u>-</u>	<u>(4,411)</u>	<u>-</u>	<u>(4,411)</u>
<u>Net book value</u>						
At 31 December 2022		<u>94,913</u>	<u>198,639</u>	<u>3,000,449</u>	<u>147,426</u>	<u>3,441,427</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost</u>						
At 1 January 2023		94,913	316,430	3,753,089	147,426	4,311,858
Additions		-	52,278	102,626	458,151	613,055
Disposals		-	(331)	(159,183)	-	(159,514)
Reclassification		-	13,192	424,424	(437,616)	-
Reclassification to concession assets	13	-	(5,326)	(5,704)	(678)	(11,708)
Reclassification to right-of-use assets	14	-	-	(62)	-	(62)
Reclassification to investment properties	15	-	-	-	(2,498)	(2,498)
Write-off		-	(116)	(29,099)	-	(29,215)
At 31 December 2023		94,913	376,127	4,086,091	164,785	4,721,916
<u>Accumulated depreciation</u>						
At 1 January 2023		-	(117,791)	(748,229)	-	(866,020)
Depreciation		-	(21,210)	(372,545)	-	(393,755)
Reclassification to concession assets	13	-	2,634	5,578	-	8,212
Reclassification to right-of-use assets	14	-	-	53	-	53
Disposals		-	189	156,069	-	156,258
Write-off		-	-	23,403	-	23,403
At 31 December 2023		-	(136,178)	(935,671)	-	(1,071,849)
<u>Accumulated impairment losses</u>						
At 1 January / 31 December 2023		-	-	(4,411)	-	(4,411)
<u>Net book value</u>						
At 31 December 2023		94,913	239,949	3,146,009	164,785	3,645,656

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost</u>						
At 1 January 2024		94,913	376,127	4,086,091	164,785	4,721,916
Additions		-	7,869	67,395	518,558	593,822
Disposals		-	(109)	(58,752)	-	(58,861)
Disposal of a subsidiary	41(c)	(94,913)	(17,660)	(120,146)	(13,355)	(246,074)
Reclassification		-	16,594	383,360	(399,954)	-
Write-off		-	(67)	(103,049)	(24)	(103,140)
At 31 December 2024		-	382,754	4,254,899	270,010	4,907,663
<u>Accumulated depreciation</u>						
At 1 January 2024		-	(136,178)	(935,671)	-	(1,071,849)
Depreciation		-	(20,174)	(371,821)	-	(391,995)
Disposals		-	50	56,676	-	56,726
Disposal of a subsidiary	41(c)	-	8,907	96,662	-	105,569
Write-off		-	-	102,712	-	102,712
At 31 December 2024		-	(147,395)	(1,051,442)	-	(1,198,837)
<u>Accumulated impairment losses</u>						
At 1 January		-	-	(4,411)	-	(4,411)
Disposal of a subsidiary	41(c)	-	-	419	-	419
At 31 December 2024		-	-	(3,992)	-	(3,992)
<u>Net book value</u>						
At 31 December 2024		-	235,359	3,199,465	270,010	3,704,834

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	<u>31.12.2022</u> Audited	<u>31.12.2023</u> Audited	<u>31.12.2024</u> Audited
(a) Net book value of assets pledged as security for borrowings: (RM'000)			
- Property, plant and equipment	2,011,397	2,030,669	2,207,617
- Concession assets	<u>1,889,004</u>	<u>1,848,073</u>	<u>1,826,170</u>
(b) Interest capitalised in the following assets: (RM'000)			
- Property, plant and equipment	5,935	5,052	9,956
- Concession assets	1,164	1,109	3,229
Interest rate per annum	<u>3.2% - 4.9%</u>	<u>3.2% - 5.1%</u>	<u>3.2% - 5.1%</u>
(c) Non-cash additions: (RM'000)			
- Property, plant and equipment	152,759	64,514	127,692
- Concession assets	<u>75,306</u>	<u>763</u>	<u>7,459</u>
(d) For the financial year ended 31 December 2022, arising from annual review of the plant, machinery and equipment, a write-off amounting to RM84,785,000 was primarily incurred due to certain cranes being identified as underperforming compared to the expected levels, requiring their replacement.			

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13 CONCESSION ASSETS**

	Land lease rental RM'000	Port infrastructures RM'000	Constructed ferry infrastructure and facilities RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost</u>					
At 1 January 2022	1,329,142	4,599,726	1,233	6,169	5,936,270
Additions	75,306	36,806	-	154,503	266,615
Remeasurement <sup>#</sup>	471,196	-	-	-	471,196
Reclassification	-	51,317	9,888	(61,205)	-
Derecognition <sup>*</sup>	(1,604)	-	-	-	(1,604)
Government grant <sup>^</sup>	-	-	-	(15,000)	(15,000)
At 31 December 2022	1,874,040	4,687,849	11,121	84,467	6,657,477
<u>Accumulated amortisation</u>					
At 1 January 2022	(84,795)	(368,150)	(29)	-	(452,974)
Amortisation	(60,612)	(148,338)	(141)	-	(209,091)
Derecognition <sup>*</sup>	669	-	-	-	669
At 31 December 2022	(144,738)	(516,488)	(170)	-	(661,396)
<u>Net book value</u>					
At 31 December 2022	1,729,302	4,171,361	10,951	84,467	5,996,081

<sup>^</sup> Government grant received in the form of facilitation fund.

<sup>#</sup> Remeasurement on certain land lease resulting from extension of port concessions until 23 March 2055.

<sup>\*</sup> Derecognition as a result of entering into finance sublease and sale of leasehold land.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13 CONCESSION ASSETS (CONTINUED)**

	Land lease rental RM'000	Port infrastructures RM'000	Constructed ferry infrastructure and facilities RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost</u>					
At 1 January 2023	1,874,040	4,687,849	11,121	84,467	6,657,477
Additions	-	5,196	-	109,914	115,110
Remeasurement@	20,725	-	-	-	20,725
Reclassification from property, plant and equipment (Note 12)	-	2,818	-	678	3,496
Reclassification from investment properties (Note 15)	1,168	-	-	-	1,168
Reclassification	-	96,191	57,234	(153,425)	-
Write off	(4,543)	(625)	-	-	(5,168)
At 31 December 2023	1,891,390	4,791,429	68,355	41,634	6,792,808
<u>Accumulated amortisation</u>					
At 1 January 2023	(144,738)	(516,488)	(170)	-	(661,396)
Amortisation	(53,676)	(144,797)	(1,512)	-	(199,985)
Write off	2,177	94	-	-	2,271
At 31 December 2023	(196,237)	(661,191)	(1,682)	-	(859,110)
<u>Net book value</u>					
At 31 December 2023	1,695,153	4,130,238	66,673	41,634	5,933,698

@ Remeasurement of land lease resulting from the revision of the lease payment term from lump sum payment to annual payment for 20 years.



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****13 CONCESSION ASSETS (CONTINUED)**

	Rights on Port Business RM'000	Land lease rental RM'000	Port infrastructures RM'000	Constructed ferry infrastructure and facilities RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost</u>						
At 1 January 2024	-	1,891,390	4,791,429	68,355	41,634	6,792,808
Additions	-	5,845	12,700	739	216,779	236,063
Reclassification	-	-	102,769	227	(102,996)	-
Reclassification from intangible assets (Note 18)	162,415	-	-	-	-	162,415
Write off	-	-	(7,060)	-	-	(7,060)
At 31 December 2024	162,415	1,897,235	4,899,838	69,321	155,417	7,184,226
<u>Accumulated amortisation</u>						
At 1 January 2024	-	(196,237)	(661,191)	(1,682)	-	(859,110)
Reclassification from intangible assets (Note 18)	(45,923)	-	-	-	-	(45,923)
Amortisation	(5,413)	(55,523)	(147,164)	(3,093)	-	(211,193)
Write off	-	-	2,913	-	-	2,913
At 31 December 2024	(51,336)	(251,760)	(805,442)	(4,775)	-	(1,113,313)
<u>Net book value</u>						
At 31 December 2024	111,079	1,645,475	4,094,396	64,546	155,417	6,070,913

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES****(a) Right-of-use assets**

	Land and building RM'000	Port facilities and infrastructure RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Ferry operation RM'000	Total RM'000
At 1 January 2022	385,766	80,926	140,776	1,548	1,896	610,912
Additions	78	446	31,179	397	-	32,100
Derecognition*	-	(6)	-	-	-	(6)
Depreciation	(12,301)	(9,620)	(55,341)	(583)	(1,896)	(79,741)
At 31 December 2022	373,543	71,746	116,614	1,362	-	563,265
At 1 January 2023	373,543	71,746	116,614	1,362	-	563,265
Additions	3,979	371	6,769	-	-	11,119
Reclassification from property, plant and equipment (Note 12)	-	9	-	-	-	9
Remeasurement	-	-	-	(134)	-	(134)
Depreciation	(12,437)	(9,350)	(58,826)	(697)	-	(81,310)
At 31 December 2023	365,085	62,776	64,557	531	-	492,949
At 1 January 2024	365,085	62,776	64,557	531	-	492,949
Additions	15,168	4,844	254,189	263	-	274,464
Disposal	(217)	-	-	-	-	(217)
Disposal of a subsidiary (Note 41(c))	(277,760)	-	(3,151)	-	-	(280,911)
Remeasurement^	67,283	-	2,536	2	-	69,821
Depreciation	(7,325)	(8,393)	(81,167)	(554)	-	(97,439)
At 31 December 2024	162,234	59,227	236,964	242	-	458,667

\* Derecognition of the right-of-use assets are mainly as a result of entering into finance sublease and sale of leasehold land and building.

^ Mainly relates to remeasurement of certain lease liabilities resulting from a lease modification that increased the scope of the lease from 2031 to 2055.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)****(a) Right-of-use assets (continued)**

The Group leases various land and buildings, machinery and equipment and motor vehicle. Rental contracts for land and building ranges from 2 years to 99 years, whilst rental for other assets ranges from 2 years to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreement does not impose any covenants. There are no variable payment terms on the above leases. Extension and termination options are included in a number of leases across the Group. The individual terms and conditions used vary across the Group. In cases in which the Group is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

**(b) Lease liabilities**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	272,688	241,690	173,792
Additions	31,669	6,368	269,479
Interest charged	13,933	11,230	17,421
Payments	(76,600)	(85,496)	(104,711)
Disposal of a subsidiary (Note 41(c))	-	-	(3,323)
Remeasurement <sup>^</sup>	-	-	69,821
At 31 December	<u>241,690</u>	<u>173,792</u>	<u>422,479</u>
Analysed as follows:			
Non-current	162,583	119,460	345,129
Current	79,107	54,332	77,350
At 31 December	<u>241,690</u>	<u>173,792</u>	<u>422,479</u>

<sup>^</sup> Mainly relates to remeasurement of certain lease liabilities resulting from a lease modification that increased the scope of the lease from 2031 to 2055.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****15 INVESTMENT PROPERTIES**

	Leasehold land RM'000	Freehold land RM'000	Building and port structures RM'000	Total RM'000
<u>Cost</u>				
At 1 January 2022	64,954	254,949	339,583	659,486
Additions	-	-	94,265	94,265
Disposal <sup>^</sup>	-	-	(8,580)	(8,580)
Disposal of a subsidiary (Note 41(c))	-	(254,949)	-	(254,949)
Write-off	-	-	(50)	(50)
At 31 December 2022	64,954	-	425,218	490,172
<u>Accumulated depreciation</u>				
At 1 January 2022	(7,304)	-	(44,602)	(51,906)
Depreciation	(1,588)	-	(8,432)	(10,020)
Disposal <sup>^</sup>	-	-	2,895	2,895
At 31 December 2022	(8,892)	-	(50,139)	(59,031)
<u>Net book value</u>				
At 31 December 2022	56,062	-	375,079	431,141
Fair value	73,132	-	537,624	610,756

<sup>^</sup> Disposal of investment properties are mainly as a result of entering into finance sublease and sale of leasehold land and building.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****15 INVESTMENT PROPERTIES (CONTINUED)**

	<u>Leasehold land</u> RM'000	<u>Building and port structures</u> RM'000	<u>Capital work-in- progress</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>				
At 1 January 2023	64,954	425,218	-	490,172
Additions	-	17,515	11,016	28,531
Reclassification from property, plant and equipment (Note 12)	-	-	2,498	2,498
Reclassification to concession assets (Note 13)	-	(1,168)	-	(1,168)
Reclassification	-	13,514	(13,514)	-
Disposal <sup>^</sup>	(29,218)	(106,207)	-	(135,425)
Write-off	-	(671)	-	(671)
At 31 December 2023	<u>35,736</u>	<u>348,201</u>	<u>-</u>	<u>383,937</u>
<u>Accumulated depreciation</u>				
At 1 January 2023	(8,892)	(50,139)	-	(59,031)
Depreciation	(1,174)	(11,018)	-	(12,192)
Disposal <sup>^</sup>	-	258	-	258
Write-off	-	671	-	671
At 31 December 2023	<u>(10,066)</u>	<u>(60,228)</u>	<u>-</u>	<u>(70,294)</u>
<u>Net book value</u>				
At 31 December 2023	<u>25,670</u>	<u>287,973</u>	<u>-</u>	<u>313,643</u>
Fair value	<u>157,243</u>	<u>775,369</u>	<u>-</u>	<u>932,612</u>

<sup>^</sup> Disposal of investment properties are mainly as a result of entering into finance sublease and sale of leasehold land and building.



