MMC

2009

ANNUAL REPORT

inside

We move economic progress by being enablers for businesses. We contribute to the nation by managing national assets and the supply and distribution of goods and services. With our culture of innovation, we are committed to create a stronger MMC and a better Malaysia for future generations.

vision

TO BE A PREMIER
GLOBAL UTILITIES &
INFRASTRUCTURE GROUP

EXCELLENCE IN OUR CORE BUSINESS SEGMENTS

Strategic objectives:

- Maximise Shareholder Value
- Service Excellence to Stakeholders
- Lead in Value Innovation
- Be the Preferred Employer

mission

corporate profile

We are a utilities and infrastructure group with interests in Transport & Logistics, Energy & Utilities, and Engineering & Construction. Our key businesses include Malaysia's largest container terminal and leading multi-purpose port, largest independent power producer and Peninsular Malaysia's sole supplier of natural gas to the non-power sector. We are also undertaking Malaysia's largest infrastructure project, the electrified double tracking railway project between Ipoh and Padang Besar. On the international front, our focus is on the utilities and logistics sectors, particularly in the Middle East, and we are the joint master developer of the Jazan Economic City in the Kingdom of Saudi Arabia.

energy & utilities

transport & logistics

engineering & construction

moving

to drive progress

managing

valuable resources responsibly

creating

catalyst for growth

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Fourth Annual General Meeting ("AGM") of members of MMC Corporation Berhad will be held at the Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 29 April 2010 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY BUSINESS

1. "THAT the Audited Financial Statements for the year ended 31 December 2009 and the Directors' Report and Auditors' Report thereon be and are hereby received."

2. "THAT the final single-tier dividend of 3 sen per share for the year ended 31 December 2009 be and is hereby approved and declared payable on 27 May 2010 to the members of the Company registered at the close of business on 13 May 2010."

3. "THAT Encik Abdul Hamid Sh Mohamed, who was appointed after the last AGM and retires pursuant to Article 85 of the Company's Articles of Association, be and is hereby re-elected a director of the Company."

4. "THAT the following directors, who retire in accordance with Article 78 of the Company's Articles of Association, be and are hereby re-elected directors of the Company:
   a) Encik Ahmad Jauhari Yahya
   b) Datuk Mohd Sidik Shaik Osman"

5. "THAT Dato' Wira Syed Abdul Jabbar Syed Hassan, a director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act 1965 ("Act"), be and is hereby re-appointed a director of the Company pursuant to Section 129(6) of the Act, to hold office until the conclusion of the next AGM."

6. "THAT Dato' Abdullah Mohd Yusof, a director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act 1965 ("Act"), be and is hereby re-appointed a director of the Company pursuant to Section 129(6) of the Act, to hold office until the conclusion of the next AGM."

7. "THAT the directors' fees of RM627,796 for the financial year ended 31 December 2009 be and is hereby approved."

8. "THAT PricewaterhouseCoopers, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed Auditors of the Company until the conclusion of the next AGM and that their remuneration be fixed by the Board."

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Register of Members and Record of Depositors at the close of business on 13 May 2010 shall be entitled to the final dividend which will be paid on 27 May 2010.

A depositor shall qualify for dividend entitlement only in respect of:

a) Shares transferred into the depositor's securities account before 4.00 p.m on 13 May 2010 in respect of ordinary transfers, and

b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD
Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat
Company Secretaries

Kuala Lumpur
8 April 2010

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. A proxy form, to be valid, must reach the Registrar's office, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the meeting.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of Director standing for appointment at the Annual General Meeting pursuant to Article 85 of the Company's Articles of Association

Name	Abdul Hamid Sh Mohamed
Age	44
Nationality	Malaysian
Position on the Board	Independent Non-Executive Director
Date first appointed to the Board	10 August 2009
Membership of Board Committee	Audit Committee
Working experience	As enumerated in the Profile of Directors on page 51 of this Annual Report
Occupation	Executive Director Symphony House Berhad
Any other directorships in public companies	Pos Malaysia Berhad Hartalega Holdings Berhad SILK Holdings Berhad (formerly known as Sunway Infrastructure Berhad) Scomi Engineering Bhd
Securities holdings in the Company	NIL
Any family relationship with Directors and/ or major shareholders of the Company	NIL

Corporate Information

Company Secretaries
Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat

Registered Office
Level 8, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel (603) 2142 4777
Fax (603) 2148 9887
Email cosec@mmc.com.my

Auditors
PricewaterhouseCoopers
Chartered Accountants

Share Registrar
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia
Tel (603) 78418000
Fax (603) 78418008

Principal Bankers
Malayan Banking Berhad
CIMB Bank Berhad

Stock Exchange Listing
Main Market
Bursa Malaysia Securities Berhad

Financial Calendar

Annual General Meeting
29 April 2010

Entitlement to 2009 final dividend
13 May 2010

Payment of 2009 final dividend
27 May 2010

Financial year ending 31 December 2010
Announcement of results:

- 1st quarter	**25 May 2010**
- 2nd quarter	**24 August 2010**
- 3rd quarter	**24 November 2010**
- 4th quarter	**24 February 2011**

These dates are subject to change

MMC on the internet

The Company's website at www.mmc.com.my offers useful information that interested persons, investors and analysts would like to know about the Company's business, management and corporate information.

This website also offers an email alert service that will notify subscribers of quarterly report announcements and other important press releases and stock exchange announcements. There is also an FAQ section that deals with frequently-asked questions on business, investment and media-related matters.

Downloadable versions of this annual report, previous years' annual reports and quarterly reports are available at our website.

performance

Revenue (RM million)

2009	**8,444**
2008	8,545
2007	5,722
2006	2,839
2005	1,929

EBITDA (RM million)

2009	**3,215**
2008	3,446
2007	2,785
2006	983
2005	889

Profit before tax (RM million)

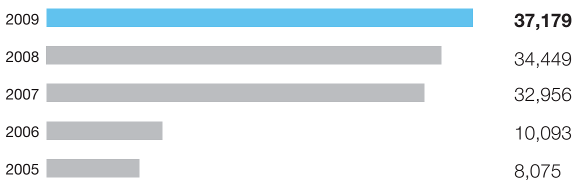
2009	**686**
2008	1,041
2007	1,018
2006	581
2005	539

Profit after tax & minority interests (RM million)

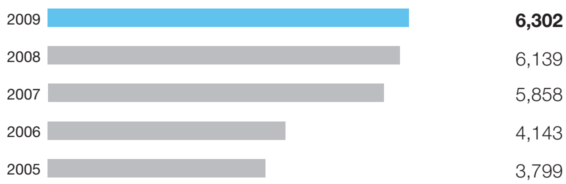
2009	**237**
2008	553
2007	552
2006	341
2005	366

at a glance

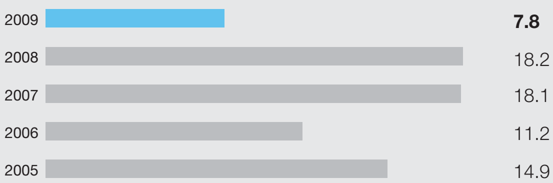
Gross assets (RM million)



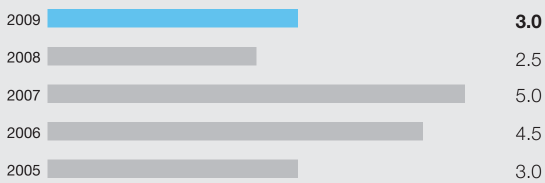
Shareholders' funds (RM million)



Earnings per share (sen)

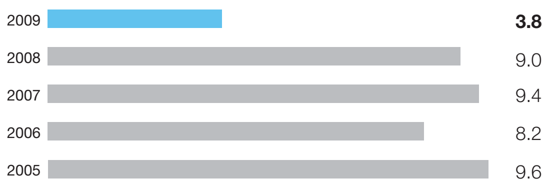


Dividend per share (sen)

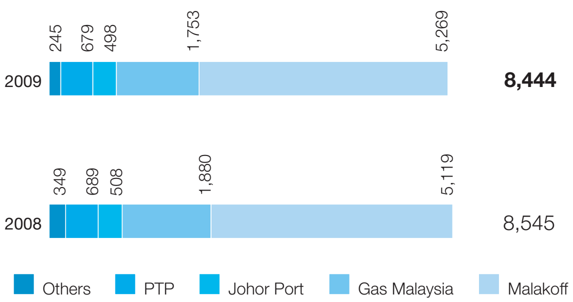


Net assets per share (sen)

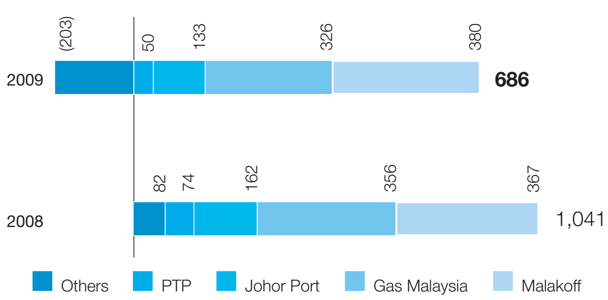
Return on equity (%)



Revenue (RM Million)



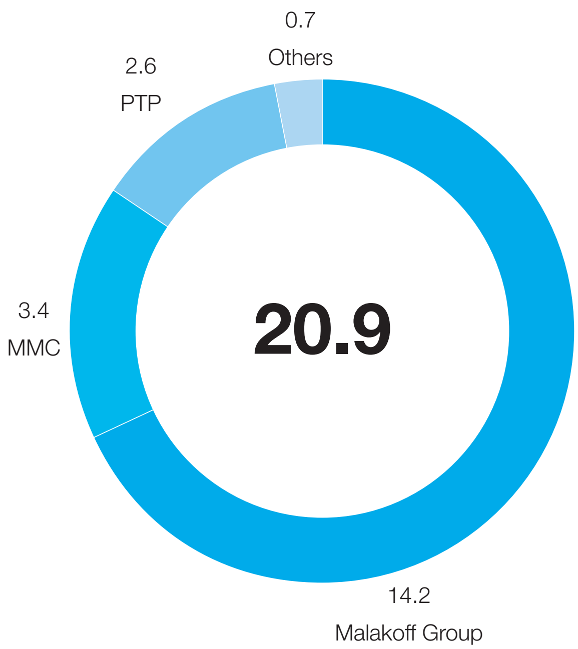
Profit before tax (RM Million)



Consolidated

Group revenue marginally fell by 1% to RM8.4 billion, mainly attributed to lower contribution from Gas Malaysia due to a downward revision in gas tariff from March 2009. The global recession last year negatively impacted revenue from our ports and engineering businesses. However, Malakoff's revenue increased during the year due to higher dispatch from several of its power plants.

MMC Group's borrowings (RM billion)



LIQUIDITY

The Group ended the year with RM4.5 billion in cash and deposits, 19% higher than RM3.8 billion in the previous year. We have sufficient cash flow to comfortably cover our debt service requirements.

BORROWINGS

As at 31 December 2009, the Group's total borrowings stood at RM20.9 billion, representing a net gearing of 2.6 times, comprising the following:

- RM3.4 billion at the holding company
- RM14.2 billion at Malakoff
- RM2.6 billion at PTP
- RM370 million at SATSSB
- RM106 million at Johor Port
- RM224 million at other operating companies

Total borrowings increased by RM1.4 billion in 2009, mainly due to the acquisition of SATSSB. Interest cover as measured by the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) over interest expense remains comfortable at 2.3 times.

operations

Last year's profit before tax dropped by 34% to RM686 million mainly due to major one-off items such as write down provisions at Kapar Energy Ventures and Zelan. There was also a reduction in profit margin for the electrified double tracking railway project as a result of our review on the project's budget. Furthermore, our ports went through a tough business environment as a result of the drop in global trade which affected all port operators in the region.

chairman's letter

Dear Shareholder,

Last year was a period of challenges as we had to weather the global financial crisis that was severe in magnitude and scale. There are positive signs that we are gradually moving out from this recession.

MMC's strength is built on our diversity and we will continue to build strong businesses that will perform over the long term.

According to the International Monetary Fund, the global economy, after 2 years of crisis, is projected to bounce back from negative territory in 2009 to a growth of 3.9% in 2010. The Malaysian government expects the country's annual gross domestic product (GDP) to expand by 5% to 6% this year. Indeed, this is well above the negative GDP growth of 1.7% suffered in 2009, and 4.6% GDP expansion recorded in 2008.

Over time and on the back of an improved economy, we expect our businesses to continue to grow as they did prior to the economic crisis. Due to the recession, our profit after tax and minority interests (PATMI) fell 57% in 2009 compared to the previous year. This is obviously not the kind of growth that we were anticipating, but most people underestimated the global financial meltdown in 2009. Going forward, we know we have the makings to repeat our pre-crisis financial performance. We demonstrated that, between 2006 and 2008, we were able to grow our PATMI by a compounded 28% per annum.

We never confuse luck with wisdom. Over the years we have carefully created an MMC portfolio of assets to meet new opportunities, which remains true till today. In recent years we have invested in companies which we believe will provide us with sustainable long-term income and a reasonably predictable investment return. We are prepared to hold and operate these assets through the recovery cycle to maximize value. Our simplified business framework which focuses on three core earnings: Energy & Utilities, Transport & Logistics, and Engineering & Construction, is designed to propel us to become a leading conglomerate in the country. Our investments in Malakoff Corporation (Malakoff), Gas Malaysia, Johor Port Berhad, Port of Tanjung Pelepas (PTP) and the electrified double tracking railway project are cases in point.

We acknowledge that there is no substitute for success when it comes to investing in companies to grow our earnings base. Our performance, strategy and wisdom will undoubtedly be scrutinized along the way. The recent economic crisis had tested our resolve and aptitude. I am confident MMC will be a stronger and better company in the years ahead.

Let us now move on to discuss our performance in 2009.

2009 PERFORMANCE AT A GLANCE

Group revenue for 2009 fell by 1% to RM8.4 billion from RM8.5 billion in 2008. The marginal decline in revenue is mainly attributable to Gas Malaysia's lower revenue following the downward revision in gas tariff from March 2009, and lower contribution by our two ports, Johor Port and PTP due to the decline in port business.

Profit before tax (PBT) for the Group fell by 34% to RM686 million from RM1,041 million in the previous year. The decline in PBT is attributable to weaknesses in core earnings of several subsidiaries, and losses by our associates Kapar Energy Ventures and Zelan. Profit after tax fell by 32% to RM626 million, while PATMI was lower by 57% to RM237 million. As a result, MMC has enormous and enduring strengths that we can leverage on in a recovering economy. We have leadership positions in all of our 3 core businesses and a dedicated team to ride on the positive momentum.

earnings per share declined by 57% from 18.2 sen in 2008 to 7.8 sen in 2009.

The board is recommending a dividend of 3.0 sen per share this year, higher than last year's dividend of 2.5 sen, despite the lower profitability recorded in 2009. This represents a total dividend payout of RM91 million to shareholders.

You will find further discussion on our results and other important aspects of our business in the financial reports and the Management's Discussion & Analysis of our Malaysian and International businesses further along in this annual report.

EXTRAORDINARY CHALLENGES IN 2009

Energy & Utilities

The Energy & Utilities division remains the main source of revenue and earnings for the Group. Revenue from this division constituted 86% of Group revenue, while its PBT accounted for 107% of Group PBT. The division's PBT in 2009 rose by 25%, driven mainly by better performance at Malakoff.

Despite the recession, Malakoff's power plants saw only a marginal decline in total dispatch factor, which is attributable to its diversified generation capacity of gas and coal. Combined availability factor for Malakoff's power plants in fact remained high and almost unchanged from the year before, a factor that is dedicated to its sound management.

Malakoff remains the nation's largest independent power producer, with an effective generation capacity of 5,020 MW, equivalent to 25% of the generation capacity in Peninsular Malaysia. The company's first project overseas, the 900 MW and 880,000 cubic metre per day (m3/day) Shuaibah independent water and power plant project in Saudi Arabia, received its project commercial operation date in January this year. Malakoff also owns an equity stake in a 200,000 m3/day seawater desalination plant in Algeria, and in Jordan's largest electricity generator, Central Electricity Generation Company, with an effective generation capacity of 1,680 MW.

Malakoff's successful ventures in the power and water generation business abroad increases its profile in international jobs and opens up new opportunities both overseas and locally.

Gas Malaysia, Malaysia's sole natural gas supplier to the non-power sector, continued to provide MMC with a steady stream of cashflow. Despite an 8% decline in PBT to RM326 million which stemmed from a 4% decline in volume of gas transmitted to customers and lower average gas tariff due to the implementation of new gas tariff in March 2009, Gas Malaysia remains an important contributor to the MMC Group.

Aliran Ihsan Resources (AIRB), a water treatment company which supplies 70% of the water supply in Johor, added a new income stream to our Energy & Utilities division. The first full-year of consolidation saw AIRB contributing RM42 million in PBT to the Group. Going forward, we intend to leverage on AIRB's expertise to take on new business opportunities.

Transport & Logistics

Our two ports, PTP and Johor Port, experienced mixed throughput performance in 2009. PTP saw volume improving by 7% to 6 million twenty-foot equivalent units (TEU) of containers last year. The increase in volume is due to the rationalization of routes undertaken by major shipping lines, which benefited PTP as a transshipment port. PTP improved its global position to become the 17th busiest port in 2009, up a notch from 2008. Combined with Johor Port, MMC Group's market share of container volume amongst domestic ports improved from 41% in 2008 to 44% in 2009.

PTP's PBT however, fell by 32% to RM50 million due to higher depreciation charges resulting from its capital expenditure in recent years. Johor Port's port operations witnessed a decline in volume reflecting the drop in global trade in 2009. Consequently Johor Port saw an 18% annual reduction in PBT to RM133 million. The economic recovery predicted for 2010 will be positive for Johor Port's business.

The acquisition of Senai Airport Terminal Services (SATSSB), which was concluded in April 2009, complements MMC Group's logistics business of land and sea transport. The aviation industry experienced a turbulent year in 2009 as both passenger and cargo volumes declined sharply, by 7% and 12% respectively. However, signs of recovery have already emerged, following which we will pursue our strategy of improving the airport's connectivity by attracting new airlines.

The new Aero Mall complex, once completed, will add 52,258 square feet of retail space to that currently available. This provides a new revenue stream from SATSSB's non-aeronautical division. The development of the Senai Airport City, a freehold land measuring 2,718 acres consisting of a Hi-Tech Park, Free Industrial & Commercial Zone and mixed development, will commence this year.

The motorway section of the Stormwater Management and Road Tunnel (SMART) flood mitigation system completed its second full year of operations in 2009. SMART is already breaking even operationally and has seen its average daily traffic improve by approximately 13% to about 34,700 vehicles per day in 2009.

Engineering & Construction

The RM12.5 billion electrified double tracking railway project, the country's largest infrastructure project undertaken by MMC-Gamuda Joint Venture Sdn Bhd, is progressing well and achieved 35% completion in 2009. This project, which has now entered its third year, has become an essential contributor to the Group's cashflow and profitability. Importantly, our involvement in this project adds to our already compelling credentials when bidding for new infrastructure projects.

Zelan, our 39% associated company, underwent a difficult year in 2009. Losses incurred by overseas projects of the engineering and construction business unit resulted in a net loss by Zelan, of which RM91 million is recognized by the Group in 2009. This loss had a significant impact on MMC's overall profitability. We have appointed a new and experienced management team in Zelan to oversee the completion of problematic overseas projects and to replenish its construction order book. MMC, as the largest shareholder, is fully committed to restore Zelan's performance back to its previous financial height.

International Operations

Our 20% investment in Red Sea Gateway Terminal Company Limited (RSGT), which we acquired in November 2007, provides us with an exposure to a growing international port. RSGT has the rights to develop and operate the third container terminal, comprising 3 main berths, in the Jeddah Islamic Port, Saudi Arabia.

The first berth of the terminal has been completed and began operating in December 2009. The terminal is on course for full commercial operations by the fourth quarter of 2010.

The Jazan Economic City (JEC) project has also attracted new commitments from companies seeking to take advantage of the incentives offered. In November 2008, we announced that JEC has attracted USD31.6 billion investments, which exceeds the USD30 billion investment initially targeted. Nonetheless, 2009 has been a challenging year for the project because of the depressed state of the global economy. It affected our plans to develop several infrastructure components of the project. However, construction activities valued at SAR1.1 billion (USD293 million), such as the steel billets and rebars plant and the substations and transmission lines are ongoing.

In January 2010 the Saudi Arabian government announced that it has entrusted national oil company Saudi Aramco, to construct and finance an oil refinery in the JEC. This oil refinery is estimated to cost USD10 billion and will have a capacity of between 250,000 and 400,000 barrels per day. Indeed this oil refinery will be a catalyst for the JEC.

MMC is involved in long-cycle businesses and we would like our investors to focus on long-term results.

It will accelerate the building of support facilities for the refinery, such as power and port amenities and other related facilities.

LAYING FOUNDATION FOR LONG TERM PROSPERITY

Signs indicate that Malaysia is moving out from the recession in 2009 with a positive GDP expected in 2010. Our Government projected Malaysia's GDP to grow by 5% to 6% this year, as discussed earlier. MMC has enormous and enduring strengths that we can leverage on in a recovering economy. We have leadership positions in all of our 3 core businesses and a dedicated team to ride on the positive momentum.

Our largest earnings contributor, the Energy & Utilities division, is expected to see an improved dispatch factor and higher demand for natural gas in 2010. Despite the recession last year, this division proved its resilience by registering better profits year-on-year. Our two domestic ports, PTP and Johor Port, are poised to benefit from an increase in global trade as the world recovers from the recession.

Our Engineering & Construction division will continue to focus on the construction of the electrified double tracking railway project. This gives us the leverage to bid for new infrastructure projects in the country.

This year, the Government will be tabling the 10th Malaysia Plan (10MP). The 5-year economic initiative, which will run between 2011 and 2015, will take us a step closer to becoming a developed nation.