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****15 INVESTMENT PROPERTIES (CONTINUED)**

	<u>Leasehold land</u> RM'000	<u>Building and port structures</u> RM'000	<u>Capital work-in- progress</u> RM'000	<u>Total</u> RM'000
<u>Cost</u>				
At 1 January 2024	35,736	348,201	-	383,937
Additions*	509	103,260	-	103,769
Reclassification to assets classified as held for sale (Note 23)	-	(37,198)	-	(37,198)
Disposal of a subsidiary (Note 41(c))	(2,089)	-	-	(2,089)
Write-off	-	(35)	-	(35)
At 31 December 2024	34,156	414,228	-	448,384
<u>Accumulated depreciation</u>				
At 1 January 2024	(10,066)	(60,228)	-	(70,294)
Depreciation	(1,005)	(11,201)	-	(12,206)
Reclassification to assets classified as held for sale (Note 23)	-	14,336	-	14,336
Disposal of a subsidiary (Note 41(c))	362	-	-	362
Write-off	-	35	-	35
At 31 December 2024	(10,709)	(57,058)	-	(67,767)
<u>Net book value</u>				
At 31 December 2024	23,447	357,170	-	380,617
Fair value	156,543	928,289	-	1,084,832

\* Includes re-acquisition of investment properties in relation to a termination of a sublease agreement with a related company during the financial year ended 31 December 2024, amounting to RM102,511,000, which is non-cash in nature.

Fair value of the investment property was determined by using market comparable method. This means that valuation performed by accredited independent valuers with recent experience in the location and category of property being valued is based on observed transactions involving identical or similar property, which is a Level 3 fair value measurement hierarchy.

	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Rental income derived from lease of:			
- Concession assets	20,427	26,447	24,144
- Property, plant and equipment	1,192	1,217	1,245
- Right-of-use assets	4,507	4,162	714
- Investment properties	47,980	45,354	44,870

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****16 INVESTMENT IN AN ASSOCIATE**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Unquoted shares outside Malaysia, at cost	5,019	5,019	-
Share of post-acquisition reserves	7,489	8,475	-
	<u>12,508</u>	<u>13,494</u>	<u>-</u>

Detail of the associate is as follows:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Effective ownership interest</u>			<u>Principal activity</u>
		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	
		%	%	%	
P.T. Ritra Konnas Freight Centre	Indonesia	33.3	33.3	-	Management of container depot operations

On 29 February 2024, the Group disposed 100% equity interest in Kontena Nasional Berhad, who holds 33.3% interest in P.T. Ritra Konnas Freight Centre ("PT Ritra"). Consequently, PT Ritra ceased to be an associate of the Group.

The following table summarises the financial information of the Group's associate, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Summarised financial information</u>			
<u>At 31 December</u>			
Current assets	19,871	31,285	-
Non-current assets	8,881	9,419	-
Total assets	<u>28,752</u>	<u>40,704</u>	<u>-</u>
Current liabilities	376	8,206	-
Non-current liabilities	914	1,001	-
Total liabilities	<u>1,290</u>	<u>9,207</u>	<u>-</u>
<u>Year ended 31 December</u>			
Revenue	11,176	12,669	2,429
Profit for the financial year	<u>3,337</u>	<u>2,961</u>	<u>846</u>
Share of profit of associate	<u>1,111</u>	<u>986</u>	<u>282</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****16 INVESTMENT IN AN ASSOCIATE (CONTINUED)**

The following table summarises the financial information of the Group's associate, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate: (continued)

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Reconciliation of net assets to carrying amount:</u>			
Group's share of net assets	9,145	10,489	-
# Adjustments	3,363	3,005	-
Investment in associates	<u>12,508</u>	<u>13,494</u>	<u>-</u>

Note:

#Adjustments primarily relate to foreign exchange difference.

**17 INVESTMENTS IN JOINT VENTURES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At cost:			
Unquoted shares, inside Malaysia	115,500	115,500	115,000
Share of post-acquisition reserves	38,730	46,306	51,682
	<u>154,230</u>	<u>161,806</u>	<u>166,682</u>

The Group's joint ventures have a financial year ending 31 December which is consistent with the Group.

The Group have applied the equity method of accounting for the joint ventures within the Group.

Details of the joint ventures are as follows:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Effective ownership interest</u>			<u>Principal activity</u>
		<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	
		%	%	%	
<sup>^</sup> Cranetech Global Sdn. Bhd. ("Cranetech")	Malaysia	50.0	50.0	-	Dormant. Liquidated on 7 August 2024
<sup>*</sup> Port Klang Cruise Terminal Sdn. Bhd. ("PKCT")	Malaysia	50.0	50.0	50.0	Management of a cruise centre

<sup>\*</sup> Audited by firms other than PricewaterhouseCoopers PLT.

<sup>^</sup> On 29 September 2022, a member's resolution in writing pursuant to Section 297 of the Companies Act, 2016 has been passed for the voluntary liquidation of Cranetech Global Sdn. Bhd. The liquidation process was completed on 7 August 2024 and the Group received the liquidation proceeds amounting to RM423,000.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****17 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

The following table summarises the financial information of the Group's joint ventures, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures:

<u>31.12.2022</u>	<u>PKCT</u> RM'000	<u>Cranetech</u> RM'000	<u>Total</u> RM'000
<u>Reconciliation of net assets to carrying amount:</u>			
Effective percentage of ownership interest	50%	50%	
<u>As at 31 December 2022</u>			
Group's share of net assets/carrying amount in the statements of financial position	153,653	577	154,230
<u>Group's share of results for the financial year ended 31 December 2022</u>			
Group's share of profit for the financial year	35,785*	-	35,785
<u>Summarised financial information</u>			
<u>At 31 December 2022</u>			
Non-current assets	306,180	-	
Current assets	22,930	871	
Non-current liabilities	(21,048)	-	
Current liabilities	(756)	-	
Net assets	307,306	871	
<u>Financial year ended 31 December 2022</u>			
Profit for the financial year	14,027	-	

\* Included in the share of profit of Port Klang Cruise Terminal Sdn. Bhd. is negative goodwill amounting to RM29.9 million.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****17 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

The following table summarises the financial information of the Group's joint ventures, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures: (continued)

<u>31.12.2023</u>	<u>PKCT</u> <u>RM'000</u>	<u>Cranetech</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>Reconciliation of net assets to carrying amount:</u>			
Effective percentage of ownership interest	50%	50%	
<u>As at 31 December 2023</u>			
Group's share of net assets/carrying amount in the statements of financial position	161,229	577	161,806
<u>Group's share of results for the financial year ended 31 December 2023</u>			
Group's share of profit for the financial year	7,576	-	7,576
<u>Summarised financial information</u>			
<u>As at 31 December 2023</u>			
Non-current assets	285,977	-	
Current assets	48,992	871	
Non-current liabilities	(11,002)	-	
Current liabilities	(1,509)	(27)	
Net assets	322,458	844	
<u>Financial year ended 31 December 2023</u>			
Profit for the financial year	15,152	-	



**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****17 INVESTMENTS IN JOINT VENTURES (CONTINUED)**

The following table summarises the financial information of the Group's joint ventures, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint ventures: (continued)

<u>31.12.2024</u>	<u>PKCT</u> <u>RM'000</u>
<u>Reconciliation of net assets to carrying amount:</u>	
Effective percentage of ownership interest	50%
<u>As at 31 December 2024</u>	
Group's share of net assets/carrying amount in the statements of financial position	166,682
<u>Group's share of results for the financial year ended 31 December 2024</u>	
Group's share of profit for the financial year	5,453
<u>Summarised financial information</u>	
<u>As at 31 December 2024</u>	
Non-current assets	282,536
Current assets	66,283
Non-current liabilities	(2,860)
Current liabilities	(12,595)
Net assets	333,364
<u>Financial year ended 31 December 2024</u>	
Profit for the financial year	10,906

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18 INTANGIBLE ASSETS**

	<u>Goodwill on consolidation</u> RM'000	<u>Rights on Port Business</u> RM'000	<u>Computer software</u> RM'000	<u>Capital work-in- progress</u> RM'000	<u>Total</u> RM'000
<b>Cost</b>					
At 1 January 2022	1,793,257	162,415	-	5,952	1,961,624
Additions	-	-	-	1,035	1,035
At 31 December 2022/ 1 January 2023	1,793,257	162,415	-	6,987	1,962,659
Additions	-	-	-	2,308	2,308
At 31 December 2023/ 1 January 2024	1,793,257	162,415	-	9,295	1,964,967
Additions	-	-	-	7,930	7,930
Disposal of a subsidiary (Note 41(c))	-	-	-	(1,894)	(1,894)
Reclassification	-	-	9,045	(9,045)	-
Reclassification to concession assets (Note 13)	-	(162,415)	-	-	(162,415)
At 31 December 2024	1,793,257	-	9,045	6,286	1,808,588
<b>Accumulated amortisation</b>					
At 1 January 2022	-	(35,095)	-	-	(35,095)
Amortisation	-	(5,414)	-	-	(5,414)
At 31 December 2022/ 1 January 2023	-	(40,509)	-	-	(40,509)
Amortisation	-	(5,414)	-	-	(5,414)
At 31 December 2023/ 1 January 2024	-	(45,923)	-	-	(45,923)
Amortisation	-	-	(2,023)	-	(2,023)
Reclassification to concession assets (Note 13)	-	45,923	-	-	45,923
At 31 December 2024	-	-	(2,023)	-	(2,023)

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18 INTANGIBLE ASSETS (CONTINUED)**

	<u>Goodwill on consolidation</u> RM'000	<u>Rights on Port Business</u> RM'000	<u>Computer software</u> RM'000	<u>Capital work-in- progress</u> RM'000	<u>Total</u> RM'000
<u>Net book value</u>					
At 31 December 2022	1,793,257	121,906	-	6,987	1,922,150
At 31 December 2023	1,793,257	116,492	-	9,295	1,919,044
At 31 December 2024	<u>1,793,257</u>	<u>-</u>	<u>7,022</u>	<u>6,286</u>	<u>1,806,565</u>

Goodwill on consolidation

The carrying amounts of goodwill arising from the acquisition of the respective subsidiaries allocated to the Group's Cash Generating Units ("CGUs") are as follows:

	<u>31.12.2022</u> RM'000	<u>31.12.2023</u> RM'000	<u>31.12.2024</u> RM'000
Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP") - port business	1,512,366	1,512,366	1,512,366
NCB Holdings Bhd. ("NCB") - port business	<u>280,891</u>	<u>280,891</u>	<u>280,891</u>
	<u>1,793,257</u>	<u>1,793,257</u>	<u>1,793,257</u>

The Group is required to test goodwill for impairment annually based on the requirements of MFRS 136 "Impairment of Assets". For the purpose of impairment testing, the recoverable amount of respective CGU, is the higher of value-in-use ("VIU") and fair value less costs of disposal.