MMC plans to play an important role in the 10MP and the continued progress in the implementation of major infrastructure projects. We have long pride ourselves as a meaningful partner in the nation's growth by providing economic primers via our power plants, ports and other infrastructure facilities. Our multi-business structure makes us an accepted partner for the Government, large corporations and investors. This is demonstrated in the shareholding structure of Malakoff and PTP, as well as joint undertakings of infrastructure projects such as the JEC, electrified double tracking railway and SMART.

The key to our success is the leadership and dedicated team of people which we have put together. We have over the years created a culture that inspires hard work, discipline and creative thinking. We remain committed to developing a talent pool that can be nurtured into future leaders of the Group.

We will continue to invest in initiatives that will give MMC a solid competitive advantage over the long term. We intend to stay entrenched to the core businesses that we know, managing them and creating value from these assets to our shareholders. MMC is involved in long-cycle businesses and we would like our investors to focus on long-term results.

APPRECIATION & RECOGNITION

On behalf of the board, I would like to take this opportunity to express our sincere appreciation to our shareholders for their support and to our clients, financiers and business partners for their continued confidence and trust. I would like to extend our appreciation to Encik Halim Din, who stepped down as a director in August 2009, for his services to MMC. I am pleased to welcome Encik Abdul Hamid Sh Mohamed who joined the board as an independent director in August last year.

I would also like to thank Encik Feizal Ali, director and CEO International, for his valuable contribution to the Group. Feizal will be leaving us in May after serving the MMC Group for 9 illustrious years. He was also with PTP during the early years of the port between 1996 and 1999.

I wish to thank my colleagues on the board for their contribution and wisdom in steering the business of the MMC Group. My appreciation also goes to all our employees throughout the MMC Group who continue to give their best for MMC. Their unwavering dedication to excellence is vital in pursuit of our vision to become a premier global utilities and infrastructure group.

Dato' Wira Syed Abdul Jabbar Syed Hassan

Chairman
March 2010

management's

Malaysian Operations

The world economy suffered its worst performance in decades due to the meltdown in the global financial system. MMC Group's Malaysian operations were equally affected, but our diverse and

Malaysian Operations - Corporate Structure

MMC Corporation Berhad

TRANSPORT & LOGISTICS

70% **Pelabuhan Tanjung Pelepas Sdn Bhd**
Container Port & Logistics Hub

100% **Johor Port Berhad**
Multi-Purpose Port & Logistics Operations

100% **Senai Airport Terminal Services Sdn Bhd**
Airport Operations & Freezone Development

50% **Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd (SMART)**
Toll Road Operations of the SMART Tunnel Motorway

ENERGY & UTILITIES

51% **Malakoff Corporation Berhad**
Power Generation & Water

41.8% **Gas Malaysia Sdn Bhd**
Natural Gas Distribution

70% **Aliran Ihsan Resources Berhad**
Water Treatment

100% **MMC Oil & Gas Engineering Sdn Bhd**
Design Engineering Services

ENGINEERING & CONSTRUCTION

50% **MMC-Gamuda Joint Venture Sdn Bhd**
Electrified Double Tracking Railway Project

39.2% **Zelan Berhad**
Investment Holding

- 100% **Zelan Construction Sdn Bhd**
  Power Plant Construction

- 8.7% **IJM Corporation Berhad**
  Major Infrastructure Works

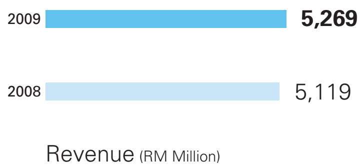
% - Figure denotes percentage of Group's direct interest, except in the case of Zelan Construction and IJM

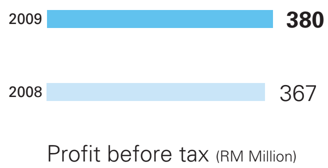
As at 25 February 2010

discussion & analysis

concession-type businesses enabled us to lessen the impact. The assets and the management team that we have assembled will remain steadfast to the challenges ahead and we will continue to focus on long-term results.

Malakoff





ENERGY & UTILITIES

Our major power plants Segari, GB3, Prai Power and Tanjung Bin delivered a combined 19,410 GWh of electricity to the National Grid, representing a 25% share of Peninsular Malaysia's generation capacity.

Malakoff Corporation

Malakoff Corporation (Malakoff) recorded a turnover of RM5,269 million in 2009, which is 3% higher compared to RM5,119 million achieved in 2008. Profit before tax (PBT) was RM380 million compared with RM367 million posted in 2008, an increase of 4%. The higher PBT is due to the absence of the one-off provision for windfall profit levy incurred in 2008 and the improved operational performance of our power plants in 2009.

Malakoff's power plants continued to provide a reliable supply of electricity to the National Grid during the financial year under review. Our major power plants Segari, GB3, Prai Power and Tanjung Bin delivered a combined 19,410 GWh of electricity to the National Grid, representing a 25% share of Peninsular Malaysia's generation capacity. Despite poor economic conditions, the average dispatch factor in 2009 for these power plants was nearly unchanged from 2008 levels.

The Segari power plant achieved an average availability factor of 97.34%, while Tanjung Bin and Prai Power plants achieved an average availability factor of 90.62% and 86.72% respectively. This demonstrates the robust system that has been put in place at the power plants by our management. GB3 on the other hand, achieved a lower availability of 77.65% due to a mechanical failure that occurred in May 2009. This failure was successfully rectified within 5 months as compared to the planned rectification period of 10 months.


2024MW
50.02Hz
12:28:12
Tanjung Bin Power
UNIT 2
Tanjung Bin Power
FORCED DRAFT FANS

Kapar Energy Ventures (KEV), which is 40%-owned by Malakoff, experienced a difficult year in 2009. The share of losses for KEV in 2009 was RM86.7 million compared to a PBT contribution of RM1 million in 2008. Management will continue to monitor KEV's performance closely.

2009 also marked a significant year for our power plant operations as the Lumut, Tanjung Bin and Prai Power plants achieved the OHSAS18001: 2007 certification. In addition, Tanjung Bin received the ISO14001: 2004 certification from SIRIM. The OSHAS 18001: 2007 certification confirms that Malakoff's health and safety management systems comply with the required standards. This reduces its employees' exposure to occupational health and safety risks associated with its activities. The ISO14001: 2004 certification provides assurance that Malakoff has complied with international standards relating to environmental management systems. This consequently reduces its environmental liability.

Gas Malaysia

Gas Malaysia saw a 7% decline in revenue to RM1,753 million. The fall in revenue was due to a 4% decline in sales volume and lower average gas tariff resulting from the implementation of new gas tariff on 1 March 2009. Consequently, PBT declined by 8% in 2009 to RM326 million.

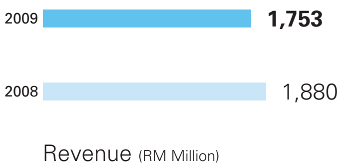
Due to the recession, some of Gas Malaysia's customers experienced financial difficulties whilst a few customers ceased operations. This resulted in the termination of gas supply to a total of 17 industrial customers. However, Gas Malaysia managed to sign up 34 new customers, which is indeed an impressive achievement by its management.

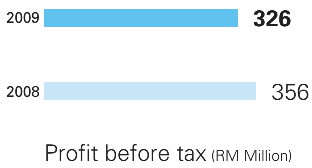
Last year marked an important milestone for Gas Malaysia as it signed a formal agreement with Petronas for the long term supply of 300 million standard cubic feet per day (mmscfd) of natural gas. With this agreement, Gas Malaysia is able to strategize its long-term business plan more effectively.

Impacted by the adverse economic environment, Gas Malaysia lost its sales growth momentum in the first half of 2009. In addition to the economic crisis, Gas Malaysia is operating in a 'no growth' business environment for the third consecutive year attributable to the gas curtailment issue. As a result, Gas Malaysia's sales volume for 2009 declined by 4% to 107.5 mmbtu compared to the previous year, with the highest declines noted in the steel and glass industries.

The Government has also reallocated an additional 100 mmscfd of natural gas from the power sector to the manufacturing sector. This allocation will be distributed by Gas Malaysia to targeted industries recommended by the Malaysian Industrial Development Authority. With this additional volume, Gas Malaysia is projected to see an increase in sales volume in 2010.

Gas Malaysia





Notwithstanding the improved economic climate and additional 100 mmscfd supply of natural gas, Gas Malaysia will continue to focus on sales growth, operational efficiencies, as well as cost saving.

Aliran Ihsan Resources

Aliran Ihsan Resources (AIRB) reported a consolidated revenue of RM75 million for the year ended 31 December 2009, a decrease of 23% compared to RM97 million recorded in the previous 18-month financial period ending December 2008. If the financial results for 2008 are annualised, the consolidated revenue for year ended 31 December 2009 increased by 16% compared to the previous period. AIRB operates 16 water treatment plants in Johor with a combined design capacity of 1,116 million litres per day, representing approximately 70% of the state's water supply.

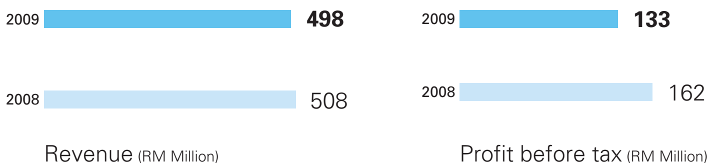
The increase in revenue for 2009 was due primarily to an increase in water bulk sales of its subsidiary Southern Water Corporation Sdn Bhd (SWC).

AIRB registered a PBT of RM42 million, a decrease of 24% compared to RM55 million during the previous 18 months financial period ending December 2008. On an annualised basis, the decrease in PBT is smaller at approximately 7%. Despite the decrease in profit, AIRB made a positive maiden full year contribution to the MMC Group, compared to only 2 months in 2008.

For the year under review, a write back of RM47 million was effected in SWC in settlement of the outstanding receivables as at 31 December 2008 by Syarikat Air Johor Sdn Bhd. The write back was offset by the compromised settlement between AIRB's associate company Equiventures Sdn Bhd (ESB) with the State Government of Johor in relation to outstanding receivables as at 31 December 2008. AIRB also booked an impairment loss of RM15 million for Strategi Tegas Sdn Bhd, an operator to ESB in recognition of the impending expiry of the concession of ESB in 2012.

Both SWC and ESB's operations in water treatment activities for the coming year are expected to remain stable with a bias toward a slight increase in water production to cater to increased demand. Operational costs are expected to remain stable due to the continuous review in ensuring that the plants are utilised efficiently and effectively.

Johor Port



TRANSPORT & LOGISTICS

Due to its effective cost management, PTP has managed to ride through the extremely challenging period and remains on-track to achieve its vision to be the "Preferred Port of Choice in South East Asia".

Johor Port

Johor Port posted revenue of RM498 million in 2009, a decline of 2% from RM508 million registered in 2008. PBT decreased by 18% to RM133 million in 2009 from RM162 million in 2008.

During 2009, Johor Port handled 14,389,338 free weight tones (FWT) of conventional cargo consisting of dry bulk, break bulk and liquid bulk cargo through its port facilities, which is a decrease of 16% compared to 2008. Total container throughput was 844,856 TEU, a fall of 10% compared to the previous year as imports, exports and transshipments fell. As a result, total combined cargo throughput for 2009 was 23,908,828 FWT, a reduction of 13% compared to that achieved in 2008.

The decline demonstrated the impact of the economic recession which had a negative implication on all segments of Johor Port's volume. Dissecting the performance by individual cargo, total liquid bulk throughput fell 14% compared to the previous year due to a significantly low volume handled for both non-edible cargo and edible cargo, which fell by 20% and 8% respectively. Non-edible cargo suffered from an unfavourable market for petroleum products thus lowering trading activity.

Total dry bulk cargo throughput decreased 13% compared to 2008, which was attributed to the slump in non-edible dry cargo as demand from local fertilizer companies in


PTP

East Malaysia declined. These companies previously obtained the bulk of supply of fertilizers from Peninsular Malaysia, but have reduced their dependency due to the localization of fertilizer factories in East Malaysia, hence providing direct supply to local demand.

Meanwhile, break bulk cargo fell the most in 2009 by 33% due to lower handling of almost all cargo namely timber, woodpulp, bagged fertilizer, scrap iron, general cargo as well as plate and coils. This is reflective of the lower demand condition prevailing in the market.

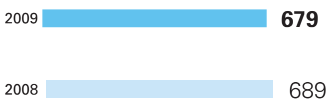
Spearheaded by JP Logistics, revenue by Johor Port's subsidiaries in 2009 was RM156 million as compared to RM144 million in 2008, an increase of 8%. PBT contribution in 2009 increased by 28% to RM32 million from RM25 million in 2008.

The inclusion of 56 new conventional prime movers equipped with Global Positioning Systems (GPS) to provide real-time monitoring of movements yielded positive feedback from customers and captured substantial market share for the first year in the transportation industry. Furthermore, JP Logistics benefited from its newly-built Blue Shark tug vessel and Blue Whale barge, which commenced operations in 2009. A joint-venture project with Whale Shark Maritime, these two vessels target a substantial portion of the market share for specific cargo.

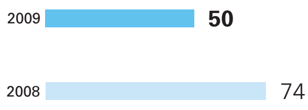
2010 will be crucial for the development of Johor Port's Information and Communications Technology (ICT) infrastructure. The Multi-Purpose Terminal System (MPTS) is one of the key components of Johor Port's ICT development. Currently in the trial run stage, the MPTS is scheduled to be launched by the middle of 2010. With the completion of the MPTS, Johor Port will complete the integration of all online applications for terminal operation and warehouse planning, thus allowing it to provide a seamless online working environment.

JP Logistics is currently expanding its market presence into the South East Asian region, particularly Vietnam. In this course of expansion, JP Logistics continues to explore potential strategic alliances to improve geographical coverage and extended logistics services to its customers operating in the region. By co-operating closely with strong local partners and successfully participating in national and international forms of cooperation and joint ventures, JP Logistics will be able to offer a comprehensive quality logistics network spanning the entire ASEAN region.

PTP



Revenue (RM Million)



Profit before tax (RM Million)

PTP

Last year was indeed a very challenging period for shipping lines and ports around the world as the global economic crisis resulted in an unprecedented contraction in the level of world trade. However, PTP bucked the trend by becoming one of the few major ports globally that experienced growth in volume handled. PTP closed the year by handling a throughput volume of 6 million TEU which is 7% higher than in 2008. The port saw an increase in its domestic market share from 35% in 2008 to 39% in 2009. PTP's major customers, in order to cut cost, undertook a restructuring in their services resulting in higher transshipment volume calling at the port. In July 2009, PTP successfully signed up a fourth mainliner, CMA CGM. France-based CMA CGM is the world's third largest container shipping company and will add to PTP's volume and connectivity.

PTP also saw an encouraging 9% in local volume from the Johor industrial hinterland as more shippers are now using PTP for their import and export needs.

Revenue in 2009 dropped marginally by 1% to RM679 million compared to the previous year due to a downward adjustment on rates. However, PTP's operating costs were contained due to various cost-saving initiatives and cost control mechanisms which were put in place. PTP also experienced significantly higher depreciation charges due to its strong capacity-building. Overall, despite the difficult period, PTP was able to register a PBT of RM50 million, while net profit was higher at RM173 million due to the impact of deferred taxes.

PTP completed Berths 11 and 12 during the year and commissioned 8 new quay cranes, 32 new rubber tyred gantry cranes and other port equipment, raising the total port capacity to 8.5 million TEUs.

The additional capacity will enable PTP to capitalize on the additional demand and new opportunities once the global economic recovery gathers momentum later in 2010.

Due to its effective cost management, PTP has managed to ride through the extremely challenging period and remains on-track to achieve its vision to be the "Preferred Port of Choice in South East Asia". It has improved its position from the 18th busiest port in the world in 2008 to the 17th busiest port in 2009.

Despite signs of a global trade recovery, 2010 will remain a challenging year. PTP will continue its focus on delivering cost efficiency, providing world class service levels with unlimited capacity that would allow its customers to extract greater efficiencies which will ultimately improve their profitability.

Senai Airport Terminal Services

Senai Airport Terminal Services (SATSSB) was consolidated as a 100%-owned subsidiary following the completion of its acquisition in April 2009. This acquisition marks our venture into the air transport segment, complementing MMC Group's existing logistics business comprising land and sea. Upon consolidation, SATSSB contributed a small loss after tax of RM2.1 million. The company recorded higher revenue due to land sales, whilst lower depreciation and financing costs enabled it to contain its losses. Revenue from non-aeronautical business has also increased mainly due to recognition of gain from land leases to several companies during the year.

SATSSB was not spared from the economic crisis which had a negative impact on air travel. The outbreak of the H1N1 flu further exacerbated the decline in air travel throughout the region. According to the International Air Transport Association (IATA), passenger traffic as measured by revenue passenger kilometer for the Asia Pacific region declined by 7% in 2009, the worst fall recorded in Asia Pacific history.

SATSSB handled a total of 1.31 million passengers in 2009, a decline of 14% from the previous year. Both of the airport's main carriers, Malaysian Airline System (MAS) and Air Asia, suffered drops in their passenger load factors. On a positive note, Firefly began their operations in October 2008 and currently flies to Subang Airport two times daily.

With the worst in the decline behind us, passenger traffic volumes on international markets are currently on the rise and are now 6% higher than the low point reached in the first quarter of 2009. However, there is still some way to go before traffic fully recovers to pre-recession levels. There is also significant variation in the pattern of improvement across the regions.

Despite the difficult economic conditions, airfreight tonnage handled by SATSSB showed an encouraging increase of 16% in 2009 to 5,156 tonnes. SATSSB's performance last year is in

stark contrast to the sharp 12% decline in airfeight tonnage kilometer reported by IATA. The improvement in cargo is attributable to the addition of 2 freighter services, namely Malaysia Airlines Kargo (MasKargo) and Qatar Airways. MasKargo launched its weekly freighter services to Narita effective 5 September 2009, while Qatar Airways Cargo began its twice-weekly Doha service from 12 November 2009.

According to the Airports Council International (ACI) Airport Economics Report 2009 released in December 2009, aviation remains a growth industry, despite the lingering economic downturn. Barring a major setback in 2010, traffic is expected to rebound and may well exceed moderate predictions of a 2% growth.

We will continue in our effort to attract new airlines which will improve the airport's connectivity. SATSSB is currently focusing on improving revenue and profit contributions from the non-aeronautical divisions. We are completing the Aero Mall complex, which will add 52,258 square feet of retail space to the airport, compared to 28,000 square feet currently available, hence generating a new source of revenue. SATSSB is also stepping up its marketing activities to promote the 2,718-acre Senai Airport City, which will consist of a Hi-Tech Park, Free Industrial & Commercial Zone and mixed development.

The benefits of the electrified double tracking railway project are immense. Once completed in 2013, this project is expected to transform KTMB's services, allowing it to compete in terms of travel time, frequency, reliability, quality of service and safety, as well as reduce the country's heavy reliance on road transportation.

ENGINEERING & CONSTRUCTION

Electrified Double Tracking Railway Project

The adjustment in recognition of profit of RM82 million for our electrified double tracking railway project in 2009 was due to the revision of the project budget, which was revised downward due to the unbudgeted rise in implementation cost resulting from the lag between negotiations in 2007 and actual award of the engineering contract. The project cost began to digress from the budgeted cost curve with the onset of unforeseen events outside the control of the joint-venture company, such as the fuel and steel price escalation in year 2007 and slight changes in design. The over-recognition of profit was adjusted to normalize the profits to reflect a fair and accurate view of the progress of the project in accordance with the usual practices of construction accounting.

As a result of the adjustment in profit, the share of profit from the electrified double tracking railway project in 2009 was RM47 million, compared to RM202 million in 2008. For 2010, coupled with a projected higher physical recognition, annual profit from this project is expected to normalise. The project will remain as an important cash flow contributor to the MMC Group over the next 4 years.

Further risk of margin compression is minimised as physical works, such as earthworks, ground treatment works, relocation of utilities and civil works, are progressing well and reached an overall completion of 35% in 2009. More than 80% of the contract works and services have been awarded to subcontractors and external suppliers.

In addition, key input costs have fallen substantially from its peak in late 2008 following the collapse in global crude oil and commodity prices. We have taken advantage of the lower prices to purchase 3 key materials, namely steel bars, tracks and diesel, which account for the bulk of the entire raw materials cost.

The benefits of the electrified double tracking railway project are immense. Once completed in 2013, this project is expected to transform KTMB's services, allowing it to compete in terms of travel time, frequency, reliability, quality of service and safety, as well as reduce the country's heavy reliance on road transportation. In addition, the spin-offs to local services and industries will have multiplier effects that will greatly stimulate the economy, especially in the 4 northern states of Perak, Penang, Kedah and Perlis.

Zelan

Zelan was adversely affected by the unforeseen escalation of material prices, particularly steel and cement, as most of Zelan's projects were at their implementation stage during a period of rising costs. Three of Zelan's major projects namely the Shuqaiq power and desalination plant in Saudi Arabia, the Sidra Tower in Dubai, United Arab Emirates and the Rembang coal fired power plant, in Indonesia, were tendered and secured prior to the general increase in the price of steel in early 2007. As a result, Zelan suffered a loss in 2009 of which RM91 million was attributable to the Group. This is a huge swing from a contribution of RM34 million recorded in 2008.

We are committed to be a meaningful partner in Malaysia's progress. Our diverse portfolio of assets offers great opportunities for growth and is strategically positioned to provide long-term sustainable returns to our shareholders.

However, Zelan was fortunate that its project in Abu Dhabi, Meena Plaza, had factored in the high material price prevailing in early 2008 and was thus able to maintain a favourable level of profit margin.

A new management team was put in place in 2009 that is aimed at reviving the company's construction order book. Its main focus at the moment is in the execution and timely completion of all of its overseas projects. Zelan will continue to focus on its niche market as an international contractor for power plants. On the domestic front, the company is eyeing a few sizeable infrastructure works and we are confident that Zelan can leverage on its track record in returning to profitability.

OUTLOOK

Financial markets have rebounded since the lows of early 2009, due to improving economic conditions and wide-ranging policy actions by governments. Equity markets have soared to pre-crisis levels, and turmoil in the capital markets have calmed as risk appetite returned. Despite further recovery anticipated in 2010, policymakers still face extraordinary challenges as they seek to unwind the unprecedented fiscal, monetary, and financial support that were provided to keep economies and financial markets from collapsing.

We are aware of the challenges that lie ahead, and with the resources at our disposal, we are ready to face these challenges. A key element is the human capital that we possess and the fortitude that drives us to have a winning company.

We are committed to be a meaningful partner in Malaysia's progress. Our diverse portfolio of assets offers great opportunities for growth and is strategically positioned to provide long-term sustainable returns to our shareholders.

Datuk Hj Hasni Harun
CEO Malaysia
March 2010

International Operations

Our international operations faced a challenging year with the deepening of the global financial crisis. Despite the uncertainties arising from the crisis, we remain committed in our objective to

International Operations - Corporate Structure

MMC Corporation Berhad

MMC International Holdings Ltd

20% **Red Sea Gateway Terminal Limited**

Developer of new container terminal at Jeddah Islamic Port, Saudi Arabia

100% **MMC Utilities Limited**

Undertaking power and water projects in Middle East and North Africa

100% **MMC Saudi Arabia Ltd**

Saudi Binladin Group

50% (MMC Saudi Arabia Ltd) / 50% (Saudi Binladin Group)

Jazan Economic City Ltd

Developer of Jazan Economic City, Saudi Arabia

Interests in aluminium smelter, power plant and port

maintain our international presence within our core business lines. We remain hopeful that the worst is over for the global economy and we are positioning ourselves to capitalize on the recovery.

We are optimistic that the investment in Red Sea Gateway Terminal will enable MMC to not only generate the required returns but also act as a precursor for the Group to venture into other port development activities if the opportunity arises.

Red Sea Gateway Terminal

We have a 20% equity interest in Red Sea Gateway Terminal (RSGT), which has the right to develop and operate the third container terminal in Jeddah Islamic Port. The terminal has been opened partially for operations since December 2009 with the completion of one berth. Full commercial operations are targeted for the 4th quarter of 2010 with the opening of the remaining 3 berths.

The Jeddah Islamic Port located in the Red Sea region is a strategic hub for both transshipment and hinterland cargo. The throughput at Jeddah Islamic Port had registered good growth from 2.9 million TEU in 2006 to 3.3 million TEU in 2008. There was a slight decline in throughput in 2009 to 3.1 million TEU due to the effects of the global financial crisis. We expect a rebound in trade volumes during 2010.

We are optimistic that the investment in RSGT will enable MMC to not only generate the required returns but also act as a precursor for the Group to venture into other port development activities if the opportunity arises.

Jazan Economic City

When we started the project in 2007, we had targeted investments of USD30 billion to Jazan Economic City. Since November 2008, we have attracted investments worth USD31.6 billion. However, our plans for the development of the various infrastructure components have not proceeded expeditiously in light of the diminished risk appetite of financial institutions to provide the relevant project financing critical for the success of the development activities. We believe that the project will continue to proceed, albeit at a slower pace given the state of the global economy.

At present, construction activities are undergoing with respect to the steel billets and rebars plant and the building of sub-stations and transmission lines to the city. These contracts have an aggregate value of more than SAR1.1 billion (USD293 million). Currently, we have 250 personnel on site involved in the above contracts.

Recently, the Saudi Arabian government has instructed the national oil company, Saudi Aramco, to finance and construct an oil refinery within Jazan Economic City. The commencement of the USD10 billion oil refinery will trigger the fast track implementation of the power and port amenities and related facilities to support the needs of the refinery. The knock-on effects of the infrastructure projects will stimulate the growth of the Jazan region and contribute to the economic well-being of the Kingdom of Saudi Arabia. The oil refinery when completed will

enable the project proponents and investors in Jazan Economic City to have access to fuel sources that is required for their operations and more importantly, propel the development of downstream petrochemical industries within Jazan Economic City.

Ajman IPP Project

Pursuant to the agreement executed in July 2008 by MMC Utilities Limited (MMCU) with the Government of the Emirate of Ajman, MMCU was given the right to develop an independent power plant in Ajman under a 20-year Build-Operate-Transfer concession. The United Arab Emirates and the Emirate of Ajman have experienced a difficult year in 2009. The Government of Ajman has revised their electricity growth projections downward due to significant reduction in demand for power from real estate developers. In light of this, the requirement for a new generation facility in the Ajman Emirate has been delayed for a few years. The Government of Ajman has not given the go-ahead to continue the arrangements under the Basic Agreement that was signed with MMCU in July 2008. We will continue to engage the Government of Ajman on the appropriate time to proceed with the development.

OUTLOOK

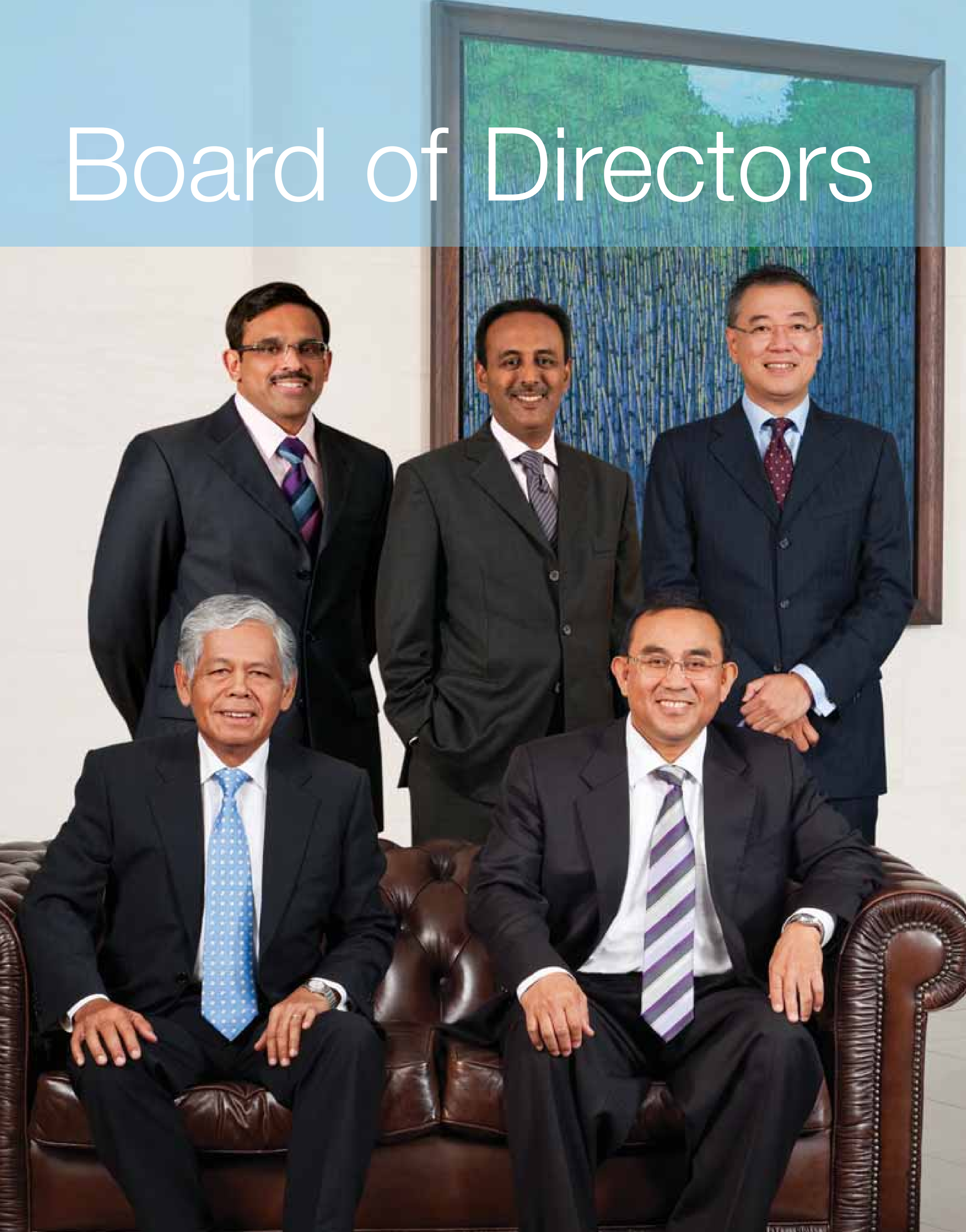
We have achieved mixed results in our operational progress. Our investment in RSGT is progressing well with full commercial operations expected during the fourth quarter of 2010. We have not realized the full potential that we had intended for our role in Jazan Economic City due to the global financial crisis.

We intend to pursue our plans to promote and develop Jazan Economic City although the pace of the progress will be aligned to the financing that we can obtain. We remain optimistic that our request for Saudi Arabian government financing would be favourably considered.

We will continuously review our strategy on the most optimal approach to be adopted so as to enhance value to our shareholders.

Feizal Ali
CEO International
March 2010

Board of Directors



Seated, from left to right:

Dato' Abdullah Mohd Yusof

Datuk Hj Hasni Harun CEO Malaysia

Dato' Wira Syed Abdul Jabbar Syed Hassan Chairman

Standing, from left to right:

Feizal Ali CEO International

Abdul Hamid Sh Mohamed

Ooi Teik Huat

Datuk Mohd Sidik Shaik Osman

Ahmad Jauhari Yahya

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob

Profile of Directors

Dato' Wira Syed Abdul Jabbar Syed Hassan

Chairman

Dato' Wira Syed Abdul Jabbar Syed Hassan, 70, was appointed as a non-independent Chairman of the Company on 7 July 2000. Dato' Wira Syed Abdul Jabbar also chairs the nomination, remuneration and executive committees of the board.

Dato' Wira Syed Abdul Jabbar was the Chief Executive Officer of the Kuala Lumpur Commodity Exchange from 1980 to 1996, the Executive Chairman of the Malaysia Monetary Exchange from 1996 to 1998 and the Executive Chairman of the Commodity and Monetary Exchange of Malaysia from 1998 to 2000.

Dato' Wira Syed Abdul Jabbar is a Malaysian citizen and holds a Bachelor of Economics degree from University of Western Australia and a Masters of Science degree in Marketing from University of Newcastle-Upon-Tyne, United Kingdom. He is also the Chairman of MARDEC Berhad, Padiberas Nasional Berhad, Tradewinds Plantation Berhad, Tradewinds (M) Berhad, Aliran Ihsan Resources Berhad and a board member of Star Publications (Malaysia) Berhad and KAF Discounts Berhad.

Datuk Hj Hasni Harun

CEO Malaysia

Datuk Hj Hasni Harun, 52, was appointed as Chief Executive Officer Malaysia and a board member on 1 March 2008. He is also a member of the executive committee.

Datuk Hj Hasni is a member of the Malaysian Institute of Accountants. He holds a Masters degree in Business Administration from United States International University, San Diego, California and a Bachelor of Accounting (Honours) degree from University of Malaya.

Datuk Hj Hasni held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund Board from 1994 to 2001, and the Managing Director of RHB Asset Management Sdn Bhd from 2001 until 2006. He then joined DRB-HICOM Berhad as Group Chief Financial Officer until 2006 and joined MMC as the Group Chief Operating Officer in January 2007 until February 2008, prior to his appointment as Chief Executive Officer Malaysia.

Datuk Hj Hasni is a Malaysian citizen and also sits on the boards of IJM Corporation Berhad, Zelan Berhad, Aliran Ihsan Resources Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad and several private limited companies.

Encik Feizal Ali, 48, was appointed to the board on 24 March 2004 and assumed the position of Chief Executive Officer International on 1 March 2008. He is also a member of the executive committee of the board.

Encik Feizal joined the Company as the Special Advisor to the Chairman in September 2001 and in December 2001 assumed the post of Group Chief Financial Officer. He was promoted to the position of Group Chief Operating Officer in March 2004 and Group Chief Executive in September 2006, before assuming the role of CEO International in March 2008. Prior to joining MMC, he was the Vice President-Finance of Commerce Dot Com Sdn Bhd (1999-2001), Chief Financial Officer of Pelabuhan Tanjung Pelepas Sdn Bhd (1996-1999) and General Manager, Finance of Prolink Development Sdn Bhd (1994-1996).

Encik Feizal started his career in accounting and finance in the banking industry in the USA (1985-1989) and subsequently worked in the Middle East for five years (1989-1994).

Encik Feizal sits on the boards of MMC International Holdings Limited, Jazan Economic City Land Limited, Red Sea Gateway Terminal Limited, MMC Saudi Arabia Limited and MMC Utilities Limited. He is also a board member of Malakoff Berhad.

Encik Feizal is a Malaysian citizen and holds a Bachelor of Science degree in Business Administration (Accounting) from Menlo College, USA, a Bachelor of Commerce degree from the University of Kerala and a Masters degree in Business Administration (Finance) from the University of Santa Clara, California.

Feizal Ali

CEO International

Dato' Abdullah Mohd Yusof, 70, joined the board on 31 October 2001. He is the Chairman of the audit committee and a member of nomination committee and is the senior independent director of the board.

Dato' Abdullah is a partner in the legal firm of Abdullah & Zainuddin. He is also the Chairman of Aeon Co. (M) Berhad and Aeon Credit Service (M) Berhad, and a board member of Tradewinds Corporation Berhad and Zelan Berhad.

Dato' Abdullah is a Malaysian citizen and holds a LLB (Honours) degree from the University of Singapore.

Dato' Abdullah Mohd Yusof

Ooi Teik Huat

Encik Ooi Teik Huat, 50, was appointed to the board as an independent director on 22 May 2008. He is also a member of the audit and nomination committees of the board.

Encik Ooi holds a Bachelor degree in Economics from Monash University, Australia. He is a member of the Malaysian Institute of Accountants and CPA Australia.

He began his career with Messrs. Hew & Co (now known as Messrs. Mazars') in 1984, before joining Malaysian International Merchant Bankers Berhad (now known as MIMB Investment Bank Berhad) in 1989 and subsequently Pengkalen Securities Sdn Bhd (now known as PM Securities Sdn Bhd) in 1993. He is currently a director of Meridian Solutions Sdn Bhd.

Encik Ooi is a Malaysian citizen and also sits on the boards of Tradewinds (M) Berhad, Tradewinds Plantation Berhad, DRB-Hicom Berhad, Edaran Otomobil Nasional Berhad and Zelan Berhad.

Encik Abdul Hamid Sh Mohamed, 44, was appointed to the board as an independent director on 10 August 2009. He is also a member of the audit committee.

Encik Abdul Hamid is currently an Executive Director of Symphony House Berhad. He started his career in the accounting firm Messrs Lim Ali & Co. / Arthur Young, before moving on to merchant banking with Bumiputra Merchant Bankers Berhad. He later moved to the Amanah Capital Malaysia Berhad Group, an investment banking and finance group, where he led its corporate planning and finance functions until 1998, when he joined the Kuala Lumpur Stock Exchange (KLSE), now known as Bursa Malaysia Berhad. During his five years with the KLSE, he led KLSE's acquisitions of KLOFFE, COMMEX and their merger to form MDEX, and the acquisition of MESDAQ. He also led KLSE's demutualisation exercise.

Encik Abdul Hamid is a Malaysian citizen and a Fellow of the Association of Chartered Certified Accountants. He also sits on the boards of Pos Malaysia Berhad, Hartalega Holdings Berhad, SILK Holdings Berhad (formerly known as Sunway Infrastructure Berhad) and Scomi Engineering Bhd.

Abdul Hamid Sh Mohamed

Datuk Mohd Sidik Shaik Osman

Datuk Mohd Sidik Shaik Osman, 61, was appointed to the board as a non-independent director on 23 January 2003 and is a member of the remuneration and executive committees.

Upon graduation, Datuk Mohd Sidik served as Assistant Secretary, Ministry of Trade & Industry from 1974 until 1979 and was subsequently appointed Principal Assistant Secretary, Ministry of Transport (Port Division) in 1979, a position he served until 1987. Whilst serving the Ministry of Transport, he took study leave and obtained a Masters of Science (Maritime) degree from the World Maritime University, Sweden.

Upon obtaining his Masters degree in 1988, he served as Secretary to the National Maritime Council, National Security Council, Prime Minister's Department. Between 1992 and 1996, he was appointed as the Team Leader, Straits of Malacca Radar Project in the same department and later became Deputy Director General of the National Security Division, Prime Minister's Department.

Datuk Mohd Sidik left Government service to join Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) in 1997 as its Chief Operating Officer. In 1998, he was appointed as Director of PTP and in the following year was promoted to Executive Director. He was appointed as the Chief Executive Officer of PTP in January 2000 and assumed the post of Chairman in October 2005. He is also the Chief Executive Officer of Senai Airport Terminal Services Sdn Bhd and a board member of Johor Port Berhad.

Datuk Mohd Sidik is a Malaysian citizen and also holds a Bachelor of Social Science (Honours) (Economics) degree from Universiti Sains Malaysia.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, 68, joined the board on 26 August 1999 as a non-independent director and is a member of the audit and remuneration committees of the board.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman served in the Public Works Department since 1964 and became its Director General from 1990 until his retirement in 1996.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is a Malaysian citizen and holds a Diploma in Civil & Structural Engineering from Brighton College of Technology, United Kingdom. He is a Fellow of the following institutions: Chartered Institute of Buildings (U.K.), Institute of Highways & Transportation (U.K.), Institute of Civil Engineers (U.K.), Institute of Engineers, Malaysia and Academy of Sciences, Malaysia.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is the Chairman of IJM Corporation Berhad, Lingkaran Trans Kota Holdings Berhad and Lysaght Galvanised Steel Berhad, and a board member of Malaysian Industrial Development Finance Berhad, Saujana Consolidated Berhad, Northport Corporation Berhad and Bank of America Malaysia Berhad.

Encik Ahmad Jauhari Yahya, 55, was appointed to the board as a non-independent director on 23 May 2007.

Encik Ahmad Jauhari is currently the Managing Director/Chief Executive Officer of Malakoff Corporation Berhad, a position he held since May 2007. From 1977 to 1979, he worked with ESSO Malaysia Berhad before joining The New Straits Times Press (M) Berhad (NSTP) as an Electrical and Electronic engineer. He was subsequently Engineering Manager (1982), Production and Technical Director (1983), and then Senior Group General Manager, Production and Circulation (1990).

In 1992, he moved to Time Engineering Berhad as Deputy Managing Director, and in the same year was promoted to Managing Director. In 1993, he joined Malaysian Resources Corporation Berhad (MRCB) as Managing Director, before resigning a year later to take on the post of Managing Director of Malakoff Berhad while remaining a director of MRCB. In July 1999, he was appointed a director of NSTP and subsequently, the Executive Vice-President of MRCB in February 2000. In July 2000, he resigned from his executive presidency at MRCB as well as the directorships at MRCB and NSTP. In 2007, Encik Ahmad Jauhari resigned as Managing Director of Malakoff Berhad while still remaining a member of its board.

He sits on the boards of Malakoff Berhad, Malakoff Corporation Berhad, Port Dickson Power Berhad and Aliran Ihsan Resources Berhad, and is the Honorary President of Penjanabebas (Association of Independent Power Producers, Malaysia).

Encik Ahmad Jauhari is a Malaysian citizen and holds a Bachelor of Science (Honours) degree in Electrical and Electronic Engineering from the University of Nottingham, United Kingdom.

Ahmad Jauhari Yahya

From left to right
Feizal Ali
(CEO International)

Anwar Syahrin Abdul Ajib
(Group Chief Financial Officer)

Shahrir Shariff
(Director, Projects Development, MMC International)

Datuk Hj Hasni Harun
(CEO Malaysia)

Dr. Mabel Lee Khuan Eoi
(Senior General Manager, Corporate Planning)

Management Team

From left to right
Azharuddin Nordin
(General Manager, CEO Malaysia's Office)

Ahmad Aznan Mohd Nawawi (General Manager, Group Corporate Secretarial)

Dato' Khairul Yusni Hj Md Yusof (General Manager, Government Liaison)

Elina Mohamed
(Group Legal Advisor/Acting General Manager, Human Resource)

Vincent Chiu
(General Manager, Contracts & Procurement)

corporate social

To us, there is more to life than just making profits. We are committed to making a difference with what we do. A sustainable business needs to operate within healthy environments, economies and communities. We recognize the impact of our business to society and our role to create a better place for future generations.

Although being a responsible corporate citizen means maximizing shareholder value and running a profitable business, MMC is also committed to investing for the future. Throughout the companies within the MMC Group, corporate social responsibility (CSR) is approached holistically. Our commitment to CSR is based on the thrusts of education and community development, environment and human capital development. We work to align the objectives of our business with that of society and the world around us.

EDUCATION AND COMMUNITY DEVELOPMENT

The MMC Group is committed to creating education improvement around the country. Indeed, we strive to make education a part of MMC's culture, and are pleased to work together with numerous government and non-governmental organizations in giving back to society.

We believe that everyone should have access to quality education. We are involved in the development of the Albukhary International University, a non-profit university catered for the poor and less privileged. We are actively involved in adopting schools, sponsorship of books and supplies to underequipped schools and disadvantaged students, organising annual motivation camps and other endeavours towards elevating education for our young as the country progresses into a knowledge economy.

Within the MMC family, too, the children of staff who have excelled in their studies are given recognition through the "Anugerah Pelajar Cemerlang" program.

We also continuously engage in humanitarian and community projects as part of CSR. For example, the Group had organised blood donation campaigns, fund-raising sporting events, gotong-royong and other charitable activities.

ENVIRONMENT

MMC also commits itself to good environmental practices in its businesses. We recognise that our activities must be carried out responsibly due to the fragile ecosystems in certain areas where we operate.