The recoverable amounts of respective CGUs are determined based on a VIU calculation, which is the present value of future cash flows expected to be derived from the continuing use of the CGU. It is based on the CGU's current condition and excludes any estimated future cash flow projections that are expected to arise from future restructuring or enhancements. Discounted cash flow models based on approved forecasts and projections have been applied to determine the VIU.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18 INTANGIBLE ASSETS (CONTINUED)**Goodwill on consolidation (continued)**(A) PTP**

The key assumptions used in the calculation of VIU based on past performance and management's expectations of market developments are as follows:

**(i) Projected annual Twenty-Foot Equivalent Unit ("TEU"):**

	31.12.2022	31.12.2023	31.12.2024
Short term	4.4% volume growth per annum from 2023 to 2027	3.4% volume growth per annum from 2024 to 2028	5.4% volume growth per annum from 2025 to 2029
Mid term	2.7% volume growth per annum from 2028 until 2036	3.2% volume growth per annum from 2029 until 2037	Nil growth per annum from 2030 until the end of concession period
Long term	0% volume growth per annum from 2037 until the end of the concession period  Capacity utilisation rate will remain at 100% from 2036 onward until the end of concession period	0% volume growth per annum from 2038 until the end of the concession period  Capacity utilisation rate will remain at 100% from 2037 onward until the end of concession period	Capacity utilisation rate will remain at 96% from 2028 onward until the end of concession period

**(ii) Other key assumption:**

	31.12.2022	31.12.2023	31.12.2024
Pre-tax discount rate (per annum)	11.1%	10.9%	9.2%

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****18 INTANGIBLE ASSETS (CONTINUED)**Goodwill on consolidation (continued)**(B) NCB**

The key assumptions used in the calculation of VIU based on past performance and management's expectations of market developments are as follows:

**(i) Projected year on year TEU growth is as follows:**

	31.12.2022	31.12.2023	31.12.2024
Short term	5.0% growth per annum from 2023 to 2027	3.0% growth per annum from 2024 to 2028	2.5% growth per annum from 2025 to 2029
Long term	1.0% growth per annum from 2028 until the end of the concession period  Capacity utilisation rate will remain at 73% from 2029 onward until the end of concession period	2.0% growth per annum from 2029 until 2033 and 0% growth per annum from 2034 until the end of the concession period  Capacity utilisation rate will remain at 72% from 2034 onward until the end of concession period	2.0% growth per annum from 2030 until 2036 and 0% growth per annum from 2037 until the end of concession period  Capacity utilisation rate will remain at 75% from 2036 onward until the end of concession period

**(ii) Other key assumption:**

	31.12.2022	31.12.2023	31.12.2024
Pre-tax discount rate (per annum)	12.0%	14.3%	10.7%

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, it is concluded that no reasonable change in the base case assumptions would cause the carrying amounts of the CGUs to exceed its recoverable amount.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****19 INVENTORIES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Current</u>			
Consumables, spares and supplies, at cost	78,204	89,581	98,537
Less: Allowance for inventory obsolescence	(17,161)	(21,639)	(14,353)
	<u>61,043</u>	<u>67,942</u>	<u>84,184</u>
The allowance for slow moving stocks is analysed as follows:			
At 1 January	36,211	17,161	21,639
Net (reversal)/provision of slow-moving inventories (Note 7)	(19,050)	4,478	(7,286)
At 31 December	<u>17,161</u>	<u>21,639</u>	<u>14,353</u>

**20 TRADE AND OTHER RECEIVABLES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Non-current</u>			
Other receivables (Note (f))	51,341	48,260	4,676
Less: Allowance for impairment losses	(5,198)	(5,198)	-
	<u>46,143</u>	<u>43,062</u>	<u>4,676</u>
Finance lease receivables (Note (g))	15,990	114,071	-
Amount due from immediate holding company (Note (b))/(d))	374,947	-	-
Amount due from a related company (Note (c))/(d))	588,075	-	-
Total non-current receivables	<u>1,025,155</u>	<u>157,133</u>	<u>4,676</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****20 TRADE AND OTHER RECEIVABLES (CONTINUED)**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Current</u>			
<u>Trade receivables</u> (Note (a))			
Third parties	450,784	520,214	477,032
Less: Allowance for impairment losses	(47,248)	(54,901)	(22,934)
	403,536	465,313	454,098
Amounts due from related companies (Note (c))	-	-	1,761
Contract assets	7,859	5,848	-
	411,395	471,161	455,859
<u>Other receivables</u>			
Other receivables (Note (f))	23,595	57,497	65,197
Less: Allowance for impairment losses	(5,156)	(5,738)	(5,354)
	18,439	51,759	59,843
Finance lease receivables (Note (g))	46,870	98,887	69,946
Deposits	30,366	27,005	17,740
Prepayments	26,657	23,590	26,348
Amount due from immediate holding company (Note (b)/(d))	50,063	45	-
Amounts due from related companies (Note (c)/(d))	2,046	108	-
Amount due from an associate (Note (e))	2,252	2,252	-
Less: Allowance for impairment loss on amount due from associate	(2,252)	(2,252)	-
	-	-	-
Total current receivables	585,836	672,555	629,736
Total trade and other receivables	1,610,991	829,688	634,412

**(a) Trade receivables**

Trade receivables are non-interest bearing and are generally due within 30 to 60 days (31.12.2023: 30 to 60 days, 31.12.2022: 30 to 60 days) term. They are recognised at their original invoice amounts less discounts which represent their fair values on initial recognition.

Movement in allowance for impairment:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	59,324	47,248	54,901
Allowance for impairment loss (Note 7)	2,146	12,013	6,872
Reversal of allowance for impairment (Note 7)	(1,601)	(1,930)	(3,047)
Write off	(12,621)	(2,430)	(7,104)
Disposal of a subsidiary	-	-	(28,688)
At 31 December	47,248	54,901	22,934



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****20 TRADE AND OTHER RECEIVABLES (CONTINUED)****(b) Amounts due from immediate holding company**

The amount due from immediate holding company is in relation to the promissory notes issued by MMC Corporation Berhad ("MMC Corp"), immediate holding company, to Johor Port Berhad ("JPB"), a subsidiary of the Group. The promissory notes issued are unsecured, interest-free, except for RM290 million as at 31 December 2022 which bears interest of 3.33% to 5.35% per annum, and are repayable on demand. The balances are classified as non-current, other than RM50 million classified as current as at 31 December 2022 as the Group expects these balances to be settled within 12 months from the reporting date.

During the financial year ended 31 December 2022, JPB novated an amount due from Seaport Worldwide Sdn. Bhd. ("SWW") of RM266 million to MMC Corp via the issuance of a promissory note by MMC Corp to JPB of the same amount. The corresponding amount due from SWW to MMC Corp was subsequently disposed off to MMC Land Sdn. Bhd. ("MMC Land") as a result of the disposal of SWW as disclosed in Note 41(c). Prior to the novation and disposal of SWW, these amounts had no impact on the consolidated financial statements of the Group as these balances were amounts owed between companies within the Group.

During the financial year ended 31 December 2023, the amounts due from the immediate holding company were subsequently settled via a debt restructuring exercise as disclosed in Note 20(d).

**(c) Amounts due from related companies**

The amount due from a related company (non-current) as at 31 December 2022 arose from the disposal of SWW to MMC Land for a total consideration of RM588 million, net of discounting effect of RM61 million, as disclosed in Note 41(c). This amount is unsecured, interest free and repayable in full by 31 December 2027.

**(d) Debt restructuring exercise**

During the financial year ended 31 December 2023, the Group underwent a debt restructuring exercise with MMC Corp and certain of its subsidiaries with the aim to eliminate and streamline the related company balances across the MMC Corp group of companies.

The debt restructuring exercise entails the following:

- (i) The Group had promissory note arrangements between MMC Corp, JPB, MMC Land, Anglo-Oriental Annuities Sdn. Bhd. ("AOA") and the Company, arising from consideration receivable on the disposal of SWW of RM649 million. As a result, the Company unconditionally and irrevocably promised to pay RM649 million to JPB, and MMC Corp and AOA promised to pay the Company RM562 million and RM87 million respectively. As disclosed in Note 24, AOA was also an RCPS holder of the Company prior to this debt restructuring exercise.
- (ii) MMC Corp, JPB and the Company also had entered into promissory note arrangements, whereby the Company unconditionally and irrevocably promised to pay RM434 million to JPB, arising from advances by JPB to SWW for working capital purpose.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****20 TRADE AND OTHER RECEIVABLES (CONTINUED)****(d) Debt restructuring exercise (continued)**

The debt restructuring exercise entails the following: (continued)

- (iii) Subsequently, the Company redeemed 978,578,872 and 86,767,926 units of RCPS, totalling 1,065,346,798 units, at RM1.00 each by way of offsetting against the Group's amounts due from MMC Corp and AOA respectively, as disclosed in Note 24, which resulted in the full settlement of amounts promised to pay by AOA and MMC Corp. The differences between the carrying amounts of the balances novated and the redemption of RCPS under the debt restructuring exercise undertaken between the Group with MMC Corp and AOA was recognised as credit RM61 million to consolidated retained earnings, as the difference is akin to the nature of capital contribution from the immediate holding company.

**(e) Amount due from an associate**

Amount due from an associate is unsecured, interest free and repayable on demand.

The movement of the allowance account used to record the impairment is as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January/31 December	2,252	2,252	-

**(f) Other receivables**

Other receivables are non-interest bearing other than staff loans, which represent loans granted to eligible staffs and carry a fixed interest rate of 4% (31.12.2023: 4% per annum, 31.12.2022: 4% per annum).

Included in other receivables classified as non-current as at 31 December 2022 and 31 December 2023 is refund claimed from an external party amounting to RM40,643,060 pursuant to the issuance of the Notice of Termination on an Agreement to Lease issued during the previous financial year due to material breaches. The refund amount was fully received in financial year ended 31 December 2024.

Loss allowance is assessed for other receivables individually. The movement of the allowance for impairment is as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	9,731	10,354	10,936
Allowance for impairment loss (Note 7)	751	711	568
Reversal for impairment loss (Note 7)	-	-	(5,198)
Write-off	(128)	(129)	(952)
At 31 December	10,354	10,936	5,354

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****20 TRADE AND OTHER RECEIVABLES (CONTINUED)****(g) Finance lease receivables**

Finance lease receivables are receivables amount from sub-lease of freezone land and are interest-bearing.

The movement in finance lease receivables are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	29,949	62,860	212,958
Additions	58,463	274,486	-
Derecognition	-	-	(89,716)
Lease payment received	(26,991)	(125,411)	(56,417)
Finance lease income	1,439	1,023	3,121
At 31 December	<u>62,860</u>	<u>212,958</u>	<u>69,946</u>

Details of finance lease receivables according to maturity schedule are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Within 1 year	47,072	100,000	72,291
Between 1 and 2 years	13,754	103,046	-
Between 2 and 3 years	4,523	20,504	-
	<u>65,349</u>	<u>223,550</u>	<u>72,291</u>
Unearned finance lease income	(2,489)	(10,592)	(2,345)
Total	<u>62,860</u>	<u>212,958</u>	<u>69,946</u>

**21 OTHER INVESTMENTS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Fair value through profit or loss financial assets:			
Held as fixed deposit placements	<u>1,378,075</u>	<u>1,191,751</u>	<u>1,527,446</u>

Other investments comprise mainly investment of funds with investment banks for placement in fixed deposits and money markets.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****22 CASH AND BANK BALANCES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Cash and bank balances	262,162	102,122	110,458
Deposits with licensed bank	180,266	324,578	236,839
<b>Total cash and bank balances</b>	<b>442,428</b>	<b>426,700</b>	<b>347,297</b>
Less: Deposits with licensed banks with maturity more than 90 days	(52,657)	(142,594)	(132,965)
<b>Included as cash and cash equivalents</b>	<b>389,771</b>	<b>284,106</b>	<b>214,332</b>

The weighted average effective interest rate of deposits at the reporting date were as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	%	%	%
	Audited	Audited	Audited
Licensed banks	3.23	3.31	3.91

The average maturities of deposits with licensed banks as at the end of the financial year are 2 - 365 days (31.12.2023: 4 – 365 days, 31.12.2022: 1 – 92 days).