Within the Group, health, safety and environment (HSE) initiatives are an integral part of our operations. Structured HSE programmes undertaken encompass all elements in operations and involve employee engagement at all levels. Stringent pollution monitoring and waste management practices are also imposed and strictly adhered to in our subsidiaries.

Besides ensuring that we operate in accordance with the highest environmental standards, we also take proactive steps to increase awareness toward environmental conservation within the local communities impacted by our presence.

For example, environmental awareness campaigns such as the Malakoff Mangrove Initiative and Energy Efficiency Lecture Series and PTP's "Caring for the Wetlands" campaign were successfully carried out.

HUMAN CAPITAL DEVELOPMENT

A strong company requires not only skilled, but driven, motivated and loyal employees. Attention is given to the professional and personal development of members of the MMC family to nurture a culture of hard work, discipline and creativity. Comprehensive training in terms of functional and soft skills are continuously rolled out within the Group along with the provision of educational loans for staff intending to further their education. We are also committed to developing a pool of talent that can be nurtured into the Group's future leaders, in tandem with our objective to create human capital providing service excellence to stakeholders and to be a preferred employer.

Teambuilding and leadership training are widely implemented throughout the Group to foster greater cooperation and understanding between staff and instilling of MMC's core values of Integrity, Innovation, Teamwork, Excellence and Commitment.

Due recognition is also given to staff who have dedicated years of loyal service to MMC through our "Anugerah Khidmat Setia" program.

responsibility

Highlights of 2009

1 **MMC holds analyst briefing**

On 26 February 2009, the management of MMC held a briefing for analysts and fund managers to discuss its 2008 full-year financial results.

2 **Electrified Double Tracking Railway Project: Larut Tunnel Breakthrough Ceremony**

On 11 March 2009, Transport Minister Datuk Seri Ong Tee Keat launched the breakthrough ceremony of the Larut Tunnel. Located at Air Kuning, Perak, the tunnel is 300m long with a height of 10m and width of 13m.

3 **Minggu Saham Amanah Malaysia 2009**

MMC participated in the Minggu Saham Amanah Malaysia 2009, which was held between 18 to 26 April 2009 in Johor Bahru. The week is aimed at creating awareness of financial planning and intended to be an educational platform for those planning to invest in unit trust funds.

Acquisition of Senai Airport Terminal Services Sdn Bhd (SATSSB) is completed

On 24 April 2009, SATSSB became a wholly-owned subsidiary of MMC with the completion of the acquisition exercise. This widens MMC's involvement in the transport and logistics sector into the area of airport operations and air logistics.

4 **Pelabuhan Tanjung Pelepas (PTP) inks agreement with the world's 3rd largest liner, CMA CGM**

PTP entered into an agreement with the world's 3rd largest liner, CMA CGM, to provide container terminal services to the company.

Gas Malaysia and Petronas conclude Gas Supply Agreement

Gas Malaysia signed a gas supply agreement with Petroliam Nasional Bhd for the supply of 300 million standard cu ft per day of natural gas to Gas Malaysia. The new gas supply agreement would enable Gas Malaysia to reach out to more industrial customers.

5 **SATSSB and MASKargo signs agreement**

On 5 September 2009, SATSSB signed an agreement with Malaysia Airlines Cargo Sdn Bhd to launch a new weekly freighter destination from Sultan Ismail Airport, Senai to Narita, Japan.

6 **MMC sponsors the inaugural Malaysian Open Tennis tournament**

MMC demonstrated its support for sports by being one of the sponsors of the Proton Malaysian Open Tennis tournament, an ATP World Tour 250 Series event. The tournament, which was held at Stadium Putra Bukit Jalil, attracted many top-ranked professional tennis players and was won by Russian Nikolai Davydenko.

7 **Tanjung Bin Power Plant officiated**

The RM7.8 billion Tanjung Bin power plant was officiated by Y.A.B Tan Sri Dato' Haji Muhyiddin Haji Mohd Yassin, the Deputy Prime Minister on 1 December 2009. The plant is the first private coal-fired power plant in the country and the biggest of its kind in South-East Asia. The power plant has a capacity of 2,100 MW and makes up approximately 40% of Malakoff's total domestic power generation capacity.

Red Sea Gateway Terminal commences commercial operations

The new terminal started its operations with the opening of its first berth. On 22 December 2009, UASC vessel Al-Mutanabbi made its maiden call on the first phase of the new world–class container terminal, located at Jeddah Islamic Port, marking MMC's first foray into the ports and logistics business outside of Malaysia.

PTP hits 6 million TEU mark

PTP closed the year with a container throughput of six million TEUs, which was 7% higher than the previous year despite the global economic downturn.


MMC
Analyst Briefing
2008 Full - Year Results
26 February 2009

1

2


LARUT TUNNEL

3

4

5

7

6


MMC


TanjungBin Power

Corporate

Governance

Statement on Corporate Governance

Sound corporate governance ensures the Company's continued high performance and integrity while retaining the trust of stakeholders. Maintaining effective corporate governance is therefore a key priority for the board, and is achieved through implementing the principles and best practices of the Malaysian Code on Corporate Governance ("the Code").

DIRECTORS

The Board

The Company is led by a board of directors which is responsible to the shareholders for the management of the Company. The board has the ultimate and overall responsibility for corporate governance and the Company's overall strategic direction and objectives, its acquisition and divestment policies, major capital expenditure and the consideration of significant financial matters. It monitors the exposure to key business risks and reviews the direction of individual business units, their annual budgets and their progress compared against those budgets. A total of five board meetings were held in 2009 and all directors attended more than half of these meetings.

There is a distinct and clear division of responsibility between the Chairman and the Chief Executive Officers (CEOs) to ensure there is a balance of power and authority. The roles of the Chairman and the CEOs are kept separate where the Chairman is responsible for ensuring board effectiveness and conduct and the CEOs have the overall responsibility for the day-to-day management of the Company. The CEOs are also responsible for the implementation of the board's policies and decisions. The board continues to carry out the principal stewardship responsibilities which it explicitly assumed in 2002, as prescribed by the Code.

Board balance

There is optimum board balance and compliance with the independent directors criteria set out under the requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). At least one third of the board consists of independent directors with expertise and skills from various fields. Currently, three out of nine board members are independent directors who are able to bring an independent judgment on issues of strategy, performance and resources of the Group. The presence of these independent directors fulfills a pivotal role of corporate accountability. They provide unbiased and independent views, advice and judgment to take account of the interests of the Group, shareholders, employees and any party with whom the Group conducts business.

Overall, the board comprises a good mix of members with diverse academic backgrounds to provide a collective range of skills, expertise and relevant experience to support the growth of our businesses.

The interests of major shareholders are reflected fairly by the representation of their nominees on the board. The Chairman encourages healthy debate on important issues and promotes active participation by board members. Dato' Abdullah Mohd Yusof is the senior independent director to whom the board members' concerns may be conveyed.

The board plays an important role in the development of Group policy and its seven non-executive directors oversee the Company and the management. The board's four committees comprise non-executive directors, except for the executive committee, which includes the CEOs. There is an adequate degree of independence, and directors meet and actively exchange views to ensure that the board can effectively assess the direction of the Company and the performance of its management.

Supply of Information

The board meets at least four times a year, and as and when necessary for any matters arising between regular board meetings. The board is supplied with information in a timely manner and in the appropriate quality to enable the directors to discharge their duties effectively, and due notice is given to directors with regard to issues to be discussed. The quality and manner in which information is provided to the board is reviewed annually as part of the board's evaluation process. Resolutions are properly recorded and minutes of proceedings of meetings are circulated to directors for comments before they are confirmed. Directors are also notified of any corporate announcements released to Bursa Malaysia.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in the furtherance of their duties. There is an agreed procedure in place for directors to acquire independent professional advice to ensure that the board functions effectively. All directors have access to the advice and services of company secretaries whose appointment and removal is a matter for the board as a whole. The company secretaries advise both the directors and management, on statutory, regulatory and corporate development, the implementation of corporate governance measures and compliance as applicable to the Group. They are also responsible for ensuring that board procedures are followed.

Appointments to the Board

The appointment of new directors to the board is made by the full board upon the recommendation of the nomination committee. Last year, the committee had recommended the appointment of Encik Abdul Hamid Sh Mohamed as an independent director to fulfill the requirement to have the required number of independent directors on the board of the Company. The committee had also recommended Encik Abdul Hamid Sh Mohamed to be appointed a member of the audit committee.

DIRECTORS' TRAINING

All directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia. Last year, all directors attended at least one training session, either organised internally by the Company or externally, including the following:

1. **Dato' Wira Syed Abdul Jabbar Syed Hassan**
   - High Forum for Directors of Listed Issuers In Enhancing Corporate Governance / Bursa Malaysia Berhad
   - Half Day Talk on the Outlook of the Other Half of 2009-2010 Global Economic Crisis-Impact on Malaysia / Asia Chain Management Sdn Bhd.
   - Seminar on Key Amendments on the Directors' Obligations Under The Listing Requirements of Bursa Malaysia Securities Berhad and Understanding the Directors' Obligations: Board Effectiveness & Managing Risk (With Reference to the Corporate Governance Guide: Towards Boardroom Excellence) / Bursatra Sdn Bhd
   - Board Effectiveness: Understanding the Roles & Functions of the Nominating & Remuneration Committee / Bursatra Sdn Bhd

2. **Encik Feizal Ali**
   - Seminar on Key Amendments on the Directors' Obligations Under The Listing Requirements of Bursa Malaysia Securities Berhad and Understanding the Directors' Obligations: Board Effectiveness & Managing Risk (With Reference to the Corporate Governance Guide: Towards Boardroom Excellence) / Bursatra Sdn Bhd
   - RAM Annual Bond Conference, The Malaysian Bond Market: Dawn of a new Era / RAM Holdings Berhad

3. **Datuk Hj Hasni Harun**
   - FRS 139 Financial Instruments: Recognition and Measurements, FRS 132 Financial Instruments: Presentation & FRS 7 Financial Instruments: Disclosure / PricewaterhouseCoopers.
   - Seminar on Key Amendments on the Directors' Obligations Under The Listing Requirements of Bursa Malaysia Securities Berhad and Understanding the Directors' Obligations: Board Effectiveness & Managing Risk (With Reference to the Corporate Governance Guide: Towards Boardroom Excellence) / Bursatra Sdn Bhd

4. **Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob**
   - Seminar on Key Amendments on the Directors' Obligations Under The Listing Requirements of Bursa Malaysia Securities Berhad and Understanding the Directors' Obligations: Board Effectiveness & Managing Risk (With Reference to the Corporate Governance Guide: Towards Boardroom Excellence) / Bursatra Sdn Bhd
   - Port & Terminal Management Conference / Northport (Malaysia) Berhad
   - Briefing by MSWG on Malaysia Corporate Governance ("MCG") Index / IJM
   - Briefing by PwC on Corporate Governance Guide – Towards Boardroom Excellence / IJM
   - Seminar on Managing IFRS in Critical Times: Learning from Global experience / Deloitte KassimChan

- Technical talk on With the Advantage of Hindsight – a new look at transport & PLUS Traffic Monitoring Centre / The Institution of Highways & Transportation in association with PLUS Expressways Berhad
- High Level Forum for Directors of Listed Issues in Enhancing Corporate Governance / Bursa Malaysia
- Talk on Conventional International Financial System & Challenges Impinging Shariah Economics / MIDF
- Round Table Discussion (RTD) on Mitigating Impact of the Global Crisis / MPC
- Program Ministerial Leadership Lecture – Building Human Capital Development for the future / Ministry of Higher Education Malaysia

5. Datuk Mohd Sidik Shaik Osman

- Board Effectiveness: Understanding the roles and functions of the Nominating & Remuneration Committee / Busatra Sdn Bhd

6. Dato' Abdullah Mohd Yusof

- Directors' Training on Getting Up to Speed with Governance (Part 2) / The Institute of Internal Auditors Malaysia

7. Encik Ahmad Jauhari Yahya

- International Water Conference / Singapore International Water Week Pte Ltd

8. Encik Ooi Teik Huat

- High level forum for Directors of listed issuers in enhancing Corporate Governance / Bursa Malaysia
- Forum on FRS 139 Financial Instruments: Recognition and Measurement / Bursa Malaysia
- Board Excellence Forum/ Lexis Nexis

9. Encik Abdul Hamid Sh Mohamed

- Dialogue session with FTSE Group & Bursa Malaysia
- MSC Leadership Talk Series by Tun Dr Mahathir Mohamed

Directors also made site visits to the Group's operations to have a better perspective and understanding of the Group's various businesses.

Re-election

The Company's Articles of Association provides that one-third of the board shall retire from office every year and shall be eligible for re-election at every AGM. Additionally, directors of or over the age of seventy are to be re-appointed annually at the AGM, a requirement to be followed pursuant to Section 129 of the Companies Act 1965. This affords shareholders the opportunity to review directors' performance and also promotes effective boards.

DIRECTORS' REMUNERATION

The Level and Make-up of Remuneration

The board as a whole reviews the level of remuneration of directors to ensure that it is sufficient to attract and retain the directors needed to lead the Company to success. The level of remuneration also needs to reflect the experience and level of responsibilities undertaken by the directors.

Procedure

The board, through its remuneration committee, annually reviews the performance of the executive directors as a prelude to determining their annual remuneration, bonus and other benefits. In discharging this duty, the remuneration committee evaluates the executive directors' performance against the objectives set by the board, thereby linking their remuneration to performance. The remuneration of non-executive directors is reviewed by the board as a whole, to ensure that it is aligned to market and to their duties and responsibilities.

Disclosure
The fees payable to non-executive directors are approved by shareholders at the AGM based on the recommendation of the board. The aggregate remuneration of the directors categorised into the appropriate components are as follows:

Category	Fees (RM)	Salaries and emoluments (RM)	Meeting & other allowances and defined contribution plan (RM)	Benefits in kind (RM
Executive Directors	–	4,402,214	262,365	298,370
Non-Executive Directors	627,796	–	198,401	78,519

The remuneration paid to the directors within the following bands is as follows:

Amount of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
Less than RM50,000	–	1*
RM50,000 to RM100,000	–	5**
RM100,001 to RM150,000	–	2
RM1,650,000 to RM2,500,000	2	–

* A director was appointed on 10 August 2009
** A director resigned on 3 August 2009

SHAREHOLDERS

Dialogue between the Company and Investors
The Company continues to meet with research analysts, fund managers, members of the media/business editors and institutional investors, from both the local and international investment community. Last year, senior management also went on an international non-deal road show and participated in investor conferences to provide updates on the latest developments within the Group.

MMC's objective is to give investors the best information possible so that they can accurately apply it to evaluate the Company. Relationships with the investment community are built on integrity, qualitative and timely information and management's ability to perform and deliver effectively. Communication is a two-way process - we seek to understand the attitudes of investors towards the Company, and relay this feedback to management for any follow up action.

The Company's website continues to be an integral source of information for investors and is updated constantly to incorporate the latest news about MMC.

The AGM
The Company values feedback from its shareholders and encourages them to actively participate in discussions and deliberations. AGMs are held each year to consider the ordinary business of the Company and any other special business. Each item of special business included in the notice is accompanied by an explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The board subscribes to the philosophy of transparent, fair, reliable and easily comprehensible reporting to stakeholders. The board acknowledges and accepts full responsibility for preparing a balanced and comprehensive assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders.

In preparing last year's financial statements, the directors have:

- used appropriate accounting policies and applied them consistently;
- ensured that all the requirements of Malaysian Accounting Standards Board's approved accounting standards have been followed; and
- prepared financial statements on a going concern basis as the directors have a reasonable expectation, having made enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

The directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

Internal Control

The board is responsible for reviewing the adequacy and integrity of the Company's internal control system. The board ensures that the Company has appropriate policies and procedures, a risk management system, financial authority limits, as well as internal audit to safeguard the shareholders' investment and the Company's assets. The board reviews the effectiveness of the system of internal controls through the audit committee which oversees the work of the internal audit division and comments made by the external auditors in their management letter and internal audit reports.

Relationship with Auditors

The board, on its own and through the audit committee, has a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors. The audit committee seeks regular assurance on the effectiveness of the internal control system through independent appraisal by the auditors. Liaison and unrestricted communication exists between the audit committee and the external auditors.

BOARD COMMITTEES

The board has four standing committees, each operating within defined terms of reference, to assist the board in discharging its responsibilities. The minutes of proceedings of each committee meeting are circulated to all board members so that all directors are aware of the deliberations and resolutions made. Where applicable, committees report their decisions to the board and present their recommendations for the board's approval.

The executive committee comprises two executive directors and two non-executive directors. The committee is responsible for strategic and operational plans which fall within their level of authority. Meetings are scheduled monthly except during the months where board meetings are held. This will allow matters that fall within the committee's terms of reference to be deliberated and decided by the committee, thus reducing the board's agenda.

The nomination committee comprises three non-executive directors, two of whom are independent. The committee makes recommendations to the board on new board appointments, taking into account the size, balance and structure of the board. It also reviews the size and composition of the board to ensure that it consists of the best mix of talents most effective to run the company.

In addition, the nomination committee evaluates the board's effectiveness and suggests opportunities for improvement. The committee solicits comments from each board member, via a prescribed evaluation form, on how the board, the board's committees and each individual director's performance can be improved. Comments are treated in strict confidence and are addressed directly to the Chairman of the board, who is also the Chairman of the nomination committee.

The remuneration committee comprises three non-executive directors and considers the remuneration of the executive directors. The committee meets at least once a year to discuss the executive directors' current year performance against the performance objectives approved by the board earlier in the year. Once the executive directors' performance are evaluated and compensation determined, the committee considers the Group's proposed bonus and increment for the year and makes the necessary recommendations to the board concerning the appropriate compensation for the Company's officers.

Details on the audit committee appear in the audit committee report which appears on pages 68 to 71 of this annual report.

BOARD AND COMMITTEE MEETINGS

Attendance Record of Board Members

Set out below is the attendance record of members for board and committee meetings for 2009:

	Name	Board	Audit Committee	Nomination Committee	Remuneration Committee	Executive Committee
1.	Dato' Wira Syed Abdul Jabbar Syed Hassan	5/5	–	1/1	1/1	–
2.	Encik Feizal Ali	5/5	–	–	–	–
3.	Datuk Hj Hasni Harun	5/5	5/5	–	1/1	–
4.	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob	5/5	5/5	–	1/1	–
5.	Dato' Abdullah Mohd. Yusof	5/5	5/5	1/1	–	–
6.	Datuk Mohd Sidik Shaik Osman	4/5	–	–	1/1	–
7.	Encik Ahmad Jauhari Yahya	5/5	–	–	–	–
8.	Encik Ooi Teik Huat	5/5	5/5	–	–	–
9.	Encik Halim Haji Din *	3/3	2/2	–	–	–
10.	Encik Abdul Hamid Sh Mohamed **	2/2	3/3	–	–	–

Notes

* Number of meetings attended until 3 August 2009, the date he resigned as a director.

** Number of meetings attended from 10 August 2009 onwards, the date he was appointed director.

All directors attended more than 50% of the meetings held in 2009.

Internal Control Statement

The board of directors recognises the importance of sound internal control and risk management practices and its responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It is acknowledged that such systems can only manage rather than eliminate risks and that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

Our two associate companies, Zelan Berhad and Integrated Rubber Corporation Berhad, have not been included as part of the Group for the purpose of this internal control statement. However, these companies are listed on Bursa Malaysia and would have to comply with this reporting requirement in their own right.

GROUP RISK MANAGEMENT FRAMEWORK

The Group's risk management framework is constantly monitored and reviewed to ensure risks and controls are updated to reflect current situations and ensure relevance at any given time. Management, in keeping with good governance, takes a serious view of ensuring that the Group is always alert to any situation that might affect its assets, income and ultimately, profits.

ENTERPRISE RISK MANAGEMENT

The Group's risks are monitored and updated constantly by their risk owners via the Enterprise Risk Management (ERM) risk register. The data contained in the ERM risk register will then be checked and reviewed by the management of individual subsidiaries, the ultimate risk owners.

The internal audit department extracts from the ERM risk register risks that are rated 'high', reviews the corrective measures and if required, discusses them with the risk owners. The risks are then compiled into the Group risk management quarterly reports and submitted to the Group Chief Financial Officer and the Chief Executive Officer Malaysia for their review. The report will then be tabled to the board of directors at each quarterly meeting so that the board is aware of major risks within the Group and to ensure prompt action by the management to mitigate the risks.

BUSINESS CONTINUITY PLAN

MMC's Business Continuity Plan (BCP) is a pro-active crisis management programme that addresses how the organisation should react to unexpected business interruptions. It identifies the critical elements which are required so that essential business functions are able to continue in the event of unforeseen or difficult circumstances.

MMC is committed to employ appropriate strategies in anticipating and controlling crisis situations and to establish an emergency response team, who would execute the plan to ensure minimal disruption.

The Company also has a tested IT Disaster Recovery Plan directing the computer system recovery process. The plan focuses on the requirements necessary to restore the processing of the critical business system applications at an alternate facility for an interim period following the loss of computing services.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of the Group's internal control system are described below:

- Clearly defined delegation of responsibilities to board committees and to the management of head office and companies within the Group, including financial authority limits.
- Where appropriate, certain companies have ISO 9001: 2000 and ISO 14001 accreditations for operational processes.
- Review of proposals for material capital and investment acquisitions by the executive committee before review and approval by the board.
- A budgeting process where companies prepare budgets every year, for approval at company level, before being reviewed by the executive committee and/or the board.
- Quarterly performance reports, benchmarked against budgets and objectives, are provided to directors and discussed at the executive committee and/or board meetings.
- Monitoring of performance, including discussion of any significant issues at regular meetings with heads of business units.
- Board representation in companies in which MMC has a material interest, to facilitate the performance review of these companies.
- Periodic reviews by the internal auditor, providing an independent assurance on the effectiveness of the Group's system on internal control and advising management on areas of improvement.
- The audit committee, on behalf of the board, considers the effectiveness of the operation of the Group's internal control procedures.
- The risk management framework of the Group is in place together with the ERM risk register to assist in the Group's risk management process.
- The implementation of an Enterprise Resource Planning System for the Group has also increased the quality of controls over its general operations. The system will also help to ensure that work processes are more efficient and timely.

The board believes that the development of the system of internal controls is an ongoing process and continues to take steps to improve the internal control system. A number of internal control weaknesses identified during the period have been addressed.

Audit Committee Report

The audit committee comprises four non-executive directors, three of whom are independent, and is chaired by Dato' Abdullah Mohd Yusof, an independent director.

MEETINGS

Meetings are scheduled at least four times a year, and are normally attended by the Chief Executive Officers, the Group Chief Financial Officer, the Internal Audit Manager and upon invitation, the external auditors and internal audit consultants. Other board members may also attend meetings upon the invitation of the audit committee. Last year, the audit committee met twice with the external auditors in the absence of management. The auditors, both internal and external, may request additional meetings if and when considered necessary.

The Company Secretary acts as secretary to the audit committee. Minutes of each meeting are distributed to each board member and the Chairman of the audit committee reports key matters discussed at each meeting to the board. The audit committee had five meetings during the last financial year and the external auditors attended four of these meetings. The internal audit consultant, Ernst & Young, tabled to the audit committee reports on operational audits which were carried out during the year.

AUTHORITY

The audit committee has the following authority as empowered by the board:

- The authority to investigate any matters within its terms of reference;
- The authority to utilise resources which are required to perform its duties;
- Full, free and unrestricted access to any information, records, properties and personnel of any company within the Group;
- Direct communication channels with the external and internal auditors;
- The ability to obtain independent, professional or any other advice; and
- The ability to convene meetings with the external and internal auditors or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

DUTIES AND TERMS OF REFERENCE

1. Consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal, and inquire into the staffing and competence of the external auditors in performing their work.
2. Discuss the nature and scope of the audit in general terms and any significant problems that may be foreseen with the external auditors before the audit commences and ensure that adequate tests to verify the accounts and procedures of the Group are performed.
3. Discuss the impact of any proposed changes in accounting principles on future financial statements.

4. Review the results of the operational audit reports and monitor the implementation of any recommendations made therein.

5. Review the quarterly results and annual financial statements before submission to the board, focusing particularly on:
   - any changes in accounting policies and practices;
   - significant adjustments resulting from the audit;
   - the going concern assumptions;
   - compliance with accounting standards; and
   - compliance with regulatory requirements.

6. Discuss problems and reservations arising from the interim and final audits, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).

7. Review the external auditor's management letter and management's response.

8. Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work.

9. Review the internal audit plan, consider the major findings of internal audit investigations and management's response and ensure co-ordination between the internal and external auditors.

10. Review any appraisal or assessment of the performance of members of the internal audit function.

11. Approve any appointment or termination of senior staff members of the internal audit functions.

12. Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

13. Keep under review the effectiveness of internal control systems and in particular review the external auditor's management letter and management's response.

14. Review any related party transactions that may arise within the Group.

15. Where the audit committee is of the view that a matter reported by it to the board of directors has not been satisfactorily resolved resulting in a breach of the listing requirements, the audit committee must promptly report such matter to Bursa Malaysia.

16. Review audit reports of subsidiaries after they have been reviewed by the audit committee or board of directors of those subsidiaries.

17. Review arrangements established by management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group's operations.

18. Disclose details of the activities of the audit committee, the number of audit meetings held in a year, details of attendance of each director in respect of meetings and details of relevant training attended by each director.

19. Carry out such other assignments as defined by the board.

INTERNAL AUDIT FUNCTION

The internal audit function is carried out by Ernst & Young, to whom the function has been outsourced since February 2004. The internal audit department oversees the overall Group internal audit function and coordinates communication between the Group and Ernst & Young, and is tasked to ensure that the consultant carries out its duties diligently in accordance with the agreed terms between the parties.

This department also assists the board in monitoring and managing risks and internal controls and provides independent assessment for adequate, efficient and effective internal control systems in anticipating potential risk exposures over key business processes.

The audit committee approves the internal audit plan submitted by Ernst & Young prior to the commencement of a new financial year. The scope of the internal audit covers the audits of all business units and operations, including head office functions. The Group practices a risk-based approach in the implementation and monitoring of controls. The monitoring process also forms the basis for continually improving the risk management culture within the Group, which assists in achieving the Group's overall goals.

Throughout the last financial year, audit assignments and follow-up reviews were carried out on units of operations and subsidiaries, in accordance with the annual audit plan or as special audits. The resulting reports of the audits undertaken were presented to the audit committee and forwarded to the parties concerned for their attention and necessary action.

The management of each audited unit is responsible for ensuring that corrective action is taken on reported weaknesses within the required timeframe. The same management is also responsible for ensuring a status report of action plans taken on audit findings is sent to the internal auditor for review and subsequent presentation to the audit committee.

For the financial year 2009, the total cost of the internal audit function was RM1,024,841.

INTERNAL AUDIT ACTIVITIES

A summary of the Group's internal audit function during the last financial year is as follows:

- Examine the controls over all significant Group operations and systems to ascertain whether they provide reasonable assurance that the Group's objectives and goals will be met efficiently and economically;
- Prepare the annual audit plan for deliberation by the audit committee;
- Act on suggestions made by external auditors and/or senior management on concerns over operations or control;
- Carry out operational audits and make recommendations for improvement, where weaknesses exist; and
- Report on whether corrective action has been taken and is achieving the desired results.

SUMMARY OF ACTIVITIES

A summary of the main activities performed by the audit committee last year is as follows:

- Reviewed and approved the proposal to renew the engagement of the internal audit consultants (Ernst & Young) for the period 2010 to 2012.
- Reviewed and approved the internal audit plan for 2010. In its review, the audit committee reviewed the scope and coverage of the activities of the respective business units of the Group and Ernst & Young's basis of assessment and risk rating of the proposed audit areas.
- Noted the minutes of audit committee meetings of Malakoff Corporation Berhad, Gas Malaysia Sdn Bhd, Aliran Ihsan Resources Berhad, Pelabuhan Tanjung Pelepas Sdn Bhd and Johor Port Berhad.
- Reviewed the audit strategy and scope for statutory audits of the Group accounts with the external auditors.
- Reviewed the unaudited quarterly financial statements and the audited accounts of the Company and the Group and recommended the same to the board.
- Reviewed the findings of the external auditors and followed up on the recommendations.
- Reviewed the performance / operations audit of subsidiaries and made appropriate recommendations.
- Reviewed and appraised the adequacy and effectiveness of management response in resolving the audit issues reported.
- Reviewed the adequacy of the scope, functions, competences and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- Carried out the performance appraisal of the Internal Audit Manager.
- Held discussions with the external auditors without the presence of management to ensure an adequate level of cooperation between the external auditors and management.
- Reviewed and approved the processes and investigations undertaken by Ernst & Young and the internal auditor, the audit findings and risk analysis on each audit assignment and emphasised on follow-up audits to ensure that appropriate corrective action is taken and audit recommendations are implemented.
- Reviewed related party transactions to ensure that they are fair and reasonable to, and are not to the detriment of, minority shareholders.
- Reviewed the draft Annual Report for 2008 in respect of the following:
  - Audit Committee Report;
  - Corporate Governance Statement; and
  - Statement on Internal Control.
- Considered and recommended to the board the draft reports and statutory financial statements for the financial year ended 31 December 2008.
- Reviewed and recommended actions on specific internal audit investigations.

EMPLOYEES' SHARE OPTION SCHEME

There is no employee share option scheme for the audit committee to review and verify.

Risk Management Report

The management of risks is an integral part of the Group's management process. The process for managing risks is therefore embedded into the operational processes of the Group. In pursuing our vision, we recognise that we will face risks associated with our business strategy, operations and our people, assets and reputation. The effective management of the entire spectrum of these risks is the purpose of the Group risk management policy.

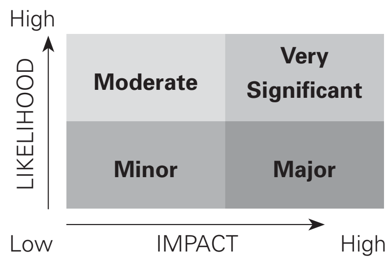
Board of Directors	Oversight responsibilities over all risks		
Chief Executive Officers	Responsible for management of strategic risks for MMC with oversight responsibilities over the risks in MMC and key risks in all business units		
Business Unit	**Business Unit Heads**	**Department / Division Heads**	**Managers / Executives**
	Responsible for management of strategic risks for the business unit with oversight responsibilities over operational risks	Responsible for management of selected strategic risks for the business unit and relevant operational risks	Responsible for management of relevant operational risks
Corporate Office	**Department / Division Heads**	**Managers / Executives**	

GROUP RISK MANAGEMENT POLICY

The Group's policy is to adopt a common risk management framework which creates an instinctive and consistent consideration for risk and reward in day-to-day planning, execution and monitoring of the strategy and achievement of corporate goals.

RISK IDENTIFICATION PROCESS AND ANALYSIS

The Group defines risk as any event which may impact upon its objectives, including economic, reputation and compliance objectives. It is measured in terms of likelihood and consequences. Business risks arise as much from the likelihood of loss opportunities as it does from uncertainties and hazards. Our policy is to identify, evaluate and respond appropriately to risks identified so as to protect the Group from loss, uncertainty and lost opportunity.



MONITORING AND REPORTING PROCESS

Regular monitoring and reporting is essential in managing risks as few risks remain static. An overview of the Group's monitoring and reporting process is provided in the diagram below:

Board of Directors	• Review and approve quarterly reports
Chief Executive Officers	• Perform monthly compliance and assessment in the Enterprise Risk Management (ERM) risk register and review assessments done in the Group
Group Chief Financial Officer	• Review for exceptions: non-compliance with controls, changes in applicability of risks and controls, and delays in the implementation of action plans for the Group • Present risk management report to the Board quarterly
Business Unit Heads	• Perform monthly compliance and assessment in the ERM risk register and review assessments done in the business units • Review for exceptions: non-compliance with controls, changes in applicability of risks and controls, and delays in the implementation of action plans for the business unit • Submit risk management report for the business unit to the corporate office quarterly
Department Heads	• Perform monthly compliance and assessment in the ERM risk register • Review for exceptions: non-compliance with controls changes in applicability of risks and controls, and delays in the implementation of action plans for the department
Managers / Executives	• Perform monthly compliance and assessment in the ERM risk register and review primary and secondary risks

Additional Compliance Information

CONFLICT OF INTEREST

None of the directors have any family relationship with other directors or major shareholders of the Company or have any conflict of interest with the Company.

CONVICTIONS FOR OFFENCES

None of the directors have been convicted for offences within the past 10 years other than traffic offences, if any.

UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal.

SHARE BUYBACKS

During the financial year, there were no share buybacks by the Company.

OPTIONS, WARRANTS OF CONVERTIBLE SECURITIES

During the financial year, no options, warrants or convertible securities were issued by the Company.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR programme.

IMPOSITIONS OF SANCTIONS/PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Company or its subsidiaries for the financial year by the Company's auditors, or a firm or company affiliated to the auditors' firm amounted to RM709,000.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

PROFIT GUARANTEE

During the year, there was no profit guarantee given by the Company.

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts between the Company and its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:

(i) **Operations and Maintenance Agreement between Rangkai Positif Sdn Bhd ("RP") and Tanjung Bin Power Sdn Bhd ("Tanjung Bin") dated 25 July 2003 supplemented by supplemental agreements dated 4 August 2003 and 17 October 2003 ("O&M Agreement")**

Pursuant to the O&M Agreement, RP is to provide operation and maintenance services ("Services") to the power plant owned by Tanjung Bin comprising three (3) coal-fired generating units with a total capacity of 2,100 MW, located in the State of Johor ("Tanjung Bin Power Plant") which generates electricity to be sold to Tenaga Nasional Berhad based on a concession period of twenty five (25) years ("Term"). For the period from 1 January 2009 to 31 December 2009, the Services rendered by RP for the Tanjung Bin Power Plant had amounted to RM269,216,000.

Tanjung Bin is a 90%-owned subsidiary of Malakoff Corporation Berhad ("MCB"), which is in turn a 51%-owned subsidiary of MMC.

(ii) **Subcontract of Operations and Maintenance Agreement between Teknik Janakuasa Sdn Bhd ("TJSB") and RP dated 12 October 2004 ("the Subcontract O&M Agreement")**

Pursuant to the Subcontract O&M Agreement, RP has subcontracted a part of its scope of works under the O&M Agreement ("Subcontract Services") to TJSB. For the period from 1 January 2009 to 31 December 2009, the Subcontract Services rendered by TJSB to RP for the Tanjung Bin Power Plant had amounted to RM129,654,000.

TJSB is a wholly-owned subsidiary of MCB.

Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor ("TSSM"), who is a major shareholder of MMC, had acquired 100% equity interest in RP from Motivasi Asia Sdn Bhd on 20 September 2007. TSSM subsequently on 11 October 2007 entered into a Sale and Purchase Agreement with DRB-HICOM Berhad ("DRB-HICOM") to sell his 100% beneficial equity interest in RP to DRB-HICOM. TSSM also holds 90% equity interest in Etika Strategi Sdn Bhd which is a major shareholder of DRB-HICOM.

CONTRACTS RELATING TO LOAN

There were no contracts relating to loans by the Company involving directors and major shareholders.

REVALUATION OF LANDED PROPERTY

The Company does not have a revaluation policy on landed properties.

financial statements

Directors' Report

for the financial year ended 31 December 2009

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, construction, mining and mineral exploration.

The principal activities of the subsidiaries are shown in Note 45 to the financial statements.

There is no significant change in the nature of these activities during the financial year, except for the Group's involvement in the management and operation of an airport following the acquisition of 100% equity interest in Senai Airport Terminal Services Sdn Bhd as further disclosed in Note 15(b) to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	626,361	348,286
Attributable to:		
Equity holders of the Company	236,711	348,286
Minority interest	389,650	–
	626,361	348,286

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2008 were as follows:

	RM'000
In respect of the financial year ended 31 December 2008, as shown in the Directors' report of that financial year, a final share single-tier dividend on 3,045,058,552 ordinary shares, were paid on 26 June 2009	76,126

The Directors recommend the payment of a final single-tier dividend of 3.0 sen per share on the 3,045,058,552 ordinary shares, amounting to RM91,351,757 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 27 May 2010 to shareholders registered on the Company's Register of Members at the close of business on 13 May 2010.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, Chairman	
Encik Feizal Ali	
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob	
Dato' Abdullah bin Mohd Yusof	
Encik Halim Haji Din	(Resigned on 3 August 2009)
Datuk Mohd Sidik Shaik Osman	
Encik Ahmad Jauhari bin Yahya	
Datuk Hj Hasni Harun	
Encik Ooi Teik Huat	
Encik Abdul Hamid Sh Mohamed	(Appointed on 10 August 2009)

In accordance with Article 78 of the Company's Articles of Association, Encik Ahmad Jauhari bin Yahya and Datuk Mohd Sidik Shaik Osman retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 85 of the Company's Articles of Association, Encik Abdul Hamid Sh Mohamed, who was appointed during the year, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Dato' Wira Syed Abdul Jabbar bin Syed Hassan and Dato' Abdullah bin Mohd Yusof will retire pursuant to Section 129(2) of the Companies Act, 1965 at the forthcoming Annual General Meeting and that a separate resolution will be proposed for their re-appointment as Directors at the Annual General Meeting under the provision of Section 129(6) of the said Act, to hold office until the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments and benefit-in-kind received or due and receivable by Directors or the fixed salary of a full time employee of the Company and its related corporation as disclosed in Note 8(ii) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, particulars of deemed interests of Directors who held office at the end of the financial year in shares in, or debentures of, the Company and its related corporations are as follows:

Shareholdings in which Directors have deemed interest in MMC Corporation Berhad.

	Number of ordinary shares of RM0.10 each in the Company			
	At 1.1.2009	Acquired	Sold	At 31.12.2009
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob	50,000	–	50,000	–

Other than as disclosed above, according to the register of Directors' shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company and its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or Company to meet their obligations when they fall due.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Continued)

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Notes 46 to the financial statements;

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

ULTIMATE HOLDING COMPANY

The Directors regard Indra Cita Sdn Bhd, a company incorporated in Malaysia as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 March 2010.

DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN
Chairman

DATUK HJ HASNI HARUN
Chief Executive Officer
Malaysia

Kuala Lumpur

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Wira Syed Abdul Jabbar bin Syed Hassan and Datuk Hj Hasni Harun, two of the Directors of MMC Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 85 to 188 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2009 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 26 March 2010.

DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN
Chairman

DATUK HJ HASNI HARUN
Chief Executive Officer
Malaysia

Kuala Lumpur

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Anwar Syahrin bin Abdul Ajib, the officer primarily responsible for the financial management of MMC Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 188 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

ANWAR SYAHRIN BIN ABDUL AJIB
Subscribed and solemnly declared by the abovenamed Anwar Syahrin bin Abdul Ajib
At: Kuala Lumpur
On: 26 March 2010
Before me:

Commissioner for Oaths

Independent Auditors' Report

to the members of MMC Corporation Berhad (Incorporated in Malaysia) (Company No. 30245 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MMC Corporation Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 85 to 188.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 45 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

YEE WAI YIN
(No. 2081/08/10 (J))
Chartered Accountant

Kuala Lumpur
26 March 2010

Income Statements

for the financial year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
Revenue	5	**8,444,321**	8,545,033	**559,628**	476,458
Cost of sales	6	**(5,451,414)**	(5,669,533)	**(4,771)**	–
Gross profit		**2,992,907**	2,875,500	**554,857**	476,458
Other operating income					
– items relating to investments		**280**	133,899	**–**	37,146
– others		**340,432**	194,061	**2,196**	2,763
Distribution costs		**(337)**	(630)	**–**	–
Administrative expenses		**(698,683)**	(581,013)	**(56,503)**	(44,779)
Other operating expenses		**(440,355)**	(415,552)	**(2,643)**	(3)
Finance costs	7	**(1,398,507)**	(1,380,529)	**(119,186)**	(65,806)
Share of results of:					
– associates		**(150,969)**	59,087	**–**	–
– jointly controlled entities		**40,987**	156,246	**–**	–
Profit before taxation	8	**685,755**	1,041,069	**378,721**	405,779
Tax expense:					
– Company and subsidiaries	9	**(59,394)**	(124,003)	**(30,435)**	(81,757)
Net profit for the financial year		**626,361**	917,066	**348,286**	324,022
Attributable to:					
– Equity holders of the Company		**236,711**	552,889	**348,286**	324,022
– Minority interests		**389,650**	364,177	**–**	–
		626,361	917,066	**348,286**	324,022
Earnings per ordinary share (sen):					
– Basic	10	**7.8**	18.2		
– Diluted	10	**7.8**	18.2		

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Dividend per ordinary share (sen):					
– Proposed final	11	**3.0**	2.5	**3.0**	2.5

The notes on pages 96 to 188 are an integral part of these financial statements.

Balance Sheets

as at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	**16,223,530**	15,692,290	**3,970**	5,650
Investment properties	13	**31,319**	32,492	**–**	–
Prepaid lease payments	14	**1,133,628**	650,759	**4,499**	4,556
Investments in subsidiaries	15	**–**	–	**7,632,141**	6,228,260
Investments in associates	16	**1,615,285**	1,970,415	**156,637**	156,637
Investments in jointly controlled entities	17	**265,911**	346,953	**5,001**	5,001
Other investments	18	**–**	–	**–**	–
Property development expenditure	19	**2,052,166**	40,648	**–**	–
Amounts due from subsidiaries	20	**–**	–	**959,010**	658,313
Other assets	21	**6,792**	8,244	**–**	–
Intangible assets	22	**8,070,414**	8,415,862	**–**	–
Deferred expenditure	23	**17,533**	–	**–**	–
Deferred tax assets	24	**542,011**	417,315	**–**	–
		29,958,589	27,574,978	**8,761,258**	7,058,417
CURRENT ASSETS					
Inventories	25	**638,416**	674,426	**–**	–
Non-current assets held for sale	26	**541**	–	**–**	–
Trade and other receivables	27	**1,813,263**	2,217,978	**108,313**	458,879
Tax recoverable		**206,914**	140,783	**27,098**	7,057
Amount due from holding company	28	**7,518**	13,780	**7,518**	13,780
Marketable securities	29	**61,237**	61,237	**–**	–
Deposits, bank and cash balances	30	**4,492,832**	3,766,281	**127,416**	64,971
		7,220,721	6,874,485	**270,345**	544,687
CURRENT LIABILITIES					
Borrowings	31	**2,559,153**	2,278,454	**737,127**	275,365
Trade and other payables	32	**2,104,981**	1,910,166	**20,129**	24,492
Taxation		**45,952**	37,198	**–**	–
		4,710,086	4,225,818	**757,256**	299,857
NET CURRENT ASSETS/(LIABILITIES)		**2,510,635**	2,648,667	**(486,911)**	244,830
		32,469,224	30,223,645	**8,274,347**	7,303,247

The notes on pages 96 to 188 are an integral part of these financial statements.