**23 ASSETS CLASSIFIED AS HELD FOR SALE**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	6,129	4,919	1,799
Disposals	(1,210)	(875)	(304)
Write down (Note 7)	-	(2,245)	-
Reclassification from investment properties (Note 15)	-	-	22,862
Disposal of a subsidiary (Note 41(c))	-	-	(1,495)
<b>At 31 December</b>	<b>4,919</b>	<b>1,799</b>	<b>22,862</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****24 SHARE CAPITAL**

	Number of shares			Amount		
	31.12.2022	31.12.2023	31.12.2024	31.12.2022	31.12.2023	31.12.2024
	'000	'000	'000	RM'000	RM'000	RM'000
Issued and fully paid ordinary shares:						
At 1 January	3,546,417	3,546,417	3,546,417	3,546,417	3,546,417	3,546,417
Issued during the financial year	-	-	13,583	-	-	13,583
At 31 December	<u>3,546,417</u>	<u>3,546,417</u>	<u>3,560,000</u>	<u>3,546,417</u>	<u>3,546,417</u>	<u>3,560,000</u>
Redeemable convertible preference shares ("RCPS"):						
At 1 January	1,056,601	1,067,985	-	1,056,601	1,067,985	-
Issued during the financial year	142,230	-	-	142,230	-	-
Disposal of a subsidiary	(130,846)	-	-	(130,846)	-	-
Redeemed during the financial year	-	(1,067,985)	-	-	(1,067,985)	-
At 31 December	<u>1,067,985</u>	<u>-</u>	<u>-</u>	<u>1,067,985</u>	<u>-</u>	<u>-</u>
Total share capital	<u>4,614,402</u>	<u>3,546,417</u>	<u>3,560,000</u>	<u>4,614,402</u>	<u>3,546,417</u>	<u>3,560,000</u>

In the financial year ended 31 December 2022, the Company issued 142,229,143 RCPS at an issue price of RM1.00 each by way of capitalisation of the amount due to the immediate holding company to strengthen its capital base.

In the financial year ended 31 December 2023, the Company redeemed 978,578,872 and 86,767,926 units of RCPS, totalling 1,065,346,798 RCPS at a redemption price of RM1.00 each by way of offsetting against the amounts due from MMC Corp and AOA respectively, as part of a restructuring exercise between commonly-controlled entities as disclosed in Note 20. In addition, on 30 August 2023, a subsidiary of the Group redeemed 2,638,000 RCPS at a redemption price of RM1.00 each via cash.

In the financial year ended 31 December 2024, on 10 December 2024, the Company increased its issued and paid-up ordinary share capital from 3,546,417,409 to 3,560,000,000 by way of issuance of 13,582,591 new ordinary shares at an issuance price of RM1.00 each, for working capital purpose, settled by way of offsetting against the amount due to MMC Corp, the immediate holding company.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****24 SHARE CAPITAL (CONTINUED)**

The main features of the RCPS are as follows:

- (a) The Company and its subsidiary shall be at liberty to redeem the RCPS at the RCPS Issue Price at any time during the tenure of the RCPS by giving the holders of the RCPS notice of not less than 7 business days or less as may be agreed in writing by the RCPS holders.
- (b) The Company and its subsidiary shall have the discretion to decide whether to declare any dividends to the holders of RCPS at a rate to be determined by the Board of Directors from time to time. Such right to dividend shall be non-cumulative.
- (c) The tenure of the RCPS shall be twenty (20) years commencing from and including the RCPS issue date. The RCPS will be convertible into ordinary shares of RM1.00 each in the Company and its subsidiary ("Ordinary Shares") per one (1) unit of RCPS at anytime during the tenure of the RCPS. Any RCPS that are still not converted or redeemed at the end of the tenure will be automatically converted into new shares.
- (d) Prior to the conversion of the RCPS, the RCPS holder will not have the right to vote at any general meeting of the Company and its subsidiary, unless the meeting is convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the principal undertakings or business(es) of the Company and its subsidiary or where the proposition to be submitted to the meeting directly affects the rights of the holders of the RCPS.
- (e) The RCPS shall rank in priority to the ordinary shares of the Company and shall be entitled to receive in priority to any distribution or payment to be made in favour of the holder of ordinary shares in the Company, repayment in full of the Issue Amount of the RCPS in the event of the winding-up / liquidation of the Company.

The holders of the RCPS consists of MMC Corp and AOA.

**25 TRADE AND OTHER PAYABLES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Non-current</u>			
Other payables	7,786	9,324	9,089
Land lease received in advance	10,594	9,423	8,960
Total non-current payables	<u>18,380</u>	<u>18,747</u>	<u>18,049</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****25 TRADE AND OTHER PAYABLES (CONTINUED)**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Current</u>			
Trade payables	131,448	140,619	142,833
Other payables	135,673	192,987	162,408
Contract liabilities (Note 26)	3,569	3,417	3,416
Accruals*	370,885	266,602	286,251
Payroll liabilities	133,477	128,350	178,756
Deposits received	72,507	74,510	57,453
Land lease received in advance	2,546	464	464
Amount due to immediate holding company	171,322	177,788	91
Amounts due to related companies	6,858	8,453	23,145
Total current payables	<u>1,028,285</u>	<u>993,190</u>	<u>854,817</u>
Total trade and other payables	<u>1,046,665</u>	<u>1,011,937</u>	<u>872,866</u>

\*Accruals mainly comprise of accruals for capital expenditures on property, plant and equipment and concession assets.

Trade and other payables are non-interest bearing and are normally settled within 30 days (31.12.2023: 30 days, 31.12.2022: 30 days) terms.

The amounts due to immediate holding company and related companies are unsecured, interest free, repayable on demand and denominated in Ringgit Malaysia.

**26 CONTRACT LIABILITIES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Contract liabilities	101,529	97,960	94,543
Management services income to be recognised in the next 12 months included in "Payables" (Note 25)	(3,569)	(3,417)	(3,416)
	<u>97,960</u>	<u>94,543</u>	<u>91,127</u>

Movements in contract liabilities are as follows:

As at the beginning of the financial year	106,674	101,529	97,960
Revenue recognised	(6,807)	(3,679)	(3,417)
Payment received in advance	1,662	110	-
As at the end of the financial year	<u>101,529</u>	<u>97,960</u>	<u>94,543</u>

Contract liabilities represent the management services fees received in advance. The contract liabilities are expected to earn the revenue over the period of services rendered until 2052.



**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****27 BORROWINGS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Non-current</u>			
Secured:			
Term loans	68,711	59,094	45,378
Sukuk	237,618	237,871	238,142
Unsecured:			
Revolving credits	9,866	-	-
Sukuk	5,033,173	4,689,288	4,149,008
	<u>5,349,368</u>	<u>4,986,253</u>	<u>4,432,528</u>
<u>Current</u>			
Secured:			
Term loans	10,721	11,520	13,749
Sukuk	881	880	880
Unsecured:			
Term loans	-	-	350,593
Revolving credits	-	14,954	-
Sukuk	162,438	362,052	567,300
	<u>174,040</u>	<u>389,406</u>	<u>932,522</u>
Total borrowings	<u>5,523,408</u>	<u>5,375,659</u>	<u>5,365,050</u>

The maturities of the borrowings are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
On demand or within one year	174,040	389,406	932,522
More than 1 year and less than 2 years	366,552	564,456	423,951
More than 2 years and less than 15 years	4,982,816	4,421,797	4,008,577
	<u>5,523,408</u>	<u>5,375,659</u>	<u>5,365,050</u>

The interest rate profile of the borrowings are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Floating rate	21,336	26,458	362,130
Fixed rate	5,502,072	5,349,201	5,002,920
	<u>5,523,408</u>	<u>5,375,659</u>	<u>5,365,050</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****27 BORROWINGS (CONTINUED)**Term loans

- (i) A Tawarruq financing facility was entered by a subsidiary with a nominal value of RM92 million. The carrying amount as at 31 December 2024 is RM47.6 million (31.12.2023: RM59.1 million, 31.12.2022: RM68.0 million). The profit rate is fixed at 4.00% per annum.
- (ii) The Muamalat Term Financing-i ("MTF-i") agreement entered by a subsidiary in 2021 for a nominal financing facility of RM25 million. The carrying amount as at 31 December 2024 is RM11.5 million (31.12.2023: RM11.5 million, 31.12.2022: RM11.5 million). The profit rate is charged at cost of funds plus 1.25% per annum and principal is repayable on a quarterly basis with 36 months of grace period.
- (iii) The term loan of a subsidiary is unsecured. As at the reporting date, the outstanding amount is RM350 million and the profit rate applicable was 4.42% per annum. The remaining tenure of the term loan is 6 months with bullet repayment on maturity.

Sukuk

- (i) The Islamic Commercial Paper ("ICP") and Islamic Medium Term Notes ("IMTN") programme entered into by a subsidiary in 2014 with a combined nominal value of RM1.5 billion and a sub-limit on the ICP of RM500.0 million in nominal value were established in accordance with Shariah principle of Musharakah (collectively known as Sukuk Musharakah programmes). On 19 December 2014, the subsidiary had issued RM350 million Sukuk Musharakah under its 10-year IMTN programme. The carrying amount of RM350 million which matured on 19 December 2024 was redeemed at maturity date. The profit rate charged on the IMTN was 5.78% per annum.
- (ii) The IMTN entered into by a subsidiary in 2019 was established under the Shariah principle of Murabahah. As at reporting date, the subsidiary had issued RM1.0 billion under the IMTN programme with tenure ranging from 7 to 12 years. The profit rates on the IMTN ranging from 4.30% to 4.68% per annum.
- (iii) The IMTN entered into by a subsidiary in 2018 was established under the Shariah principle of Murabahah via Tawarruq arrangement. There are four tranches with tenure ranging between 10 to 15 years. Profit rates on the IMTN are charged at a fixed rate which ranges from 4.45% to 4.89% per annum.
- (iv) The IMTN entered into by a subsidiary in 2020 was established under the Shariah principle of Murabahah via Tawarruq arrangement. The IMTN was upsized in April 2021. There are seven tranches with tenures ranging between 5 to 10 years. Profit rates on the IMTN are charged at a fixed rate which ranges from 3.15% to 4.05% per annum.
- (v) The IMTN and ICP entered into by a subsidiary in 2022 with combined nominal value of RM1.0 billion were established in accordance with Shariah principle of Murabahah via Tawarruq arrangement (collectively known as Sukuk Murabahah programmes). As at reporting date, the subsidiary had issued RM600 million Sukuk Murabahah under its IMTN programme with tenure ranging from 5 to 10 years. The profit rates on the IMTN ranging from 5.10% to 5.35% per annum.
- (vi) The IMTN programme entered into by the Company in 2022 was established in accordance with Shariah principle of Murabahah (via tawarruq arrangement). Profit rates of the IMTN issued are at fixed rates ranging from 4.40% to 4.83% per annum with tenure ranging from 5 to 10 years.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****27 BORROWINGS (CONTINUED)**Sukuk (continued)

- (vii) The IMTN entered into by a subsidiary in 2017 with a nominal value of RM1.0 billion was established in accordance with Shariah principle of Murabahah had been settled in the current financial year through the issuance of ICP and IMTN programmes. The subsidiary had issued RM600 million under its IMTN programme with tenure ranging from 5 to 10 years and RM150 million under its ICP programmes with a tenure ranging from 3 to 6 months. The profit rates on the IMTN and ICP programmes ranging from 5.10% to 5.35% per annum and 3.50% to 4.10% per annum respectively. The facility was fully settled during the financial year ended 31 December 2022.

Revolving credits

- (i) The revolving credit of subsidiary is unsecured and bear interest rate of Nil (31.12.2023: 4.6%, 31.12.2022: 4.4%) per annum.
- (ii) A revolving credit (Murabahah Tawarruq) of a subsidiary is charged at profit rate of 1.25% per annum for the first 36 months and subsequently 1% per annum above the Islamic cost of funds and repayable in full at the end of each profit period, unless rollover. Profit shall be paid in arrears upon maturity of each period at prevailing rate. The facility was fully settled during the financial year ended 31 December 2022.

Compliance with covenants

Certain borrowings of the Group are subject to covenants. These covenants require that certain ratios (Finance Service Cover Ratio, gearing ratio) are to be observed. Except for the Tawarruq financing facility, the covenants for other borrowing facilities are to be tested annually on the reporting date. The Group is in compliance with all covenants as at the reporting date.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****28 CONCESSION LIABILITIES**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	2,076,364	2,599,824	2,599,964
Additions	75,306	-	5,844
Interest charged	117,410	145,516	147,982
Payments	(140,452)	(166,101)	(158,775)
Remeasurement	471,196	20,725	-
	<u>2,599,824</u>	<u>2,599,964</u>	<u>2,595,015</u>
At 31 December			
Analysed as follows:			
Non-current	2,417,885	2,478,682	2,500,007
Current	181,939	121,282	95,008
	<u>2,599,824</u>	<u>2,599,964</u>	<u>2,595,015</u>

The concession liabilities represent the present value of lease liabilities for the remaining unpaid concessionaire lease period as at the reporting date. Finance charge on concession liabilities is the difference between present value and contractual cash flows of the lease liabilities allocated to periods during the lease term, so as to produce a constant periodic rate of interest on the remaining balance of the lease liabilities for each period.