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
FINANCED BY:					
CAPITAL AND RESERVES					
Share capital	33	**304,506**	304,506	**304,506**	304,506
Reserves	34	**5,997,273**	5,834,792	**4,386,647**	4,114,487
Shareholders' funds		**6,301,779**	6,139,298	**4,691,153**	4,418,993
Minority interests		**3,460,519**	3,221,439	**–**	–
Total equity		**9,762,298**	9,360,737	**4,691,153**	4,418,993
NON-CURRENT LIABILITIES					
Amounts due to subsidiaries	20	**–**	–	**896,529**	1,327,482
Redeemable preference shares	35	**114,051**	114,051	**–**	–
Redeemable convertible subordinated loans	36	**158,355**	158,355	**–**	–
Redeemable convertible unsecured loan stocks	37	**36,930**	38,419	**–**	–
Borrowings	31	**18,359,545**	17,202,997	**2,686,665**	1,556,772
Land lease received in advance	38	**171,851**	198,204	**–**	–
Provision for retirement benefits	32	**48,063**	44,327	**–**	–
Deferred income	39	**56,739**	–	**–**	–
Deferred tax liabilities	24	**3,628,066**	3,106,555	**–**	–
Other payables	32	**133,326**	–	**–**	–
		22,706,926	20,862,908	**3,583,194**	2,884,254
		32,469,224	30,223,645	**8,274,347**	7,303,247

The notes on pages 96 to 188 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2009

		← Attributable to equity holders of the Company →								Minority	Total
		← Non-distributable →					← Distributable →			interests	equity
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2009		**304,506**	**2,039,770**	**139**	**1,219,271**	**28,885**	**422,783**	**2,098,675**	**6,114,029**	**3,245,997**	**9,360,026**
Prior year adjustments	4	**–**	**–**	**(301)**	**–**	**–**	**–**	**25,570**	**25,269**	**(24,558)**	**711**
As restated		**304,506**	**2,039,770**	**(162)**	**1,219,271**	**28,885**	**422,783**	**2,124,245**	**6,139,298**	**3,221,439**	**9,360,737**
Acquisition through business combination		**–**	**–**	**–**	**–**	**–**	**(13,161)**	**–**	**(13,161)**	**17,226**	**4,065**
Share of movement in associates' reserves		**–**	**–**	**–**	**–**	**55,868**	**–**	**–**	**55,868**	**–**	**55,868**
Redemption of subsidiary's redeemable convertible preference shares		**–**	**–**	**–**	**–**	**–**	**(41,160)**	**–**	**(41,160)**	**–**	**(41,160)**
Currency translation differences		**–**	**–**	**668**	**–**	**–**	**–**	**–**	**668**	**–**	**668**
Net income recognised directly to equity		**–**	**–**	**668**	**–**	**55,868**	**(54,321)**	**–**	**2,215**	**17,226**	**19,441**
Net profit for the financial year		**–**	**–**	**–**	**–**	**–**	**–**	**236,711**	**236,711**	**389,650**	**626,361**
Transfer to capital reserve		**–**	**–**	**–**	**–**	**–**	**3,140**	**(3,140)**	**–**	**–**	**–**
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks		**–**	**–**	**–**	**–**	**–**	**(726)**	**407**	**(319)**	**2,687**	**2,368**
Dividend for financial year ended 31 December 2008	11	**–**	**–**	**–**	**–**	**–**	**–**	**(76,126)**	**(76,126)**	**–**	**(76,126)**
Dividend paid to minority shareholders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(170,483)**	**(170,483)**
At 31 December 2009		**304,506**	**2,039,770**	**506**	**1,219,271**	**84,753**	**370,876**	**2,282,097**	**6,301,779**	**3,460,519**	**9,762,298**

* – *The distributable capital reserves represent mainly the net gain from disposals of investments.*

The notes on pages 96 to 188 are an integral part of these financial statements.

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		← Attributable to equity holders of the Company →									
		← Non-distributable →					← Distributable →				
At 1 January 2008		152,253	2,039,770	–	1,219,271	308,197	350,107	1,790,916	5,860,514	2,807,088	8,667,602
Effects of adopting FRS 112		–	–	–	–	–	72,293	(74,841)	(2,548)	98,455	95,907
As restated		152,253	2,039,770	–	1,219,271	308,197	422,400	1,716,075	5,857,966	2,905,543	8,763,509
Acquisition through business combination		–	–	–	–	–	–	–	–	87,601	87,601
Disposal of subsidiaries		–	–	–	–	(881)	–	–	(881)	(6,721)	(7,602)
Share of movement in associates' reserves		–	–	–	–	(126,178)	–	–	(126,178)	–	(126,178)
Currency translation differences		–	–	(162)	–	–	–	–	(162)	544	382
Net income recognised directly to equity		–	–	(162)	–	(127,059)	–	–	(127,221)	81,424	(45,797)
Net profit for the financial year		–	–	–	–	–	–	552,889	552,889	364,177	917,066
Transfer to capital reserve		–	–	–	–	–	383	(383)	–	–	–
Issuance of bonus shares		152,253	–	–	–	(152,253)	–	–	–	–	–
Dividend for financial year ended 31 December 2007	11	–	–	–	–	–	–	(144,336)	(144,336)	–	(144,336)
Dividend paid to minority shareholders		–	–	–	–	–	–	–	–	(129,705)	(129,705)
At 31 December 2008		304,506	2,039,770	(162)	1,219,271	28,885	422,783	2,124,245	6,139,298	3,221,439	9,360,737

* – *The distributable capital reserves represent mainly the net gain from disposals of investments.*

The notes on pages 96 to 188 are an integral part of these financial statements.

Company Statement of Changes in Equity

for the financial year ended 31 December 2009

	Note	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable **Capital reserves RM'000	Distributable *Capital reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2009		**304,506**	**2,039,770**	**59,710**	**243,074**	**1,771,933**	**4,418,993**
Net profit for the financial year		**–**	**–**	**–**	**–**	**348,286**	**348,286**
Dividend for the financial year ended 31 December 2008	11	**–**	**–**	**–**	**–**	**(76,126)**	**(76,126)**
At 31 December 2009		**304,506**	**2,039,770**	**59,710**	**243,074**	**2,044,093**	**4,691,153**

* – *The distributable capital reserves represent mainly the net gain from disposals of investments.*

** – *The non-distributable capital reserves mainly consist of share premium of another company that merged with the Group in 1976.*

	Note	Non-distributable Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable **Capital reserves RM'000	Distributable *Capital reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
At 1 January 2008		152,253	2,039,770	211,963	243,074	1,592,247	4,239,307
Net profit for the financial year		–	–	–	–	324,022	324,022
Issuance of bonus shares		152,253	–	(152,253)	–	–	–
Dividend for the financial year ended 31 December 2007	11	–	–	–	–	(144,336)	(144,336)
At 31 December 2008		304,506	2,039,770	59,710	243,074	1,771,933	4,418,993

* – *The distributable capital reserves represent mainly the net gain from disposals of investments.*

** – *The non-distributable capital reserves mainly consist of share premium of another company that merged with the Group in 1976.*

The notes on pages 96 to 188 are an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 31 December 2009

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
OPERATING ACTIVITIES				
Profit before taxation	**685,755**	1,041,069	**378,721**	405,779
Adjustments for:				
Depreciation of property, plant and equipment	**721,577**	647,940	**1,780**	4,448
Depreciation of investment properties	**202**	509	**–**	–
Amortisation of prepaid lease payments	**11,980**	10,463	**57**	57
Amortisation of land lease received in advance	**(9,950)**	(11,329)	**–**	–
Impairment loss of property, plant & equipment	**447**	–	**–**	–
Impairment loss of investment properties	**332**	410	**–**	–
Impairment loss on marketable securities	**–**	521	**–**	–
Impairment loss on intangible assets in an associate	**123,221**	50,608	**–**	–
Impairment in cost of investment in associates	**14,972**	–	**–**	–
Amortisation of Rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
– subsidiaries	**393,343**	365,206	**–**	–
– associate	**38,247**	36,706	**–**	–
One off payment in lieu of windfall profit levy	**–**	211,666	**–**	–
Amortisation of development expenditure and intellectual property	**267**	752	**–**	–
Amortisation of concession rights for water treatment business	**3,532**	–	**–**	–
Allowance for doubtful debts	**46,257**	47,379	**–**	–
Allowance for doubtful debts for amounts due from subsidiaries	**–**	–	**764**	3

CASH FLOW STATEMENTS

for the financial year ended 31 December 2009

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
Gain on disposal of:				
– subsidiaries	**–**	(34,893)	**–**	(37,146)
– associated companies	**(439)**	–	**–**	–
Gain on liquidation of subsidiaries	**(280)**	(1,252)	**–**	–
Gain on disposal of property, plant and equipment	**(28,540)**	(644)	**(30)**	(71)
Gain on disposal of other non-current assets	**(87)**	–	**–**	–
Write-off of property, plant and equipment	**10,941**	5,893	**–**	–
Write-back of allowance for doubtful debts	**(48,443)**	(4,463)	**–**	–
Write-off of project cost	**–**	–	**1,863**	–
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combination	**–**	(97,754)	**–**	–
Amortisation of Redeemable Convertible Unsecured Loan Stocks	**833**	126	**–**	–
Amortisation of deferred income	**(14,616)**	(134)	**–**	–
Amortisation of deferred expenditure	**2,467**	–	**–**	–
Dividend income	**(7,368)**	(17,787)	**(402,510)**	(476,458)
Distribution from jointly controlled entities	**–**	–	**(154,247)**	–
Interest income	**(158,667)**	(143,612)	**(1,232)**	(1,541)
Interest expense	**1,398,507**	1,380,529	**119,186**	65,806
Share of results in:				
– associates	**150,969**	(59,087)	**–**	–
– jointly controlled entities	**(40,987)**	(156,246)	**–**	–
Allowance for mining exploration expenditure	**–**	2	**–**	2
Net unrealised loss/(gain) on foreign exchange	**1,348**	(720)	**10**	6
Provision for retirement benefits	**5,440**	8,529	**–**	–
	3,301,260	3,280,387	**(55,638)**	(39,115)

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
Changes in working capital:				
Inventories	**36,010**	(159,845)	**–**	–
Trade and other receivables	**16,354**	(464,112)	**8,690**	(62,388)
Trade and other payables	**(158,583)**	532,061	**(4,363)**	(6,173)
Designated accounts and pledged deposits	**148**	11,337	**–**	–
Cash generated from/(used in) operations	**3,195,189**	3,199,828	**(51,311)**	(107,676)
Income tax (paid)/refund	**(300,798)**	(295,192)	**(18,102)**	19,287
Mining exploration expenditure	**–**	(2)	**–**	(2)
Land lease received in advance	**13,895**	21,964	**–**	–
Retirement benefits paid	**(3,719)**	(4,381)	**–**	–
One off payment in lieu of windfall profit levy paid	**(86,932)**	(37,804)	**–**	–
Net cash flow generated from/(used in) operating activities	**2,817,635**	2,884,413	**(69,413)**	(88,391)
INVESTING ACTIVITIES				
Additional investment in associate	**–**	(6,252)	**–**	–
Additional investment in jointly controlled entity	**(32,218)**	(32,455)	**–**	–
Acquisition through business combination	**(1,278,137)**	(80,932)	**(1,369,917)**	(150,774)
Deposit for acquisition of new subsidiary	**–**	–	**–**	(340,000)
Redemption of Redeemable Unquoted Loan Stocks in a subsidiary	**8,000**	–	**–**	–
Dividends received from:				
– subsidiaries	**–**	–	**370,134**	394,399
– associates	**91,132**	56,461	**–**	19,066
– others	**7,368**	17,787	**–**	–

CASH FLOW STATEMENTS

for the financial year ended 31 December 2009

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000**
Distribution from jointly controlled entities	**154,247**	–	**154,247**	–
Interest received	**158,667**	143,612	**1,232**	1,541
Development expenditure	**–**	(171)	**–**	–
Proceeds from sale of:				
– subsidiaries	**–**	97,217	**–**	120,600
– associates	**52,908**	–	**–**	–
Purchases of shares in subsidiaries	**–**	–	**(42,500)**	–
Purchases of shares in jointly controlled entity	**–**	(5,000)	**–**	(5,000)
Redemption/(Subscription) of Redeemable Convertible Preference Shares in a subsidiary	**–**	–	**42,840**	(29,977)
Proceeds from sale of:				
– property, plant and equipment	**36,196**	2,223	**400**	176
– other non-current assets	**8,342**	–	**–**	–
Purchases of:				
– property, plant and equipment	**(725,225)**	(1,284,375)	**(470)**	(2,532)
– investment properties	**(30)**	(111)	**–**	–
Additional property development expenditure	**(19,647)**	(37,381)	**–**	–
Additional prepaid lease payment	**(1,300)**	(18)	**–**	–
Repayment of lease received in advance	**(20,725)**	–	**–**	–
Redemption of unsecured loan stocks in a subsidiary	**–**	15,200	**–**	–
Net cash flow (used in)/generated from investing activities	**(1,560,422)**	(1,114,195)	**(844,034)**	7,499

	Note	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
FINANCING ACTIVITIES					
Dividends paid		**(76,126)**	(144,336)	**(76,126)**	(144,336)
Dividends paid to minority interests of subsidiaries		**(170,483)**	(129,705)	**–**	–
Interest paid		**(1,398,507)**	(1,380,529)	**(119,186)**	(65,806)
Repayment from holding company		**–**	–	**6,262**	2,000
Advances (to)/from subsidiaries		**–**	–	**(426,713)**	(329,843)
Borrowings:					
– new drawdown		**2,890,308**	1,390,813	**1,882,521**	704,316
– repayment		**(1,805,349)**	(1,038,388)	**(290,866)**	(100,000)
Redemption of preference shares in a subsidiary		**(41,160)**	–	**–**	–
Government grant received		**71,355**	–	**–**	–
Net cash flow (used in)/generated from financing activities		**(529,962)**	(1,302,145)	**975,892**	66,331
Net increase/(decrease) in cash and cash equivalents		**727,251**	468,073	**62,445**	(14,561)
Foreign exchange differences		**668**	683	**–**	–
Cash and cash equivalents at beginning of financial year		**3,746,438**	3,277,682	**64,971**	79,532
Cash and cash equivalents at end of financial year		**4,474,357**	3,746,438	**127,416**	64,971
Cash and cash equivalents comprise:					
Cash and bank balances	30	**420,448**	399,256	**764**	5,143
Deposits	30	**4,072,384**	3,367,025	**126,652**	59,828
Bank overdrafts	31	**(716)**	(1,936)	**–**	–
		4,492,116	3,764,345	**127,416**	64,971
Less:					
Designated accounts	31	**(1)**	(1)	**–**	–
Deposits pledged for banking facilities		**(17,758)**	(17,906)	**–**	–
		4,474,357	3,746,438	**127,416**	64,971

Included in the deposits of the Group are:

(a) an amount of RM1,000 (2008: RM1,000) being assigned as Designated Accounts for the loans as disclosed in Note 31(ii); and

(b) deposits of RM17.8 million (2008: RM17.9 million) which are pledged for certain banking facilities.

The notes on pages 96 to 188 are an integral part of these financial statements.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2009

The following accounting policies are adopted by the Group and Company and are consistent with those adopted in previous financial years, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The preparation of financial statements in conformity with the Financial Reporting Standards 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.

(i) Standards, amendments to published standards and interpretations that are applicable to the Group and are effective

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Company's financial year ended 31 December 2009 and applicable to the Group.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted

The Group will apply the following new standards, amendments to standards and interpretations from annual period beginning on 1 January 2010:

- The revised FRS 3 "Business combinations" (effective prospectively from 1 July 2010). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted (continued)

- FRS 8 "Operating Segments" (effective from 1 July 2009) replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The improvement to FRS 8 (effective from 1 January 2010) clarifies that entities that do not provide information about segment assets to the chief operating decision-maker will no longer need to report this information. Prior year comparatives must be restated.

- The revised FRS 101 "Presentation of financial statements" (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. 'Non-owner changes in equity' are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- FRS 123 "Borrowing costs" (effective from 1 January 2010) which replaces FRS 123_{2004}, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The improvement to FRS 123 clarifies that the definition of borrowing costs includes interest expense calculated using the effective interest method defined in FRS 139.

- The revised FRS 127 "Consolidated and separate financial statements" (effective prospectively from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted (continued)

- FRS 139 "Financial Instruments: Recognition and Measurement" (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.

- IC Interpretation 9 "Reassessment of Embedded Derivatives" (effective from 1 January 2010) requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

- FRS 7 "Financial instruments: Disclosures" (effective from 1 January 2010) provides information to users of financial statements about an entity's exposure to risks and how the entity manages those risks. The improvement FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group and Company.

– FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9
– FRS 7 and Improvement to FRS 7

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted (continued)

- The amendment to FRS 1 "First-time adoption of financial reporting standards" and FRS 127 "Consolidated and separate financial statements: Cost of an investment in a subsidiary, jointly controlled entity or associate" (effective from 1 January 2010) allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from FRS 127 and requires investors to present dividends as income in the separate financial statements.

- The amendments to FRS 132 "Financial instruments: Presentation" and FRS 101 (revised) "Presentation of financial statements" – "Puttable financial instruments and obligations arising on liquidation" (effective from 1 January 2010) require entities to classify puttable financial instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation as equity, if they have particular features and meet specific conditions.

- IC Interpretation 10 "Interim Financial Reporting and Impairment" (effective from 1 January 2010) prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

- IC Interpretation 12 "Service concession arrangements" (effective from 1 July 2010) applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognize a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

- IC Interpretation 14 "FRS 119 The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2010) provides guidance on assessing the limit in FRS 119 on the amount of the surplus that can be recognized as an asset. It is not expected to have a material impact on the Group's financial statements.

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted (continued)

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements project:

- FRS 5 "Non-current assets held for sale and discontinued operations"
  - Improvement effective from 1 January 2010 clarifies that FRS 5 disclosures apply to non-current assets or disposal groups that are classified as held for sale and discontinued operations.
  - Improvement effective from 1 July 2010 clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities. It is not expected to have a material impact on the Group's financial statements.

- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time. It is not expected to have an impact on the Group's financial statements.

- FRS 116 "Property, plant and equipments" (consequential amendment to FRS 107 "Statement of cash flows") (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.

- FRS 117 "Leases" (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.

- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'. It is not expected to have a material impact on the Group's financial statements.

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted (continued)

- FRS 119 "Employee benefits" (effective from 1 January 2010) clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. It is not expected to have a material impact on the Group's financial statements.

- FRS 120 "Accounting for government grants" (effective from 1 January 2010) clarifies that the benefit of a below market rate government loan is accounted for in accordance with FRS 120.

- FRS 127 "Consolidated & separate financial statements" (effective from 1 January 2010) clarifies that where an investment in a subsidiary that is accounted for under FRS 139 is classified as held for sale under FRS 5. FRS 139 would continue to be applied. The amendment will not have an impact on the Group's operations because it is the Group's policy for an investment in subsidiary to be recorded at cost in the standalone accounts of each entity.

- FRS 128 "Investments in associates" (effective from 1 January 2010) clarifies that an investment in an associate is treated as a single asset for impairment testing purposes. Reversals of impairment are recorded as an adjustment to the carrying amount of the investment to the extent that the recoverable amount of the associate increases. It is not expected to have a material impact on the Group's financial statements.

- FRS 128 "Investments in associates" and FRS 131 "Interests in joint ventures" (consequential amendments to FRS 132 "Financial instruments: Presentation" and FRS 7 "Financial instruments: Disclosure" (effective from 1 January 2010) clarify that where an investment in associate or joint venture is accounted for in accordance with FRS 139, only certain, rather than all disclosure requirements in FRS 128 or FRS 131 need to be made in addition to disclosures required by FRS 132 and FRS 7. The amendment will not have an impact on the Group's operations because it is the Group's policy for an investment in an associate and joint ventures to be equity accounted in the Group's consolidated accounts.

- FRS 134 "Interim financial reporting" (effective from 1 January 2010) clarifies that basic and diluted earnings per share ("EPS") must be presented in an interim report only in the case when the entity is required to disclose EPS in its annual report. It is not expected to have a material impact on the Group's financial statements.

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and not early adopted (continued)

- FRS 136 "Impairment of assets" (effective from 1 January 2010) clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made. It is not expected to have a material impact on the Group's financial statements.

- FRS 138 "Intangible Assets"
  - Improvement effective from 1 January 2010 clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This means that an expense will be recognised for mail order catalogues when the entity has access to the catalogues and not when the catalogues are distributed to customers. It confirms that the unit of production method of amortisation is allowed.

  - Improvement effective from 1 July 2010 clarifies that a group of complementary intangible assets acquired in a business combination is recognised as a single asset if the individual asset has similar useful lives.

- FRS 140 "Investment property" (effective from 1 January 2010) requires assets under construction/development for future use as investment property to be accounted as investment property rather than property, plant and equipment. Where the fair value model is applied, such property is measured at fair value. However, where fair value is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and fair value becomes reliably measurable. It also clarifies that if a valuation obtained for an investment property held under lease is net of all expected payments, any recognised lease liability is added back in order to determine the carrying amount of the investment property under the fair value model.

(b) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to exercise control of the financial and operating policies of an enterprise so as to obtain benefits from its activities.

(b) Subsidiaries (continued)

Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the subsidiary acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than fair value of the net identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference is recognised directly to income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

Intra group transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transactions with minority shareholders

Prior to 1 January 2007, transactions with minority shareholders were accounted for in accordance with MASB 11 ($FRS127_{2004}$). For the accretion of the Group's interests in the subsidiary for cash and purchase price established at fair value, excess of purchase consideration over the fair value of assets acquired are recognised as goodwill or negative goodwill. Disposals to minority shareholders for cash consideration and at fair value, the gains or losses arising are recorded in the income statements.

For transactions with minority shareholders for consideration other than cash and not at fair value, difference in the Group's share of net assets and the consideration is adjusted against the Group's reserves.

Upon adoption of the Economic Entity Model to provide more reliable and relevant information that adheres to the FRS framework, the Group applies a policy of treating transactions with minority shareholders as transactions with equity owners of the Group. For purchases from minority shareholders, the difference between any consideration paid and the relevant share acquired on the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to minority shareholders are also recorded in equity. For disposals to minority shareholders, differences between any proceeds received and the relevant share of minority shareholders are also recorded in equity.

(d) Associates

Associates are enterprises in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investments in associates are accounted for by using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment.