**29 PROVISION FOR DEFINED BENEFIT OBLIGATION**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Provision for defined benefit obligation:			
- Non-current	47,653	47,986	50,407
- Current	8,528	4,764	4,999
	<u>56,181</u>	<u>52,750</u>	<u>55,406</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****29 PROVISION FOR DEFINED BENEFIT OBLIGATION (CONTINUED)**

The movements in provision for defined benefit obligation during the financial year is as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
At 1 January	55,187	56,181	52,750
Charged to profit or loss:			
- current service cost	4,965	4,240	3,538
- interest cost	2,437	2,424	2,378
	<u>7,402</u>	<u>6,664</u>	<u>5,916</u>
Charged/(Credited) to other comprehensive income:			
- effect of changes in actual remeasurement	(360)	-	626
- effect of changes in financial assumption	(1,759)	1,236	761
- effect of experience adjustment	(693)	-	956
	<u>(2,812)</u>	<u>1,236</u>	<u>2,343</u>
Preserved benefits	1,950	-	(813)
Retirement benefits paid	(5,546)	(11,331)	(4,790)
	<u>56,181</u>	<u>52,750</u>	<u>55,406</u>

The amount recognised in the statement of financial position is as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Present value of unfunded obligations	<u>56,181</u>	<u>52,750</u>	<u>55,406</u>

The principal actuarial assumptions in respect of the provision for defined benefit obligation are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	%	%	%
	Audited	Audited	Audited
Discount rate	4.8 - 5.3	4.8 - 5.3	4.3 - 5.3
Expected rate of salary increment	<u>4.0 - 6.0</u>	<u>4.0 - 6.0</u>	<u>4.0 - 6.0</u>
Average retirement age (years)	<u>60</u>	<u>60</u>	<u>60</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****29 PROVISION FOR DEFINED BENEFIT OBLIGATION (CONTINUED)**

The sensitivity of the carrying amount of the provision for defined benefit obligation to changes in the principal actuarial assumptions which are reasonably possible as at reporting date is as follows:

	Impact on defined benefit obligations – Increase/(Decrease)		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Discount rate			
- 1% higher	(4,032)	(3,795)	(4,058)
- 1% lower	4,428	4,143	4,389
Expected rate of salary increment			
- 1% higher	4,799	4,958	5,234
- 1% lower	(4,422)	(4,578)	(4,814)

**30 DEFERRED INCOME**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Cost</u>			
At 1 January/31 December	93,339	93,339	93,339
<u>Accumulated amortisation</u>			
At 1 January	(25,627)	(28,884)	(32,141)
Amortisation	(3,257)	(3,257)	(3,259)
At 31 December	(28,884)	(32,141)	(35,400)
<u>Net carrying amount</u>			
Non-current	61,198	57,941	54,682
Current	3,257	3,257	3,257
At 31 December	64,455	61,198	57,939

Deferred income is in relation to the grant received by subsidiaries of the Group for development activities related to port businesses.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****31 DEFERRED TAX**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Deferred tax assets	302,396	228,356	107,645
Deferred tax liabilities	(108,116)	(76,931)	(76,483)
At 31 December	<u>194,280</u>	<u>151,425</u>	<u>31,162</u>
At 1 January	236,433	194,280	151,425
(Charged)/Credited to profit or loss:			
- property, plant and equipment and concession assets	(94,408)	(8,630)	29,238
- investment properties	(1,890)	7,069	(22,182)
- intangible assets	1,299	743	1,308
- payables, provisions and other liabilities	10,079	13,210	(21,130)
- land lease received in advance	(247)	(28,676)	523
- receivables and lease receivables	(10,637)	(28,813)	26,070
- unutilised investment allowances	(133,375)	(27,555)	(117,689)
- right-of-use assets	8,571	17,211	(58,670)
- lease liabilities	(14,079)	(12,938)	47,453
- concession liabilities	99,769	15,669	(152)
- unabsorbed capital allowances	-	14,344	(14,344)
	<u>(134,918)</u>	<u>(38,366)</u>	<u>(129,575)</u>
Credited to other comprehensive income:			
- provision for defined benefit obligations	(675)	297	324
Acquisition of a subsidiary	-	(4,786)	-
Disposal of a subsidiary	93,440	-	8,988
At 31 December	<u>194,280</u>	<u>151,425</u>	<u>31,162</u>



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****31 DEFERRED TAX (CONTINUED)**

The component and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Deferred tax assets</u>			
Property, plant and equipment and concession assets	972	1,192	2,061
Payables, provisions and other liabilities	67,858	87,163	58,594
Unutilised investment allowances	840,819	813,264	695,575
Receivables and lease receivables	1,003	4,034	1,082
Lease liabilities	50,908	37,970	85,423
Concession liabilities	545,791	561,460	561,308
Land lease received in advance	15,452	836	874
Unabsorbed capital allowances	-	14,344	-
Deferred tax assets	<u>1,522,803</u>	<u>1,520,263</u>	<u>1,404,917</u>
Offsetting	<u>(1,220,407)</u>	<u>(1,291,907)</u>	<u>(1,297,272)</u>
Deferred tax assets	<u>302,396</u>	<u>228,356</u>	<u>107,645</u>
<u>Deferred tax liabilities</u>			
Property, plant and equipment and concession assets	(1,212,241)	(1,225,877)	(1,203,228)
Intangible assets	(29,328)	(28,585)	(27,277)
Payables, provisions and other liabilities	(1,965)	(7,763)	-
Land lease received in advance	-	(14,060)	(13,575)
Receivables and lease receivables	(15,085)	(46,929)	(17,907)
Investment properties	(20,574)	(13,505)	(35,471)
Right-of-use assets	(49,330)	(32,119)	(76,297)
Deferred tax liabilities	<u>(1,328,523)</u>	<u>(1,368,838)</u>	<u>(1,373,755)</u>
Offsetting	<u>1,220,407</u>	<u>1,291,907</u>	<u>1,297,272</u>
Deferred tax liabilities (after offsetting)	<u>(108,116)</u>	<u>(76,931)</u>	<u>(76,483)</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****31 DEFERRED TAX (CONTINUED)**

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Unutilised business losses	319,332	314,647	173,054
Unutilised investment/reinvestment allowance	347,744	148,379	102,983
Unabsorbed capital allowances	119,590	40,091	36,791
Other deductible temporary differences	8,296	10,237	2,122
	<u>794,962</u>	<u>513,354</u>	<u>314,950</u>

The benefits of these tax losses and credits will only be obtained if the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised.

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the existing time limit to carry forward unutilised tax losses has been extended to 10 consecutive years of assessment. Accordingly, any accumulated unutilised tax losses brought forward from year of assessment 2018 and thereafter can be carried forward for 10 consecutive years of assessment.

The unutilised business losses will expire in the following years:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Expiring in 2028	255,704	255,705	133,270
Expiring in 2029	41,271	38,187	25,273
Expiring in 2030	20,479	20,479	14,511
Expiring in 2031	1,878	-	-
Expiring in 2032	-	276	-
	<u>319,332</u>	<u>314,647</u>	<u>173,054</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****32 DERIVATIVE FINANCIAL INSTRUMENTS**

	<u>31.12.2022</u>		<u>31.12.2023</u>		<u>Group 31.12.2024</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Current</u>						
Derivative used for hedging:						
Forward foreign currency exchange	3,628	(1,984)	376	(12,529)	780	(21,582)

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2024 was RM1,146,819,000 (31.12.2023: RM806,230,000, 31.12.2022: RM522,318,000). 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 31 December 2024 relates to purchases of property, plant and equipment and will be included in the carrying amount of the assets acquired.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33 LIST OF SUBSIDIARIES**

The subsidiaries (all incorporated in Malaysia unless otherwise indicated) are as follows:

<u>Name of company</u>	<u>Effective ownership interest</u>			<u>Principal activity</u>
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	
	%	%	%	
Penang Port Sdn. Bhd.	100.0	100.0	100.0	Operating, maintaining, managing and the provision of port facilities and other related services
NCB Holdings Bhd. ("NCB")	99.1	100.0	100.0	Investment holding and provision of management services to its subsidiaries
Tanjung Bruas Port Sdn. Bhd. ("TBP")	70.0	70.0	70.0	Port operations
Johor Port Berhad	100.0	100.0	100.0	Port and other port related activities, construction activities and any other related works
Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP")	70.0	70.0	70.0	Constructing, operating, maintaining and managing Pelabuhan Tanjung Pelepas together with the provision of port facilities and other related services under the terms of license issued by the Johor Port Authority
MMCP Shared Services Centre Sdn. Bhd.	100.0	100.0	100.0	Provision of shared services covering functions such as information technology, procurement, human resources, finance, legal and its related activities
Andaman Port Sdn. Bhd.	100.0	100.0	100.0	Develop, operate, manage, maintain and provide port facilities, activities and services
* Langkawi Cruise Terminal Sdn. Bhd. (formerly known as Langkawi Cruise Centre Sdn. Bhd.)	-	100.0	100.0	Terminal operator
<u>Subsidiaries of Penang Port Sdn. Bhd.</u>				
Penang Port Human Capital Services Sdn. Bhd.	100.0	100.0	100.0	Provision of human resources services (dormant)
Swettenham Pier Cruise Terminal Sdn. Bhd.	100.0	100.0	100.0	Development, operation, management and maintenance of the Swettenham Pier Cruise Terminal. The Company has yet to start its operation since the date of incorporation

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33 LIST OF SUBSIDIARIES (CONTINUED)**

<u>Name of company</u>	<u>Effective ownership interest</u>			<u>Principal activity</u>
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	
	%	%	%	
<u>Subsidiaries of NCB Holdings Bhd.</u>				
Northport (Malaysia) Bhd.	99.1	100.0	100.0	Management of port activities which comprises services rendered to ships, cargo and container handling, rental of port premises, provision for transport services and other ancillary services
Northport Distripark Sdn. Bhd.	99.1	100.0	100.0	Management of a distribution centre with warehousing, storage and other associated facilities to support trading activities through Port Klang
Klang Port Management Sdn. Bhd.	99.1	100.0	100.0	Management of port activities which comprises services rendered to ships, cargo and container handling, rental of port premises and other ancillary services
~ Kontena Nasional Berhad	99.1	100.0	-	Haulage of containers, warehousing and provision of freight forwarding services
~ Kontena Nasional Global Logistics Sdn. Bhd.	99.1	100.0	-	Provision of freight forwarding services
~ KN Global Transport Sdn. Bhd.	99.1	100.0	-	Warehousing, distribution, transportation and provision of freight forwarding services (dormant)
~ KN Loginfra Sdn. Bhd. (under members' voluntary liquidation)	99.1	100.0	-	Warehousing and logistics (dormant)
~ KN Maritime Services Sdn. Bhd. (under members' voluntary liquidation)	99.1	100.0	-	Forwarding and other related services (dormant)
~ Konnas Prolink Sendirian Berhad (under members' voluntary liquidation)	99.1	100.0	-	Provision of logistics and distribution services (dormant)

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33 LIST OF SUBSIDIARIES (CONTINUED)**

<u>Name of company</u>	<u>Effective ownership interest</u>			<u>Principal activity</u>
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>	
	%	%	%	
<u>Subsidiaries of Johor Port Berhad</u>				
JP Logistics Sdn. Bhd.	100.0	100.0	100.0	Provision of warehouse and office space, rendering cargo and container handling, freight forwarding, internal and external haulage services, container repairs and maintenance and yard operations
*# Seaport Worldwide Sdn. Bhd.	-	-	-	Investment holding and property development
SPT Services Sdn. Bhd.	70.0	70.0	70.0	Operation, management and maintenance of a terminal and any business related thereto
<u>Subsidiaries of Pelabuhan Tanjung Pelepas Sdn. Bhd.</u>				
<sup>^</sup> Pelepas Terminal Inland Services Sdn. Bhd.	49.0	49.0	49.0	To repair, prepare and trade of containers and to deal in all kinds and descriptions of containers and containerisation systems and other related services
Manpower Excellence Sdn. Bhd.	70.0	70.0	70.0	Human resource services, recruitment, management of local and foreign workers and other related services
<sup>^</sup> @ Pelepas Terminal Engineering Services Sdn. Bhd.	-	-	49.0	Engineering services company, providing erection, maintenance and dismantling of hoisting equipment which includes quay cranes, rubber-tyred gantry, terminal, crane, operation crane and vessels crane

\* Audited by firms other than PricewaterhouseCoopers PLT.

@ Newly incorporated/acquired entities.

<sup>^</sup> De facto controlled subsidiary.

~ On 29 February 2024, NCB, a wholly owned subsidiary of the Company, completed the disposal of Kontena Nasional Berhad ("KNB") to MMC Logistics Holdings Sdn. Bhd., a fellow subsidiary. Following the completion of the disposal, KNB (including its subsidiaries and associate) ceased to be a subsidiary of NCB. Further details are disclosed in Note 41(c).

# On 29 April 2022, JPB, a wholly owned subsidiary of the Company, completed disposal of SWW, a wholly-owned subsidiary of JPB, to MMC Land. Following the completion of the disposal, SWW ceased to be a subsidiary of JPB. Further details are disclosed in Note 41(c).

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33 LIST OF SUBSIDIARIES (CONTINUED)****33.1 Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	NCB	TBP	PTP	Other individually immaterial subsidiaries	Total
31.12.2022	RM'000	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership Interest and voting interest	0.9%	30.0%	30.0%		
Carrying amount of NCI	16,428	7,795	799,280	8,444	831,947
Profit allocated to NCI	1,662	997	93,843	1,546	98,048
Dividends paid to NCI of the Group	-	90	75,005	900	75,995
<u>Summarised financial information before intra-group elimination</u>					
<u>At 31 December 2022</u>					
Non-current assets	3,246,629*	59,039	5,949,676*		
Current assets	656,798	16,840	1,187,279		
Non-current liabilities	(1,901,087)	(44,381)	(2,558,499)		
Current liabilities	(436,582)	(5,590)	(402,435)		
Net assets	1,565,758	25,908	4,176,021		
<u>Year ended 31 December 2022</u>					
Revenue	1,056,935	18,499	1,727,024		
Profit for the financial year	184,623	3,324	326,464		
Total comprehensive income	183,287	3,324	328,555		
Cash flows generated from/ (used in):					
- operating activities	401,123	6,266	769,563		
- investing activities	(17,894)	(3,860)	(370,495)		
- financing activities	(221,649)	(601)	(265,349)		
Net change in cash and cash equivalents	161,580	1,805	133,719		

\* Include goodwill amounts to RM280 million and RM1.5 billion arising from acquisition of NCB and PTP respectively, that are attributable to parent's interest only.



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33 LIST OF SUBSIDIARIES (CONTINUED)****33.1 Non-controlling interests in subsidiaries (continued)**

<u>31.12.2023</u>	<u>TBP</u> <u>RM'000</u>	<u>PTP</u> <u>RM'000</u>	<u>Other</u> <u>individually</u> <u>immaterial</u> <u>subsidiaries</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
NCI percentage of ownership interest and voting interest	30.0%	30.0%		
Carrying amount of NCI	9,185	825,476	9,152	843,813
Profit allocated to NCI	1,540	99,613	3,182	104,335
Dividends paid to NCI of the Group	150	75,005	900	76,055

Summarised financial information before intra-group eliminationAt 31 December 2023

Non-current assets	58,758	5,815,402*
Current assets	21,786	1,322,078
Non-current liabilities	(44,494)	(2,558,819)
Current liabilities	(5,505)	(315,880)
Net assets	30,545	4,262,781

Year ended 31 December 2023

Revenue	18,358	1,623,879
Profit for the financial year	5,134	331,485
Total comprehensive income	5,134	336,778

Cash flows generated from/ (used in):

- operating activities	6,644	668,690
- investing activities	(3,472)	(334,185)
- financing activities	(2,975)	(266,036)

Net change in cash and cash equivalents

197	68,469
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\* Include goodwill amounts to RM1.5 billion arising from acquisition of PTP, that are attributable to parent's interest only.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****33 LIST OF SUBSIDIARIES (CONTINUED)****33.1 Non-controlling interests in subsidiaries (continued)**

<u>31.12.2024</u>	<u>TBP</u> <u>RM'000</u>	<u>PTP</u> <u>RM'000</u>	<u>Other</u> <u>individually</u> <u>immaterial</u> <u>subsidiaries</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
NCI percentage of ownership interest and voting interest	30%	30%		
Carrying amount of NCI	9,305	858,931	10,201	878,437
Profit allocated to NCI	807	122,104	1,648	124,559
Dividends paid to NCI of the Group	300	75,005	900	76,205

Summarised financial information before intra-group eliminationAt 31 December 2024

Non-current assets	70,126	5,883,014*
Current assets	25,756	1,472,431
Non-current liabilities	(57,442)	(2,038,833)
Current liabilities	(6,207)	(954,098)
Net assets	32,233	4,362,514

Year ended 31 December 2024

Revenue	19,048	1,889,058
Profit for the financial year	2,690	406,391
Total comprehensive income	2,690	360,624

Cash flows generated from/ (used in):

- operating activities	7,802	763,334
- investing activities	(3,614)	(623,704)
- financing activities	(3,661)	(263,180)

Net change in cash and cash equivalents

527	(123,550)
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\* Include goodwill amounts to RM1.5 billion arising from acquisition of PTP, that are attributable to parent's interest only.

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****34 FINANCIAL INSTRUMENTS BY CATEGORY**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Financial assets at amortised cost</u>			
Long term receivables	1,025,155	157,133	4,676
Trade and other receivables (exclude prepayments and statutory obligations)	552,364	642,800	603,143
Cash and bank balances	442,428	426,700	347,297
	<u>2,019,947</u>	<u>1,226,633</u>	<u>955,116</u>
<u>Financial assets at fair value through profit or loss</u>			
Other investments	1,378,075	1,191,751	1,527,446
Derivative financial instruments	3,628	376	780
	<u>1,381,703</u>	<u>1,192,127</u>	<u>1,528,226</u>
<u>Financial liabilities at amortised cost</u>			
Trade and other payables (exclude statutory obligations)	896,479	870,283	681,270
Borrowings	5,523,408	5,375,659	5,365,050
Lease liabilities	241,690	173,792	422,479
Concession liabilities	2,599,824	2,599,964	2,595,015
	<u>9,261,401</u>	<u>9,019,698</u>	<u>9,063,814</u>
<u>Financial liabilities at fair value through profit or loss</u>			
Derivative financial instruments	<u>1,984</u>	<u>12,529</u>	<u>21,582</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****35 SEGMENTAL INFORMATION**

The Board of Directors is the Group's Chief Operating Decision-Maker ("CODM"). Management has determined the operating segments based on the directions provided by the Board of Directors for the purposes of allocating resources and assessing performance. The CODM uses a measure of earnings before interest, tax, depreciation and amortisation to assess the performance of the operating segments. Heads of Departments are responsible for the development of corporate strategies.

The following summary describes the operations in each of Group's reportable segments:

**Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP")**

Managing Pelabuhan Tanjung Pelepas, which is strategically located on the main East-West shipping lane. Core businesses include container, marine, and other services such as freezone services.

**Northport (Malaysia) Bhd. ("NMB")**

Handling Northport which is located in Port Klang in central Malaysia's Selangor state along the main shipping route in the Strait of Malacca, operating multi-purpose port offering container, conventional cargo, and marine services.

**Johor Port Berhad ("JPB")**

Managing Port of Pasir Gudang, located at the southern tip of the Peninsular Malaysia. An integrated, multi-purpose port offering container, conventional cargo and marine services.

**Penang Port Sdn. Bhd. ("PPSB")**

Operating Port of Penang located in the northern part of the west coast of Malaysia, a multi-purpose port offering container, conventional cargo, and marine services.

**Tanjung Bruas Port Sdn. Bhd. ("TBP")**

A multi-purpose port that mainly provides container and conventional cargo services, located in Malacca state on the west coast of Peninsular Malaysia.

**Kontena Nasional Berhad Group ("KNBG")**

Mainly derive their revenue and results from haulage of containers, warehousing and provision of freight forwarding services i.e. Kontena Nasional Berhad ("KNB") and its subsidiaries. This segment had been disposed of on 29 February 2024, as disclosed in Note 41(c).

**Others**

Mainly comprise of investment holding entity, cruise terminal operators and shared services centre, which individually does not meet the quantitative thresholds for reporting segment.

Segmental information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on negotiated terms. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's operations are principally based in Malaysia, with no foreign sourced revenue, results, assets and liabilities. Accordingly, no segmental information based on geographical segment is disclosed.

The following is a major customer with revenue equal or more than 10% of the Group's total revenue:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Customer A	957,134	985,509	1,262,854

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****35 SEGMENTAL INFORMATION (CONTINUED)**

	PTP RM'000	NMB RM'000	JPB RM'000	PPSB RM'000	TBP RM'000	KNBG RM'000	Others RM'000	Total RM'000
<u>31.12.2022</u>								
<b>Results</b>								
Revenue:								
Revenue	1,714,336	886,821	675,185	527,081	18,499	145,207	92,732	4,059,861
Inter segment	(1,750)	-	-	-	-	-	(33)	(1,783)
External	<u>1,712,586</u>	<u>886,821</u>	<u>675,185</u>	<u>527,081</u>	<u>18,499</u>	<u>145,207</u>	<u>92,699</u>	<u>4,058,078</u>
Profit/(Loss) before zakat and taxation	434,253	149,528	194,355	54,495	4,590	900	(8,581)	829,540
Zakat expense	-	(2,642)	(2,329)	-	(160)	-	-	(5,131)
Finance income	(22,376)	(8,577)	(19,312)	(3,465)	(174)	(595)	(350)	(54,849)
Finance costs	100,518	104,785	57,420	51,629	1,977	197	64,058	380,584
Depreciation and amortisation	305,448	166,210	105,611	99,120	2,281	11,578	30,156	720,404
EBITDA*	<u>817,843</u>	<u>409,304</u>	<u>335,745</u>	<u>201,779</u>	<u>8,514</u>	<u>12,080</u>	<u>85,283</u>	<u>1,870,548</u>
Segment assets#	7,110,593	3,547,515	2,613,927	2,129,044	75,589	547,316	315,255	16,339,239
Segment liabilities#	2,980,330	2,218,237	1,106,219	1,621,198	49,968	131,815	1,662,310	9,770,077
Additions to non-current assets^	491,963	247,787	42,184	74,575	3,237	26,376	6,729	892,851

\* EBITDA – Earnings/(Loss) before interest, tax, depreciation and amortisation

# Segment assets and liabilities are measured consistently with the financial statements. Included in segment assets for "Others" segment are investments in joint ventures and investment in an associate

^ The amounts of additions to non-current assets other than financial instruments and deferred tax assets

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
(Incorporated in Malaysia)  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****35 SEGMENTAL INFORMATION (CONTINUED)**

	PTP RM'000	NMB RM'000	JPB RM'000	PPSB RM'000	TBP RM'000	KNBG RM'000	Others RM'000	Total RM'000
<u>31.12.2023</u>								
Results								
Revenue:								
Revenue	1,603,688	791,794	728,117	570,819	18,358	144,827	104,683	3,962,286
Inter segment	(403)	-	-	-	-	(745)	(98)	(1,246)
External	<u>1,603,285</u>	<u>791,794</u>	<u>728,117</u>	<u>570,819</u>	<u>18,358</u>	<u>144,082</u>	<u>104,585</u>	<u>3,961,040</u>
Profit/(Loss) before zakat and taxation	430,830	143,669	333,187	70,702	5,410	(725)	(37,119)	945,954
Zakat expense	-	(316)	(1,417)	-	(112)	-	-	(1,845)
Finance income	(36,310)	(8,777)	(23,800)	(6,341)	(474)	(1,070)	(765)	(77,537)
Finance costs	101,202	113,631	58,569	65,592	2,189	1,138	49,918	392,239
Depreciation and amortisation	305,129	149,496	100,034	86,466	2,921	12,522	36,088	692,656
EBITDA*	<u>800,851</u>	<u>397,703</u>	<u>466,573</u>	<u>216,419</u>	<u>9,934</u>	<u>11,865</u>	<u>48,122</u>	<u>1,951,467</u>
Segment assets#	7,109,458	3,217,250	1,595,128	2,092,463	80,254	538,605	619,844	15,253,002
Segment liabilities#	2,878,935	2,240,630	1,345,341	1,534,354	51,364	127,294	1,296,243	9,474,161
Additions to non-current assets^	283,784	269,956	62,707	69,812	928	35,469	47,467	770,123