Equity accounting involves recognising the Group's share of the post acquisition results of associates and its share of post acquisition movements within reserves in reserves. Where the associates are public listed companies, the Group has equity accounted for the associates results based on 12-month financial information up to the date of latest publicly available interim report.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long term interest that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses.

(e) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities and its share of post acquisition movements within reserves in reserves. The cumulative post-acquisition movements are adjusted against the carrying value of the investment.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost or revalued amount 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 income statement during the financial period in which they are incurred.

Revaluations of certain properties were carried out primarily as a one-off exercise and were not intended to effect a change in the accounting policy to one of revaluation of properties and these valuations have not been updated. Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

C-inspection cost represents cost incurred at the scheduled major inspection dates for power plants.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note (j) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition is recognised in the income statements.

(g) Depreciation

Depreciation is provided at rates, which are considered adequate to write-off the cost/revalued amount of property, plant and equipment less estimated residual value over their estimated useful lives. No depreciation is provided on freehold land. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

Expressway development expenditure comprises development and upgrading expenditure (including interest charges relating to financing of the development prior to its completion) incurred in connection with a privatised highway project. The cumulative actual expenditure incurred is amortised at each balance sheet date until the end of the concession period on 27 June 2026.

(g) Depreciation (continued)

The straight-line method is used to write-off the cost less estimated residual value of the other assets over the term of their estimated useful lives are summarised as follows:

Freehold properties	50 years
Building and port structures	20 – 50 years
Power plant	21 years
C-inspection costs	3 years
Plant, machinery, dredges and other mining equipment	3 to 30 years
Pipelines	30 years

Residual values, useful lives and depreciation method of assets are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(h) Investment properties

Investment properties are held for long term rental yields or for capital appreciation or both and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight line basis over its estimated useful life.

Investment properties are derecognised when it is permanently withdrawn from use and no further economic benefit is expected from its disposal or when they have been disposed. Any gain or losses on the retirement or disposal of an investment property are recognised in income statement in the year in which they arise.

(i) Prepaid lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Prepaid lease payments	20 to 101 years

(j) Impairment of assets

Property, plant and equipment and other non-current assets (except for amounts due from subsidiaries, associates and deferred tax assets) are reviewed for impairment losses whenever events or changes in circumstances (for depreciable non-current assets) indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use.

For the purposes of assessing impairment, the recoverable amount is determined on an identified asset basis or on the cash generating unit ("CGU") to which the asset belongs. An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell or its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax weighted average cost of capital. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(k) Investments

Investments in subsidiaries, jointly controlled entities and associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note (j) on impairment of assets.

Investments in other non-current investments are stated at cost and an impairment loss is recognised where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Investment in redeemable preference shares are stated at cost. The premium receivable upon redemption of the redeemable preference shares is accrued over the tenure of the preference shares.

(k) Investments (continued)

Marketable securities within current assets are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Decreases in the carrying amount of marketable securities are charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(l) Property development expenditure

Property development expenditure comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development expenditure not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

(m) Deferred expenditure

The deferred expenditure relates to concession fee payable by a subsidiary to the Government of Malaysia for the rights to operate, manage, and undertake future development of the Sultan Ismail Airport in Senai, Johor Darul Takzim. It is amortised on a straight line basis over its concession period of 50 years and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for the deferred expenditure are reviewed at each balance sheet date.

(n) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition of subsidiaries and associates over the fair value of the Group's shares of their net identifiable assets at the date of acquisition. Goodwill on acquisition of subsidiaries and associates are stated at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

(o) Rights on Power Purchase Agreement and Operation & Maintenance Agreement

Rights on Power Purchase Agreement and Operation & Maintenance Agreement ("Rights") that are acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses. The Rights are amortised from the date that they are available for use. Amortisation of these Rights is charged to the income statements based on the estimated net electrical output and fixed operation and maintenance income over the finite useful lives of the Rights of approximately 12 to 24 years.

(p) Intellectual property

The intellectual property is stated at cost less accumulated amortisation and any accumulated impairment losses and represents the cost of acquiring the rights to use the Refuse Derived Fuel technology comprising technical information, copyright and patent. This expenditure is capitalised as it is able to generate future economic benefits to the Group and is amortised over the estimated useful life of the related asset of 30 years.

The intellectual property is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the related asset exceeds its recoverable amount.

(q) Concession Rights on Water Treatment Business

The Concession Rights on Water Treatment Business are based on the fair value of the remaining useful lives of the concession agreement entered by a subsidiary for the privatisation of the operations, maintenance and rehabiliation of water treatment plants in Johor Darul Takzim, less accumulated amortisation and any accumulated impairment losses. The rights are amortised over the remaining useful lives of the concession period at each balance sheet date until the end of concession on 31 May 2014.

(r) Construction, engineering and fabrication contracts

When the outcome of a construction or engineering and fabrication contract can be estimated reliably, contract revenue and contract costs are recognised by using the stage of completion method.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract.

When the outcome of such contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable; contract costs are recognised when incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract are compared against the progress billings up to the period end. Where cost incurred and recognised profit (less recognised losses) exceed progress billings, the balance is shown as amounts due from contract customers under trade and other receivables (within current assets). Where progress billings exceed cost incurred plus recognised profit (less recognised losses), the balance is shown as amounts due to contract customers under trade and other payables (within current liabilities).

(s) Inventories

Inventories are stated at the lower of cost and net realisable value with cost being determined either on the first-in, first-out or weighted average cost basis depending on the type of inventories. Cost includes expenditure incurred in bringing the inventories to their present form and location. For work in progress and manufactured inventories, cost consists of materials, direct labour, other direct cost and an appropriate proportion of fixed and variable production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(t) Trade and other receivables

Trade and other receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the year end. The allowance is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount. Bad debt is written off when identified.

(u) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits held at call with banks and other short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(v) Borrowings

Borrowings are stated at cost after deducting transaction costs.

Borrowing costs incurred to finance the construction contracts are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs will cease when the asset is ready for its intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing cost applicable to the Group's borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing the construction contracts, in which case the actual borrowing cost incurred on the borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

All interest and borrowing costs other than capitalised above are expensed as incurred.

(w) Government grants

Government grants are recognised initially at their fair value in the balance sheet 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.

(x) Redeemable Convertible Unsecured Loan Stocks ("RCULS")

RCULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option is included in shareholder's equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible bond to the instrument. The differences between this amount and the interest paid are added to the carrying value of RCULS.

(y) Taxation

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

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 taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax liability in respect of asset revaluations is also recognised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is not recognised if the temporary differences arise from goodwill or excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combinations or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Tax rate enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(z) Land lease received in advance

Land lease received in advance relates to deferred income from sale of leasehold land and is recognised to the income statement equally over the period of the lease ranging from 17 to 60 years.

(aa) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension fund is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(aa) Employee benefits (continued)

(ii) Defined benefit plans

The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent (10%) of the greater of the present value of the defined benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

An actuarial valuation is conducted by an independent actuary at regular intervals. The last valuation performed was on 31 December 2008 for Malakoff Corporation Berhad and 26 December 2007 for Johor Port Berhad.

(ab) Revenue recognition

(i) Sales of goods and services

Sales are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales tax and discount and after eliminating sales within the Group.

(ii) Capacity and energy payments, operation and maintenance charges, project management and engineering consultancy fees

Revenue is measured at the fair value of the consideration receivable and is recognised in the income statement as it accrues.

(ab) Revenue recognition (continued)

(iii) Construction contracts

(a) Fixed price contracts

Revenue from fixed price contracts where a fixed contract price is agreed upon is recognised under the percentage of completion method.

(b) Cost plus contracts

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.

(c) Profit guarantee contracts

Revenue from profit guarantee contracts are recognised based on fixed percentage on the billings made by the main contractor to the client.

(iv) Port operations, repairing and cleaning containers

Income from port operations, repair, preparation and trade of containers and containerisation system are recognised upon performance of services.

(v) Sales of gas

Revenue from sale of gas represents gas consumption by customers and is measured at the net value invoiced to customers during the period.

(vi) Toll operations

Revenue is recognised upon receipt of toll collections. Toll compensation is recognised when receipt is probable and the amount that is receivable can be measured reliably.

(vii) Water treatment activity

Revenue from water treatment activity is measured at the fair value of the consideration recoverable in accordance with the Concession Agreement ("CA") dated 31 May 1994 entered into between a subsidiary company, Southern Water Corporation Sdn Bhd ("SWC") and Syarikat Air Johor Sdn Bhd ("SAJ") and it is recognised in the income statement when sale of treated water has been received by the buyer and it is probable that the economic benefits associated with the transaction will flow to the companies in the Group.

(viii) Airport activity

Income from airport operations and aviation related services in the airport are recognised when services are rendered.

(ab) Revenue recognition (continued)

(ix) Income from land reclamation, shore protection, dredging, associated works and construction contract

Income from land reclamation, shore protection, dredging, associated works and construction contracts is recognised on the percentage of completion method, measured by reference to surveys of work performed.

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.

(x) Dividend income

Dividend income is recognised when the right to receive payment is established.

(xi) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(xii) Rental income

Rental income is recognised on an accruals basis.

(ac) Foreign currencies

(i) 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 financial statements are presented in Ringgit Malaysia, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

(iii) Group companies

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

(ad) Financial instruments

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or other financial assets from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy notes associated with each item.

(iii) Financial instruments not recognised on the balance sheet

Foreign currency forward contract

The Group enters into foreign currency forward contracts to limit its exposure on movements in foreign currency exchange rates as disclosed in Note 48.

Exchange gains and losses on contracts are recognised when settled at which they are included in the measurement of the transaction.

(iv) Fair value estimation for disclosure purposes

The fair value of publicly traded securities is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange market rate at the balance sheet date.

The face value, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair values for financial assets and liabilities with a maturity of more than one year are estimated using a variety of methods and assumptions that are based on market conditions existing at each balance sheet date including estimated discounted value of future cash flows, quoted market price or dealer quotes.

(ae) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

In the acquisition of subsidiaries by the Group under business combinations, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisition.

(af) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

(ag) Mining exploration expenditure

Expenditure on exploration and evaluation of mining areas of interest is charged to the income statement as incurred until such time as an area of interest reaches the stage where such expenditure is considered to be capable of being recouped through development or sale.

Where a mining area of interest is expected to proceed to commercial development or where its value is capable of recoupment through sale, the deferred expenditure relating to the expenditure incurred is credited to the income statement to the extent it reflects the present estimate of the recoverable value of the area of interest concerned. The accumulated expenditure attributable to an area of interest that is no longer considered to have any commercial value is written off against the deferred expenditure.

(ah) Non-current assets classified as assets held for sale and discontinued operation

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets (or all the assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets or disposal groups (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view for resale.

1 CORPORATE INFORMATION

The principal activities of the Company are investment holding, construction, mining and mineral exploration.

The principal activities of the subsidiaries are shown in Note 45 to the financial statements.

There is no significant change in the nature of these activities during the financial year, except for the Group's involvement in the management and operation of an airport following the acquisition of 100% equity interest in Senai Airport Terminal Services Sdn Bhd as further disclosed in Note 15(b) to the financial statements.

The ultimate holding company is Indra Cita Sdn Bhd, a company incorporated in Malaysia.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 8, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The financial statements are expressed in thousands of Ringgit Malaysia unless otherwise stated.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

The Group uses instruments such as foreign exchange contracts to cover certain exposures. It does not trade in financial instruments.

(a) Foreign currency exchange risk

The Group is exposed to minimal foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

The Group also maintains a natural hedge by maintaining foreign currency denominated cash reserves in an offshore licensed bank account to fund any potential future cash outflows arising from its business operations in foreign countries and by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated by the investment.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings and deposits denominated in Ringgit Malaysia, and are managed through the use of fixed and floating rates.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

(c) Market risk

The Group's operations are subject to market risk factors inherent within the industries which include ability to procure new projects and to maintain its existing market share in the future. These are prevalent for all economic entities and any change in these will adversely affect the overall performance of Group's business. For major purchases of materials for projects, the Group establishes floating and fixed price levels in accordance with a budget that the Group considers acceptable and enters into a physical supply agreement, where necessary, to achieve these levels.

(d) Credit risk

Credit risk arises when sales are made on deferred credit terms. The Group seeks to control credit risk by ensuring its customers have sound financial standing, credit history and requirement of collateral where necessary.

(e) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually 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 significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are as follows:

(a) Estimated impairment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of the Port Business and Electricity Generation Business; Cash Generating Units ("CGUs") respectively, were determined based on the value in use calculations. The calculations require the use of estimates and judgements as set out in Note 22(A) Port Business and 22(B) Electricity Generation Business; to the financial statements.

(b) Residual value of power plants

The Group charges depreciation on its depreciable property, plant and equipment based on the useful life and residual values of the assets. Estimating the useful life and residual values of property, plant and equipment involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual useful life and residual value of the assets however, may be different from expected.

The Power Purchase Agreements ("PPA") provides for the disposal of the power plants at the end of the initial concession period, in the event it is not extended. The recoverable amount of the power plants at the end of the concession period which is approximately 40% of its cost is based on discounted cash flows using the following critical assumptions:

(1) Minimum extension of five years of the PPA at the end of the initial concession period, in view of:

- (i) limited new power plants being constructed;
- (ii) increase in demand for power, and
- (iii) TNB's continued reliance on Independent Power Producers ("IPPs").

(2) An estimated Variable Operating Rate ("VOR") during the extension period which management deems to be reasonable based on the expected demand and the VOR rate at the end of the PPA;

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Residual value of power plants (continued)

(3) An average despatch factor of 72% and 75% to reflect the future demand for power by the industry; and

(4) The discount rate used is 7.5%.

If the recoverable amount at the end of the concession period is nil, there will be additional depreciation charge and impairment to property, plant and equipment of the Group. In addition, there will also be impairment to the goodwill and intangible assets. Refer to Note 22(B) on the impairment assessment of goodwill arising from the electricity generation business.

At Company level, the impact, had the residual value been nil, will be impairment on the cost of investment in the subsidiary, Malakoff Corporation Berhad.

4 PRIOR YEAR ADJUSTMENTS

The Group has adjusted the comparative figures in accordance with the following:

(a) Accounting treatment of Almiyah Attilemcania SPA ("AAS") as jointly controlled entity

Malakoff Corporation Berhad has 70% shareholding in Tlemchen Desalination Investment Company SAS ("TDIC") which in turn has 51% shareholding in AAS. Through TDIC, the Group was entitled to elect three (3) of the five (5) members of the Board of Directors of AAS. Based on this shareholding structure, it was concluded in the previous year that AAS was a subsidiary of the Group.

However, management has since noted that certain significant decisions on operations and finance are to be approved by 66.7% of the Board members. As a result, the Group's influence over AAS is restricted. Accordingly, the Group's investment in AAS has now been accounted for as a jointly controlled entity as opposed to a subsidiary.

4 PRIOR YEAR ADJUSTMENTS (Continued)

(b) Finalisation of the Purchase Price Allocation ("PPA") on the acquisition of Aliran Ihsan Resources Berhad ("AIRB")

Subsequent to the preliminary assessment made in the financial year ended 31 December 2008, the Group has finalised the PPA on the acquisition of AIRB within the permitted 12 months period from the date of completion of the acquisition under FRS 3 "Business Combination".

The difference between the preliminary assessment, as previously reported in the financial statements for the financial year ended 31 December 2008, and the final assessment in respect of the fair value of the net assets acquired, goodwill and cash flow arising from the acquisition is as follows:

	Preliminary assessment RM'000	Adjustment RM'000	Final assessment RM'000
Group			
Property, plant and equipment	7,775	–	7,775
Investment property	871	–	871
Investment in associates	202,678	20,374	223,052
Deferred taxation	4,003	–	4,003
Intangible assets	–	21,193	21,193
Inventories	901	–	901
Trade and other receivables	87,582	–	87,582
Other current assets	2,985	–	2,985
Cash and cash equivalents	69,842	–	69,842
Trade and other payables	(30,153)	–	(30,153)
Other current liabilities	(3,883)	–	(3,883)
Borrowings	(281)	–	(281)
Deferred taxation	(916)	(10,455)	(11,371)
Other non-current liabilities	(38,548)	255	(38,293)
Fair value of net assets acquired	302,856	31,367	334,223
Excess of Group's interest in the fair value of identifiable net assets acquired over the cost of business	(72,184)	(25,570)	(97,754)
Minority interest	(79,898)	(5,797)	(85,695)
Net consideration	150,774	–	150,774

4 PRIOR YEAR ADJUSTMENTS (Continued)

The following tables disclose the adjustments that have been made in accordance with the above:

(i) Summary of significant effects to Income Statement for the financial year ended 31 December 2009.

	RM'000
Group	
Increase/(Decrease)	
Amortisation of concession rights	**(3,532)**
Profit before taxation	**(3,532)**
Tax expense	**883**
Net profit for the financial year	**2,649**
Earnings per ordinary share (sen):	
– Basic	**0.1**

(ii) Restatement of comparatives

	Previously reported RM'000	Deconsolidation of a subsidiary RM'000	PPA finalisation RM'000	As restated RM'000
Group				
Increase/(Decrease)				
Balance Sheet				
Property, plant and equipment	16,010,857	(318,567)	–	15,692,290
Investment in associates	1,950,041	–	20,374	1,970,415
Investment in jointly controlled entity	314,498	32,455	–	346,953
Intangible assets	8,394,669	–	21,193	8,415,862
Trade and other receivables	2,237,226	(19,248)	–	2,217,978
Deposits, bank and cash balances	3,787,309	(21,028)	–	3,766,281
Trade and other payables	1,912,678	(2,512)	–	1,910,166
Reserves	5,809,523	(301)	25,570	5,834,792
Minority interest	3,245,997	(30,355)	5,797	3,221,439
Redeemable convertible unsecured loan stocks	38,674	–	(255)	38,419
Borrowings	19,774,671	(293,220)	–	19,481,451
Deferred tax liabilities	3,096,100	–	10,455	3,106,555

4 PRIOR YEAR ADJUSTMENTS (Continued)

The following tables disclose the adjustments that have been made in accordance with the above: (continued)

(ii) Restatement of comparatives (continued)

	Previously reported RM'000	Deconsolidation of a subsidiary RM'000	PPA finalisation RM'000	As restated RM'000
Group (continued)				
Income Statement				
Other operating income				
– Item relating to investments	108,329	–	25,570	133,899
Profit before taxation	1,015,499	–	25,570	1,041,069
Net profit for the year	891,496	–	25,570	917,066
Profit attributable to equity holders of the Company	527,319	–	25,570	552,889
Earnings per ordinary shares:				
– Basic	17.3	–	0.9	18.2
– Diluted	17.3	–	0.9	18.2
Statement of changes in equity				
Foreign currency translation reserve	139	(301)	–	(162)
Retained earnings	2,098,675	–	25,570	2,124,245
Minority interest	3,245,997	(30,355)	5,797	3,221,439

5 REVENUE

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Electricity generation	**5,138,359**	4,960,622	**–**	–
Sale of goods and gas	**1,818,162**	1,921,567	**–**	–
Port operations	**1,117,587**	1,186,246	**–**	–
Airport operations	**16,486**	–	**–**	–
Contract revenue	**126,777**	272,758	**2,871**	–
Services	**209,348**	180,474	**–**	–
Toll operations	**–**	5,579	**–**	–
Property lease	**10,234**	–	**–**	–
Dividends (Note 8(i))	**7,368**	17,787	**402,510**	476,458
Distributions from jointly controlled entities	**–**	–	**154,247**	–
	8,444,321	8,545,033	**559,628**	476,458

6 COST OF SALES

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cost of electricity generation	**3,367,100**	3,171,673	**–**	–
Cost of goods and gas sold	**1,367,790**	1,518,271	**–**	–
Cost of port operations	**530,635**	567,558	**–**	–
Cost of airport operations	**15,231**	–	**–**	–
Contract cost recognised as an expense	**82,003**	345,573	**4,771**	–
Cost of services	**88,655**	64,307	**–**	–
Cost of toll operations	**–**	2,151	**–**	–
	5,451,414	5,669,533	**4,771**	–

Included in the cost of electricity generation is the amortisation of intangibles assets relating to Rights on Power Purchase Agreement and Operation and Maintenance Agreement amounting to RM432 million (2008: RM402 million).