\* EBITDA – Earnings/(Loss) before interest, tax, depreciation and amortisation

# Segment assets and liabilities are measured consistently with the financial statements. Included in segment assets for "Others" segment are investments in joint ventures and investment in an associate

^ The amounts of additions to non-current assets other than financial instruments and deferred tax assets

**13. ACCOUNTANTS' REPORT (Cont'd)**

**MMC PORT HOLDINGS BERHAD**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****35 SEGMENTAL INFORMATION (CONTINUED)**

	PTP RM'000	NMB RM'000	JPB RM'000	PPSB RM'000	TBP RM'000	KNBG RM'000	Others RM'000	Total RM'000
<u>31.12.2024</u>								
Results								
Revenue:								
Revenue	1,873,006	967,129	843,677	517,724	19,048	27,379	110,721	4,358,684
Inter segment	(2,077)	-	-	-	-	-	(100)	(2,177)
External	<u>1,870,929</u>	<u>967,129</u>	<u>843,677</u>	<u>517,724</u>	<u>19,048</u>	<u>27,379</u>	<u>110,621</u>	<u>4,356,507</u>
Profit/(Loss) before zakat and taxation	524,081	168,935	261,083	71,165	5,266	(724)	(39,133)	990,673
Zakat expense	-	(1,640)	(2,397)	-	(135)	-	(255)	(4,427)
Finance income	(41,512)	(6,938)	(11,464)	(7,664)	(621)	(57)	(25)	(68,281)
Finance costs	98,760	111,929	58,999	68,237	2,521	159	49,758	390,363
Depreciation and amortisation	305,248	171,890	114,973	92,935	2,029	2,278	25,503	714,856
EBITDA*	<u>886,577</u>	<u>444,176</u>	<u>421,194</u>	<u>224,673</u>	<u>9,060</u>	<u>1,656</u>	<u>35,848</u>	<u>2,023,184</u>
Segment assets#	7,325,106	3,327,304	1,749,117	2,178,693	95,882	-	686,274	15,362,376
Segment liabilities#	2,995,313	2,211,355	1,484,490	1,591,423	63,649	-	1,215,421	9,561,651
Additions to non-current assets^	598,431	213,076	273,971	101,976	15,326	3,034	10,234	1,216,048

\* EBITDA – Earnings/(Loss) before interest, tax, depreciation and amortisation

# Segment assets and liabilities are measured consistently with the financial statements. Included in segment assets for "Others" segment are investments in joint ventures and investment in an associate

^ The amounts of additions to non-current assets other than financial instruments and deferred tax assets



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****36 COMMITMENTS**

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Capital expenditure</u>			
Approved and contracted for	<u>710,410</u>	<u>730,799</u>	<u>1,540,932</u>

**37 RELATED PARTY DISCLOSURES**

- (a) In addition to the transactions detailed elsewhere in the financial statements, the following are significant transactions between the Group and related parties that took place at terms agreed between the parties during the financial year:

	<u>Financial year ended</u>		
	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Port charges and office rental charged to related companies of MMC Corporation Berhad	334	20	1,250
Secondment cost and sundry expenses charged by related companies of MMC Corporation Berhad	2,552	1,438	-
Engineering related works by related companies of MMC Corporation Berhad	145,358	98,274	186,931
Revenue received/receivable from related companies of DRB-Hicom Berhad ("DRB")*	(8,743)	(12,833)	(14,930)
Inter-terminal transfer services provided by a related company of DRB*	954	3,941	5,102
Insurance services provided by a related company of Tradewinds Corporation Berhad*	8,169	20,974	28,800
Intercompany debt restructuring with immediate holding company (Note 20(d))	-	433,740	-
Intercompany debt restructuring with a related company (Note 20(d))	-	649,282	-
Provision of port services with APM Terminals B.V. and its affiliates**			
- Revenue received/receivable	(957,134)	(985,509)	(1,262,854)
- Trade receivables balances	114,331	152,045	177,594



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****37 RELATED PARTY DISCLOSURES (CONTINUED)**

- (a) In addition to the transactions detailed elsewhere in the financial statements, the following are significant transactions between the Group and related parties that took place at terms agreed between the parties during the financial year: (continued)

	Financial year ended		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Financial services provided by subsidiary of DRB*:			
- Net increase/(decrease) in deposits & other investments	329,292	(212,221)	370,450
- Deposits & Other investments balances	1,432,476	1,207,091	1,577,631
- Borrowings balances	11,705	11,504	11,537
Net interest charges from immediate holding company	7,275	-	-

\* DRB and Tradewinds Corporation Berhad are related parties to the Group by virtue of a common major shareholder who has control over the reporting entities.

\*\* APM Terminals B.V. and its affiliates are related parties to the Group by virtue of APM Terminals B.V. being a corporate shareholder of a material subsidiary to the Group.

- (b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of that entity.

The remuneration of Directors and other members of key management during the year was as follows:

	Financial year ended		
	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Salary and other emoluments	28,671	29,921	34,058
Defined contribution plan	2,255	2,914	3,245
	<u>30,926</u>	<u>32,835</u>	<u>37,303</u>
Directors' remuneration	<u>249</u>	<u>235</u>	<u>233</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT**Financial risks management objectives and policies

The Group is exposed to financial risks arising from its 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.

The following sections provide details regarding the Group's exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk**

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

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

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

At 31 December 2024, the Group has a concentration of credit risk in the form of trade receivables due from a major international shipping line customer, representing approximately 37% (31.12.2023: 29%, 31.12.2022: 25%) of the total trade receivables of the Group. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risks management objectives and policies (continued)**(a) Credit risk (continued)**Measurement of expected credit loss ("ECL") – Simplified approach

The Group applies the MFRS 9 simplified approach in measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit loss, trade receivables have been grouped based on shared credit risk characteristics. The expected loss rates are based on 1-year historical credit loss experienced by the Group. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at year end was determined as follows for trade receivables:

<b>31.12.2022</b>	<b>Current</b>	<b>Past due to 3 months</b>	<b>Past due 3 months to 6 months</b>	<b>Past due more than 6 months</b>	<b>Total</b>
Expected loss rate	0.8%	3.9%	29.4%	66.6%	
Gross carrying amount (RM'000)	301,786	82,838	6,597	59,563	450,784
Loss allowance (RM'000)	(2,417)	(3,256)	(1,936)	(39,639)	(47,248)

<b>31.12.2023</b>	<b>Current</b>	<b>Past due to 3 months</b>	<b>Past due 3 months to 6 months</b>	<b>Past due more than 6 months</b>	<b>Total</b>
Expected loss rate	1.1%	2.0%	44.9%	66.1%	
Gross carrying amount (RM'000)	324,253	117,300	14,421	64,240	520,214
Loss allowance (RM'000)	(3,622)	(2,358)	(6,479)	(42,442)	(54,901)

<b>31.12.2024</b>	<b>Current</b>	<b>Past due to 3 months</b>	<b>Past due 3 months to 6 months</b>	<b>Past due more than 6 months</b>	<b>Total</b>
Expected loss rate	0.1%	0.8%	31.3%	89.5%	
Gross carrying amount (RM'000)	323,449	126,279	4,843	22,461	477,032
Loss allowance (RM'000)	(357)	(957)	(1,517)	(20,103)	(22,934)

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risks management objectives and policies (continued)**(a) Credit risk (continued)**

Other financial assets include other receivables, finance lease receivables, amount due from ultimate holding company, immediate holding company, associate and related companies. The loss allowance was determined based on the following:

Measurement of ECL – General 3-stage approach

The Group considers the probability of default upon initial recognition of an asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forwarding-looking information.

The following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower
- macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL.

Other receivables and finance lease receivables

Other receivables represent deposits and sundry receivables and are non-interest-bearing. Loss allowance is assessed for other receivables and finance lease receivables individually. The Group has provided an allowance of RM5,354,000 (31.12.2023: RM10,936,000, 31.12.2022: RM10,354,000) for impairment of its other receivables that are not considered recoverable.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risks management objectives and policies (continued)**(a) Credit risk (continued)**Amount due from associate

Amount due from associate is unsecured, non-interest-bearing and repayable on demand. The Group monitors the results of the associate regularly. As at 31 December 2024, the Group has no allowance (31.12.2023: RM2,252,000, 31.12.2022: RM2,252,000) for impairment of amount due from associate that are not considered recoverable.

Amounts due from immediate holding company and related companies

Loss allowance is assessed for amounts due from immediate holding company and related companies individually, taking into considerations of the financial position and plans in place for the respective parties.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The exposures to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Analysis of financial instruments by remaining contractual maturities

	<u>On demand</u>	<u>Within</u>	<u>One to</u>	<u>Over</u>	<u>Total</u>
	<u>RM'000</u>	<u>one year</u>	<u>five years</u>	<u>five years</u>	<u>RM'000</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
<u>31.12.2022</u>					
Trade and other payables (excluding statutory obligations)	45,479	844,701	6,299	-	896,479
Borrowings	-	320,442	3,056,548	3,128,952	6,505,942
Concession liabilities	-	225,937	603,252	4,778,891	5,608,080
Lease liabilities	-	87,829	131,063	110,000	328,892
Total undiscounted financial liabilities	<u>45,479</u>	<u>1,478,909</u>	<u>3,797,162</u>	<u>8,017,843</u>	<u>13,339,393</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risks management objectives and policies (continued)**(b) Liquidity risk (continued)**

	<u>On demand</u> RM'000	<u>Within one year</u> RM'000	<u>One to five years</u> RM'000	<u>Over five years</u> RM'000	<u>Total</u> RM'000
<b><u>31.12.2023</u></b>					
Trade and other payables (excluding statutory obligations)	46,606	804,877	10,579	8,221	870,283
Borrowings	-	521,092	2,700,252	2,967,671	6,189,015
Concession liabilities	-	170,714	638,633	4,740,376	5,549,723
Lease liabilities	-	69,788	69,498	107,950	247,236
Total undiscounted financial liabilities	<u>46,606</u>	<u>1,566,471</u>	<u>3,418,962</u>	<u>7,824,218</u>	<u>12,856,257</u>
<b><u>31.12.2024</u></b>					
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 undiscounted financial liabilities	<u>44,740</u>	<u>1,935,004</u>	<u>4,014,106</u>	<u>7,015,862</u>	<u>13,009,712</u>



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risks management objectives and policies (continued)**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their borrowings, as disclosed in Note 27. The Group's investment in financial assets are mainly short term in nature and mostly placed in financial deposits.

Sensitivity analysis for interest rate risk

A 0.25% increase/decrease of the weighted average rate of the Group's borrowings with all other variables held constant, would result in a decrease/increase of RM0.9 million (31.12.2023: RM0.1 million; 31.12.2022: RM0.1 million) to the profit before taxation.

**(d) 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. The Group's exposure to the risk of changes in foreign exchange rates arise primarily from the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency).

The foreign exchange exposures in transactional currencies other than functional currency of the Group are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	31.12.2022	31.12.2023	31.12.2024
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Trade receivables</u>			
USD	48	58	-
Others	289	289	-
	<u>337</u>	<u>347</u>	<u>-</u>
<u>Trade payables</u>			
USD	834	451	3,948
Others	27	34	1,468
	<u>861</u>	<u>485</u>	<u>5,416</u>

Sensitivity analysis for foreign currency risk

A 10% strengthening/weakening of the USD currency over RM, with all other variables held constant, would result in a decrease/increase of RM366,000 (31.12.2023: RM45,000; 31.12.2022: RM83,000) to the profit before taxation.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****38 FINANCIAL RISK MANAGEMENT (CONTINUED)**Financial risks management objectives and policies (continued)**(e) Hedging activities and liquidity risk**

The following are cash flow hedge and the liquidity risk of the derivative assets and liabilities.

Cash flow hedge for asset acquisition

The Group has entered into forward exchange contracts to limit their 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.

The following table indicates the periods in which the cash inflows/(outflows) associated with the forward exchange contracts are expected to occur:

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
<u>Group</u>			
Forward exchange contracts			
- inflows	529,891	794,211	1,099,403
- outflows	(522,319)	(806,260)	(1,120,262)

All the cash inflows/(outflows) associated with the forward exchange contracts are expected to occur within 1 year.

**39 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

**(a) Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.



**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****39 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)****(b) Determination of fair value**

Except as disclosed below, the carrying amounts of financial assets and liabilities are reasonable approximation of fair values due to their short term nature with a maturity of less than one year at the reporting date and frequent repricing of these financial instruments.

	<u>31.12.2022</u>		<u>31.12.2023</u>		<u>Group 31.12.2024</u>	
	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets:						
- trade and other receivables (non-current)	1,025,155	1,025,155	157,133	157,133	4,556	4,676
Financial liabilities:						
- trade and other payables (non-current)	7,786	7,786	9,324	9,324	9,089	9,089
- borrowings	5,534,416	5,523,408	5,429,096	5,375,659	5,373,135	5,365,050

The fair value of the financial assets and liabilities are determined based on the Level 2 fair value measurement hierarchy.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****40 CAPITAL MANAGEMENT**

The primary objectives of the Group's capital management are to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximising return to shareholders. The Group's approach in managing capital is based on defined guidelines that are approved by the Board.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, borrowings, lease liabilities, less cash and bank balances and other investments. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There were no changes in the Group's approach to capital management during the financial years.

	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2024</u>
	RM'000	RM'000	RM'000
	Audited	Audited	Audited
Borrowings (Note 27)	5,523,408	5,375,659	5,365,050
Lease liabilities (Note 14(b))	241,690	173,792	422,479
Concession liabilities (Note 28)	2,599,824	2,599,964	2,595,015
Less: Cash and bank balances (Note 22)	(442,428)	(426,700)	(347,297)
Other investments (Note 21)	(1,378,075)	(1,191,751)	(1,527,446)
Net debt	<u>6,544,419</u>	<u>6,530,964</u>	<u>6,507,801</u>
Total equity	<u>6,569,162</u>	<u>5,778,841</u>	<u>5,800,725</u>
Total capital	<u>13,113,581</u>	<u>12,309,805</u>	<u>12,308,526</u>
Gearing ratio	<u>50%</u>	<u>53%</u>	<u>53%</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****41 SIGNIFICANT EVENTS****(a) Acquisition of a joint venture**

On 23 September 2021, Klang Port Management Sdn. Bhd. ("KPM"), a wholly-owned subsidiary of Northport (Malaysia) Bhd, which in turn is a 99.1% subsidiary of the Company, completed the acquisition of 184,856,447 ordinary shares in Port Klang Cruise Terminal Sdn. Bhd. ("PKCT") (formerly known as Boustead Cruise Centre Sdn. Bhd.) representing 50.0% ordinary equity interest from Boustead Holdings Berhad ("BHB"), for a purchase consideration of RM115.0 million. Upon completion of the acquisition, PKCT has become a joint venture entity of KPM.

The Group has adjusted the fair values of certain identifiable assets and liabilities. Correspondently, the Group had recognised a negative goodwill of RM29.9 million in the share of results of joint ventures in the profit or loss.

The following summarises the adjustments made:

	<u>Fair value</u> RM'000
Property, plant and equipment	125,000
Right-of-use assets	115,000
Investment properties	65,999
Deposits, cash and bank	1,142
Other assets	4,081
Other liabilities	(21,507)
Total identifiable net assets on acquisition date	<u>289,715</u>
Cash consideration paid during the financial year	115,000
Less: Share of 50% fair value of identifiable net assets	<u>(144,858)</u>
Negative goodwill	<u>(29,858)</u>

**(b) Acquisition of a subsidiary**

On 24 December 2022, the Company executed a Share Sale and Purchase Agreement ("SSPA") with Star Cruises Terminal Sdn Bhd for the acquisition of the entire issued and paid-up share capital of Langkawi Cruise Terminal Sdn. Bhd. ("LCT") (formerly known as Langkawi Cruise Centre Sdn. Bhd.), being the operator of Star Cruises Jetty Langkawi ("Jetty") for a Purchase Price of RM37.5 million.

On 7 February 2023, the acquisition was deemed completed upon the full payment of the purchase price on the same date, pursuant to the terms and conditions stipulated in the SSPA. Upon completion of the acquisition, LCT became a subsidiary of the Company.

The acquisition of LCT is recognised as an asset acquisition based on the requirements of MFRS 3 "Business Combination". As such, no Purchase Price Allocation ("PPA") is required.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****41 SIGNIFICANT EVENTS (CONTINUED)****(c) Disposal of subsidiaries****2022**

On 29 April 2022, JPB, a wholly-owned subsidiary of the Company, disposed its interest in SWW, a wholly-owned subsidiary of JPB, to MMC Land, a related company of the Group for a total consideration of RM649,282,000.

The net assets of SWW at the date of disposal were as follows:

	<u>At date of disposal</u> RM'000
Property, plant and equipment	16
Investment properties	254,949
Inventories	1,214,968
Receivables, deposits and prepayments	35
Cash and cash equivalents	3,657
Amount due to related companies	(591,322)
Payables	(59,457)
Land lease received in advance	(76,965)
Provision for tax	(23,335)
Deferred tax liabilities	(93,903)
Net assets disposed of	628,643
Deficit on disposal at Group	(40,568)
Total disposal consideration, net of discounting effect of consideration receivable	<u>588,075</u>

A deficit on disposal of SWW of RM40,568,000, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets is recognised in equity, as the difference is akin to the nature of distribution to immediate holding company, MMC Corporation Berhad, as the transaction is part of the restructuring amongst commonly-controlled entities under MMC Corporation Berhad.

The fair value of the consideration is determined to be RM588,075,000, assessed based on the deferred payment terms.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****41 SIGNIFICANT EVENTS (CONTINUED)****(c) Disposal of a subsidiaries (continued)****2024**

On 29 February 2024, NCB Holdings Bhd. disposed 100% equity interest in Kontena Nasional Berhad ("KNB") to MMC Logistics Holdings Sdn. Bhd. ("MMC Logistics") at a total consideration of RM307,034,291 with settlement on a deferred basis by 31 December 2029. On 18 October 2024, the consideration has been subsequently settled by MMC Logistics.

The net assets of KNB at the date of disposal were as follows:

	<u>At date of disposal</u> RM'000
Property, plant and equipment	140,086
Right-of-use assets	280,911
Investment properties	1,727
Intangible assets	1,894
Investment in an associate	13,776
Inventories	5
Receivables	112,159
Cash and cash equivalents	10,010
Tax recoverable	424
Assets classified as held for sale	1,495
Payables	(121,414)
Borrowings	(3,000)
Lease liabilities	(3,323)
Deferred tax liabilities	(8,988)
Net assets disposed of	425,762
Deficit on disposal at Group	(118,728)
Total disposal consideration	307,034
Less: Cash and cash equivalents	(10,010)
Net cash proceeds from disposal of a subsidiary	297,024

A deficit on disposal of KNB of RM118,728,000, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets is recognised in equity as the transaction is part of the restructuring amongst commonly-controlled entities.

**13. ACCOUNTANTS' REPORT (Cont'd)****MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****41 SIGNIFICANT EVENTS (CONTINUED)****(d) Selective capital reduction and repayment ("SCR") exercises**

On 24 August 2023, the Company served a letter to the Board of Directors of its 99.16% subsidiary, NCB Holdings Bhd. ("NCB") requesting NCB to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act, 2016 ("Act") in respect of the remaining 3,959,154 ordinary shares in NCB ("NCB Shares") representing approximately 0.84% equity interest in NCB for RM4.80 per NCB Share or a total capital repayment of RM19.0 million.

On 22 December 2023, NCB announced that the sealed Court Order was lodged with the Registrar of Companies. Accordingly, the resolution for the SCR as confirmed by the Court Order has taken effect on the even date pursuant to subsection 116(6) of the Act.

On 28 December 2023, NCB announced that the settlement of the SCR was effected. Pursuant thereto, the SCR is deemed completed on 28 December 2023. Upon completion of the SCR, NCB has become a wholly-owned subsidiary of the Company.

**42 APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been approved for issue in accordance with a resolution of the Board of Directors on [ ] 2025.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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**MMC PORT HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No. 200601028801 (748557-X)

**STATEMENT BY DIRECTORS**

We, Tan Sri Che Khalib Mohamad Noh and Johari Abdul Muid, being two of the Directors of MMC Port Holdings Berhad, state that, in the opinion of the Directors, the consolidated financial statements set out on pages 1 and 109 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Prospectus Guidelines issued by the Securities Commission Malaysia for the purposes of the inclusion in the prospectus approved by the Board of Directors of the Company in connection with the initial public offering of the ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad so as to give a true and fair view of the financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024 and of their financial performance and cash flows for the financial years ended on those dates.

Signed on behalf of the Board of Directors in accordance with their resolution dated [ ] 2025.

TAN SRI CHE KHALIB MOHAMAD NOH  
DIRECTOR

JOHARI ABDUL MUID  
DIRECTOR

## 13. ACCOUNTANTS' REPORT (Cont'd)



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/GWF/EK/SAR/PNN

Dear Sirs,

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements contained in the Accountants' Report of MMC Port Holdings Berhad**

**Our Opinion**

We have audited the accompanying historical consolidated financial statements of MMC Port Holdings Berhad (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statements of financial position as at 31 December 2022, 31 December 2023 and 31 December 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 31 December 2022, 2023 and 2024, and notes to the consolidated financial statements, including material accounting policy information (together, the "Historical Consolidated Financial Statements"), as set out on pages 1 to 109. The Historical Consolidated Financial Statements has 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").

In our opinion, the accompanying Historical Consolidated Financial Statements gives a true and fair view of the financial position of the Group as at 31 December 2022, 31 December 2023 and 31 December 2024, and of its financial performance and cash flows for each of the financial years ended 31 December 2022, 2023 and 2024 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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## 13. ACCOUNTANTS' REPORT (Cont'd)



DRAFT FOR PURPOSE OF INCLUSION  
IN THE PROSPECTUS EXPOSURE

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

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements contained in the Accountants' Report of MMC Port Holdings Berhad (continued)**

**Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Reporting Accountants' Responsibilities for the Audit of the Historical Consolidated Financial Statements" section of our opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

**Directors' Responsibilities for the Historical Consolidated Financial Statements**

The directors of the Company (the "Directors") are responsible for the preparation of the consolidated financial statements for the financial years ended 31 December 2022, 2023 and 2024 that gives a true and fair view in accordance with MFRS and IFRS and in accordance with the Prospectus Guidelines issued by SC ("the Prospectus Guidelines"). The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Historical Consolidated Financial Statements that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Consolidated Financial Statements of the Company, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## 13. ACCOUNTANTS' REPORT (Cont'd)



DRAFT FOR PURPOSE OF INCLUSION  
IN THE PROSPECTUS EXPOSURE

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

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements contained in the Accountants' Report of MMC Port Holdings Berhad (continued)**

**Reporting Accountants' Responsibilities for the Audit of the Historical Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Historical Consolidated Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Historical Consolidated Financial Statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Historical Consolidated Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our opinion to the related disclosures in the Historical Consolidated Financial Statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our opinion. However, future events or conditions may cause the Group to cease to continue as a going concern.

## 13. ACCOUNTANTS' REPORT (Cont'd)



DRAFT FOR PURPOSE OF INCLUSION  
IN THE PROSPECTUS EXPOSURE

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

**Reporting Accountants' Opinion on the Historical Consolidated Financial Statements contained in the Accountants' Report of MMC Port Holdings Berhad (continued)**

**Reporting Accountants' Responsibilities for the Audit of the Historical Consolidated Financial Statements (continued)**

- Evaluate the overall presentation, structure and content of the Historical Consolidated Financial Statements of the Company, including the disclosures, and whether the Historical Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Historical Consolidated Financial Statements of the Company. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on Distribution and Use**

This opinion is issued for the sole purpose of submission to 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 opinion is shown or into whose hands it may come.

Yours faithfully,

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur

GAN WEE FONG  
03253/01/2027 J  
Chartered Accountant