7 FINANCE COST

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Al-Istisna Bonds	**447,289**	476,690	**–**	–
Medium Terms Notes	**396,855**	397,580	**–**	–
Term Loans	**226,655**	172,282	**109,928**	58,826
Junior Sukuk	**153,000**	153,279	**–**	–
Bai' Bithaman Ajil Islamic Debt Securities	**53,807**	64,197	**–**	–
Sukuk Ijarah Thumma Bai	**43,243**	48,834	**–**	–
Commercial Papers	**24,908**	23,282	**–**	–
Others	**52,750**	44,385	**9,258**	6,980
	1,398,507	1,380,529	**119,186**	65,806

8 PROFIT BEFORE TAXATION

	Group		Company	
	2009 RM'000	**2008 RM'000 (Restated)**	**2009 RM'000**	**2008 RM'000**
(i) Profit before taxation is arrived at:				
After charging:				
Allowance for mining exploration expenditure	**–**	2	**–**	2
Auditors' remuneration				
– Statutory audit				
– current year	**540**	550	**100**	92
– under accrual in prior year	**8**	–	**8**	–
– Other audit related services	**561**	441	**364**	364
– Non-audit services	**709**	2,306	**269**	–
Other auditors' remuneration				
– Statutory audit	**478**	388	**–**	–
– Non-audit services	**1,686**	362	**–**	–
Directors' fees (Note 8(ii))	**928**	711	**628**	518
Depreciation of property, plant and equipment	**721,577**	647,940	**1,780**	4,448
Depreciation of investment properties	**202**	509	**–**	–
Amortisation of prepaid lease payments	**11,980**	10,463	**57**	57
Allowance for doubtful debts	**46,257**	47,379	**–**	–
Allowance for doubtful debts for amount due from subsidiaries	**–**	–	**764**	3
Realised loss on foreign exchange	**236**	121	**–**	–
Unrealised loss on foreign exchange	**1,605**	342	**10**	6
Impairment loss of property, plant and equipment	**447**	–	**–**	–
Impairment loss of investment properties	**332**	410	**–**	–
Impairment loss on marketable securities	**–**	521	**–**	–
Provision for retirement benefits	**5,440**	8,529	**–**	–
Hire of plant and machinery	**71,545**	76,429	**–**	–
Rent of land and buildings	**70,665**	63,222	**1,581**	1,496
Impairment loss on intangible assets in an associate	**123,221**	50,608	**–**	–
Impairment in cost of investment in associates	**14,972**	–	**–**	–

8 PROFIT BEFORE TAXATION (Continued)

	Group		Company	
	2009 RM'000	**2008 RM'000 (Restated)**	**2009 RM'000**	**2008 RM'000**
(i) Profit before taxation is arrived at:				
After charging: (continued)				
Amortisation of Rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
– subsidiaries	**393,343**	365,206	**–**	–
– associate	**38,247**	36,706	**–**	–
Write-off of property, plant and equipment	**10,941**	5,893	**–**	–
Amortisation of development expenditure and intellectual property	**267**	752	**–**	–
Write-off of project cost	**–**	–	**1,863**	–
Amortisation of concession rights for water treatment business	**3,532**	–	**–**	–
Management fees paid to a subsidiary	**–**	–	**480**	480
One off payment in lieu of windfall profit levy	**–**	211,666	**–**	–
Amortisation of Redeemable Convertible Unsecured Loan Stocks	**833**	126	**–**	–
Contribution for Albukhary International University	**75,000**	–	**–**	–
Staff costs (including Executive Directors' remuneration (Note 8(ii)):				
– Wages, salaries and bonus	**301,422**	269,762	**10,772**	9,540
– Defined contribution plan	**32,596**	24,368	**1,267**	1,101
– Other employee benefits	**26,881**	21,938	**941**	932
Amortisation of deferred expenditure	**2,467**	–	**–**	–

8 PROFIT BEFORE TAXATION (Continued)

	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
(i) Profit before taxation is arrived at:				
After crediting:				
Realised gain on foreign exchange	**1,023**	2,097	**–**	98
Unrealised gain on foreign exchange	**257**	1,062	**–**	–
Amortisation of land lease received in advance	**9,950**	11,329	**–**	–
Gain on disposal of property, plant and equipment	**28,540**	644	**30**	71
Gain on disposal of other non-current assets	**87**	–	**–**	–
Rental income	**2,539**	4,760	**79**	112
Write-back of allowance for doubtful debts	**48,443**	4,463	**–**	–
Amortisation of deferred income	**14,616**	134	**–**	–
Bad debts recovered	**2,359**	–	**–**	–
Interest income	**158,667**	143,612	**1,232**	1,541
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of business combination	**–**	97,754	**–**	–
Gain on disposal of:				
– subsidiaries	**–**	34,893	**–**	37,146
– associate	**439**	–	**–**	–
Gain on liquidation of subsidiaries	**280**	1,252	**–**	–
Gross dividend income:				
– Associates: Quoted in Malaysia	**–**	–	**–**	25,421
– Subsidiaries: Unquoted in Malaysia	**–**	–	**402,510**	451,037
– Other investments: Quoted in Malaysia	**7,368**	17,787	**–**	–
Distributions from jointly controlled entities	**–**	–	**154,247**	–

8 PROFIT BEFORE TAXATION (Continued)

(ii) Directors' remuneration:

The aggregate amount of emoluments received by Directors of the Company during the financial year was as follows:

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
Directors of the Company				
Non-executive directors:				
– fees	**928**	711	**628**	518
– other emoluments	**3,320**	1,761	**182**	208
– defined contribution plan	**481**	351	**16**	7
– estimated money value of benefits-in-kind	**105**	254	**79**	35
Executive directors:				
– salaries and other emoluments	**4,534**	3,969	**4,402**	3,969
– defined contribution plan	**262**	548	**262**	548
– estimated money value of benefits-in-kind	**298**	233	**298**	233
	9,928	7,827	**5,867**	5,518

Included in the non-executive directors' other emoluments are amounts received by non-executive directors in their capacity as executive directors in subsidiaries.

9 TAX EXPENSE

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax:				
– Current year Malaysian tax	**264,563**	245,130	**25,419**	82,332
– (Over)/Under accrual in prior years (net)	**(21,365)**	35,347	**5,016**	(575)
	243,198	280,477	**30,435**	81,757
Deferred tax:				
– Origination and reversal of temporary differences	**(124,751)**	(107,924)	**–**	–
– Over accrual in prior years	**(59,053)**	(48,550)	**–**	–
	59,394	124,003	**30,435**	81,757

9 TAX EXPENSE (Continued)

The explanation of the relationship between tax expense and profit before taxation is as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**685,755**	1,041,069	**378,721**	405,779
Tax calculated at the Malaysian tax rate of 25% (2008: 26%)	**171,439**	270,678	**94,680**	105,503
Tax effects of:				
– expenses not deductible for tax purposes	**79,348**	101,892	**20,269**	23,896
– income exempted from tax	**–**	(566)	**(107,532)**	(60,632)
– income not subject to tax	**(23,183)**	(41,780)	**–**	(22,710)
– differences in SME tax rate of 20% and corporate tax rate of 25%	**(327)**	(40)	**–**	–
– change in tax rate	**–**	(43,809)	**–**	–
– temporary differences not recognised	**7,076**	33,145	**545**	(210)
– utilisation of previously unrecognised temporary differences and tax losses	**4,835**	(18,891)	**–**	–
– investment tax allowance	**(153,321)**	(182,009)	**–**	–
– share of results of associates and jointly controlled entities net of tax	**44,952**	(19,502)	**–**	–
– share of tax in an unincorporated jointly controlled entity	**–**	–	**17,457**	36,485
(Over)/Under accrual in prior years (net)	**(71,425)**	24,885	**5,016**	(575)
Tax expense	**59,394**	124,003	**30,435**	81,757

10 EARNINGS PER ORDINARY SHARE

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

	Group	
	2009	**2008 (Restated)**
Net profit for the financial year attributable to ordinary equity holders of the Company (RM'000)	**236,711**	552,889
Weighted average number of ordinary shares ('000)	**3,045,058**	3,045,058
Basic earnings per share (sen)	**7.8**	18.2
Diluted earnings per share (sen)	**7.8**	18.2

The Redeemable Convertible Subordinated Loans issued by a subsidiary do not have a material impact to the dilution of the Group's earnings per share.

11 DIVIDENDS

	Group and Company	
	2009 RM'000	**2008 RM'000**
Ordinary:		
Final proposed:		
3.0 sen per share, single-tier (2008 – 2.5 sen per share, single-tier)	**91,352**	76,126

At the forthcoming Annual General Meeting, a final single-tier dividend of 3.0 sen per share in respect of the financial year ended 31 December 2009 on 3,045,058,552 ordinary shares, amounting to RM91,351,757 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2010.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties RM'000	Building and Port structures RM'000	Mining leases properties RM'000	Power plants RM'000	Plant, machinery, dredges and other mining equipment RM'000	Expressway development expenditure RM'000	Pipeline RM'000	Capital work in progress RM'000	C-inspection cost RM'000	Total RM'000
Cost/valuation										
At 1 January 2009										
– Cost	53,179	2,931,587	347	10,589,184	2,444,025	–	1,045,341	654,515	353,981	18,072,159
– Valuation	25,981	280	–	–	–	–	–	–	–	26,261
As previously stated	79,160	2,931,867	347	10,589,184	2,444,025	–	1,045,341	654,515	353,981	18,098,420
Deconsolidation of a subsidiary (Note 4(a))	–	–	–	–	(284,390)	–	–	(34,177)	–	(318,567)
	79,160	2,931,867	347	10,589,184	2,159,635	–	1,045,341	620,338	353,981	17,779,853
As restated										
– Cost	53,179	2,931,587	347	10,589,184	2,159,635	–	1,045,341	620,338	353,981	17,753,592
– Valuation	25,981	280	–	–	–	–	–	–	–	26,261
	79,160	2,931,867	347	10,589,184	2,159,635	–	1,045,341	620,338	353,981	17,779,853
Acquisition through business combination	–	363,028	–	–	1,017	–	–	182,717	–	546,762
Disposals	(84)	(316)	–	–	(33,841)	–	–	(1,955)	–	(36,196)
Additions	15	42,077	–	37,564	106,468	–	(18,308)*	523,266	34,143	725,225
Reclassification	–	168,771	–	22,581	452,857	–	52,932	(697,141)	–	–
Transfer to non-current assets held for sale (Note 26)	–	–	–	–	(173)	–	–	–	–	(173)
Write-offs	(105)	–	–	(10,079)	(2,988)	–	–	–	–	(13,172)
At 31 December 2009	**78,986**	**3,505,427**	**347**	**10,639,250**	**2,682,975**	**–**	**1,079,965**	**627,225**	**388,124**	**19,002,299**

* *The balances consist of additions of RM706,443 (2008: RM1,764,000) offsetted against the capital contributions received from customers of RM19,014,574 (2008: RM3,366,000).*

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold properties RM'000	Building and Port structures RM'000	Mining leases properties RM'000	Power plants RM'000	Plant, machinery, dredges and other mining equipment RM'000	Expressway development expenditure RM'000	Pipeline RM'000	Capital work in progress RM'000	C-inspection cost RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2009	**(3,699)**	**(338,724)**	**–**	**(619,337)**	**(691,549)**	**–**	**(242,449)**	**–**	**(173,688)**	**(2,069,446)**
Depreciation (Note 8)	**(2,041)**	**(74,117)**	**–**	**(343,692)**	**(167,498)**	**–**	**(35,809)**	**–**	**(98,420)**	**(721,577)**
Disposals	**–**	**–**	**–**	**–**	**28,540**	**–**	**–**	**–**	**–**	**28,540**
Transfer to non-current assets held for sale (Note 26)	**–**	**–**	**–**	**–**	**47**	**–**	**–**	**–**	**–**	**47**
Write-offs	**–**	**–**	**–**	**2,037**	**194**	**–**	**–**	**–**	**–**	**2,231**
At 31 December 2009	**(5,740)**	**(412,841)**	**–**	**(960,992)**	**(830,266)**	**–**	**(278,258)**	**–**	**(272,108)**	**(2,760,205)**
Accumulated impairment losses										
At 1 January 2009	**(10,810)**	**(1,348)**	**–**	**–**	**(3,633)**	**–**	**(2,326)**	**–**	**–**	**(18,117)**
Impairment loss	**(447)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(447)**
At 31 December 2009	**(11,257)**	**(1,348)**	**–**	**–**	**(3,633)**	**–**	**(2,326)**	**–**	**–**	**(18,564)**
Net book value										
At 31 December 2009	**61,989**	**3,091,238**	**347**	**9,678,258**	**1,849,076**	**–**	**799,381**	**627,225**	**116,016**	**16,223,530**
At 31 December 2008	64,651	2,591,795	347	9,969,847	1,464,453	–	800,566	620,338	180,293	15,692,290
Depreciation for 2008	(583)	(65,048)	–	(342,977)	(121,366)	(1,112)	(34,877)	–	(81,977)	(647,940)

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold properties RM'000	Mining leases properties RM'000	Plant, machinery and equipment RM'000	Total RM'000
Company				
Cost				
At 1 January 2009	**826**	**347**	**26,708**	**27,881**
Additions	**–**	**–**	**470**	**470**
Disposal	**–**	**–**	**(3,923)**	**(3,923)**
At 31 December 2009	**826**	**347**	**23,255**	**24,428**
Accumulated depreciation				
At 1 January 2009	**–**	**–**	**(22,231)**	**(22,231)**
Depreciation	**–**	**–**	**(1,780)**	**(1,780)**
Disposal	**–**	**–**	**3,553**	**3,553**
At 31 December 2009	**–**	**–**	**(20,458)**	**(20,458)**
Net book value				
At 31 December 2009	**826**	**347**	**2,797**	**3,970**
At 31 December 2008	826	347	4,477	5,650
Depreciation for the year 2008	–	–	4,448	4,448

	Group 2009 RM'000	Group 2008 RM'000
Net book value of property, plant and equipment pledged as security for borrowings (Note 31)	**14,247,591**	14,141,690

Included in the property, plant and equipment of the Group is interest capitalised at a rate ranging from 4% to 8.5% per annum amounting to RM48.9 million (2008: RM20.0 million).

Certain of the Group's properties in Malaysia are stated at valuation based on a professional valuation conducted in February 1988 using the open-market basis. The valuation was a one-off exercise and was not intended to effect a change in the accounting policy to one of revaluation of properties.

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Had the revalued properties been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the financial year would be as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Freehold properties	**10,503**	11,063

13 INVESTMENT PROPERTIES

	Group	
	2009	**2008**
	RM'000	**RM'000**
Cost		
At 1 January	**36,290**	35,308
Acquisition through business combination	**–**	871
Additions	**30**	111
Disposals	**(341)**	–
Transfer to non-current assets held for sale (Note 26)	**(502)**	–
At 31 December	**35,477**	36,290
Accumulated depreciation		
At 1 January	**(3,242)**	(2,733)
Depreciation	**(202)**	(509)
Disposals	**87**	–
Transfer to non-current assets held for sale (Note 26)	**87**	–
At 31 December	**(3,270)**	(3,242)
Accumulated impairment losses		
At 1 January	**(556)**	(146)
Impairment loss	**(332)**	(410)
At 31 December	**(888)**	(556)
Net book value	**31,319**	32,492
Fair value	**120,357**	106,079

13 INVESTMENT PROPERTIES (Continued)

All investment properties are freehold properties.

Rental income generated from and direct operating expenses incurred on investment properties are as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Rental income	**2,456**	3,657
Direct operating expenses	**1,913**	1,573

14 PREPAID LEASE PAYMENTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**650,759**	661,204	**4,556**	4,613
Acquisition through business combination	**498,283**	–	**–**	–
Additions	**1,300**	18	**–**	–
Disposals	**(4,734)**	–	**–**	–
Amortisation for the year	**(11,980)**	(10,463)	**(57)**	(57)
At 31 December	**1,133,628**	650,759	**4,499**	4,556

15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	**2008**
	RM'000	**RM'000**
Shares quoted in Malaysia	**150,774**	152,868
Unquoted shares	**7,539,396**	6,090,581
	7,690,170	6,243,449
Less: Accumulated impairment losses of unquoted shares	**(15,189)**	(15,189)
Less: Redemption of subsidiary's Redeemable Convertible Preference Shares	**(42,840)**	–
	7,632,141	6,228,260
Market value of quoted investments:		
Quoted in Malaysia	**214,830**	131,271

15 INVESTMENTS IN SUBSIDIARIES (Continued)

In the previous financial year, no impairment has been made for the differences between the market value of quoted investments and the carrying amount of shares quoted in Malaysia as the effect of the low market value of quoted investments is expected to be temporary.

(a) On 22 January 2009, the Company converted its cash advances to Recycle Energy Sdn Bhd ("RESB") for additional 42,500,000 ordinary shares of RM1.00 each representing additional 26% of its equity interest. This has effectively increased the Group's interest in RESB from 51% to 77%.

(b) On 24 April 2009, MMC Corporation Berhad acquired 2,000,000 ordinary shares of RM1.00 each in Senai Airport Terminal Services Sdn Bhd ("SATS") representing the entire issued and paid-up share capital of SATS for a cash consideration of RM1.71 billion.

The fair value of the net assets acquired, goodwill and cash flow arising from the acquisition is as follows:

	Carrying value (prior to acquisition) RM'000	Fair value (upon acquisition) RM'000
Property, plant and equipment	420,732	546,762
Prepaid lease payment	232,777	498,283
Property development expenditure	403,402	1,995,138
Trade and other receivables	14,671	14,671
Cash and cash equivalents	91,780	91,780
Trade and other payables	(535,874)	(535,874)
Borrowings	(371,871)	(371,871)
Deferred taxation	(84,848)	(580,666)
Fair value of net assets acquired	170,769	1,658,223
Goodwill on acquisition		51,694
Net consideration		1,709,917
Less: Cash and cash equivalents of subsidiary acquired		(91,780)
Cash outflow of the Group on acquisition through business combinations		1,618,137
Less: Deposit paid in December 2008		(340,000)
		1,278,137

As of the date of this report, management has yet to finalise the Purchase Price Allocation ("PPA") for the business combination, as required by FRS 3. The fair values of assets and liabilities and goodwill arising from the business combination have been derived only on a provisional basis.

Management has 12 months from the date of completion of the acquisition to complete the PPA and the initial accounting for the transaction. Upon finalisation of the PPA, MMC will recognise any adjustments to the provisional values of the assets and liabilities and goodwill arising from the business combination.

15 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) On 24 May 2009, Anglo-Oriental (Annuities) Sdn Bhd, a 100.00% owned subsidiary, liquidated 2 ordinary shares of RM1.00 each in Anglo-Oriental Nominees Sdn Bhd ("Anglo-Oriental Nominees"), representing 100.00% of the equity interest in Anglo-Oriental Nominees.

Details of the subsidiaries are shown in Note 45.

16 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009 RM'000	**2008 RM'000 (Restated)**	**2009 RM'000**	**2008 RM'000**
Shares quoted in Malaysia, at cost	**165,031**	165,031	**163,046**	163,046
Shares quoted outside Malaysia, at cost	**–**	55,512	**–**	–
Unquoted shares, at cost	**1,660,011**	1,714,209	**–**	–
Share of post-acquisition reserves	**52,376**	159,603	**–**	–
	1,877,418	2,094,355	**163,046**	163,046
Less: Accumulated impairment losses	**(262,133)**	(123,940)	**(6,409)**	(6,409)
	1,615,285	1,970,415	**156,637**	156,637

	Group	
	2009 RM'000	**2008 RM'000 (Restated)**
Represented by:		
Group's share of net assets other than goodwill	**1,011,261**	1,204,923
Group's share of goodwill in associates' own consolidated financial statements	**18,561**	18,561
Intangible assets arising from acquisition through business combinations	**585,463**	746,931
	1,615,285	1,970,415

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Market value of quoted associates:				
Shares quoted in Malaysia	**184,039**	204,501	**181,556**	203,767

16 INVESTMENTS IN ASSOCIATES (Continued)

Summarised financial information in respect of the Group's associates are as follows:

	Group	
	2009 RM'000	2008 RM'000
Revenue	**1,933,220**	1,608,831
(Loss)/profit for the financial year	**(150,969)**	59,087
Total assets	**4,500,141**	4,378,057
Total liabilities	**(2,884,856)**	(2,407,642)
	1,615,285	1,970,415

Details of the Group's associates and the accounting periods used for applying the equity method of accounting for the associates' results are shown in Note 45.

The Group has discontinued the recognition of its share of losses of its inactive associates as the share of losses of these associates has exceeded the Group's interest in those associates. The unrecognised share of losses of these associates for the current year and cumulatively were immaterial to the Group. The details of inactive associates are disclosed in Note 45.

17 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The Group's share of income and expenses, assets and liabilities of the jointly controlled entities are as follows:

	Group	
	2009 RM'000	2008 RM'000 (Restated)
Income	**1,033,052**	1,106,307
Expenses	**(992,065)**	(950,061)
	40,987	156,246
Non-current assets	**630,801**	498,428
Current assets	**451,093**	518,859
Current liabilities	**(815,983)**	(670,334)
Net assets	**265,911**	346,953

Details of the Group's jointly controlled entities are shown in Note 45.

18 OTHER INVESTMENTS

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
At cost:				
Shares quoted outside Malaysia	**13,172**	13,172	**–**	–
Unquoted shares	**2,000**	2,000	**2,000**	2,000
	15,172	15,172	**2,000**	2,000
Less: Accumulated impairment losses				
– Shares quoted outside Malaysia	**(13,172)**	(13,172)	**–**	–
– Unquoted shares	**(2,000)**	(2,000)	**(2,000)**	(2,000)
	–	–	**–**	–
Market value of quoted investments:				
– Shares quoted outside Malaysia	**9,670**	5,504		

The market value of quoted investments approximates its fair value.

19 PROPERTY DEVELOPMENT EXPENDITURE

	Group Freehold Land RM'000	Group Development Expenditure RM'000	Group Total RM'000
At 1 January 2009	**3,267**	**37,381**	**40,648**
Acquisition through business combination	**1,995,138**	**–**	**1,995,138**
Additions	**–**	**19,647**	**19,647**
Disposal	**(3,267)**	**–**	**(3,267)**
At 31 December 2009	**1,995,138**	**57,028**	**2,052,166**
At 1 January 2008	–	–	–
Transfer of freehold land from property, plant and equipment	3,267	–	3,267
Additions	–	37,381	37,381
At 31 December 2008	3,267	37,381	40,648

19 PROPERTY DEVELOPMENT EXPENDITURE (Continued)

Freehold Land

On 25 August 2006, a subsidiary of MMC Corporation Berhad has entered into a Joint Land Development Agreement ("JLDA") with Exquisite Skyline Sdn Bhd ("ESSB"), a subsidiary of United Malayan Land Berhad. The purpose of JLDA is to develop a piece of freehold land located at Pesiaran Raja Chulan, Kuala Lumpur into a commercial development of 310 units of service residences. Up to November 2008, the subsidiary received a deposit of RM3,000,000 from ESSB. The subsidiary's participation in the JLDA is via the injection of the land.

In consideration of the development right granted by the subsidiary to ESSB, ESSB shall pay and the subsidiary agrees to accept a sum of 50% of the development profit before tax and before land cost or RM20,000,000 whichever is higher.

However, ESSB and the subsidiary had mutually agreed via a Supplemental Agreement dated 21 December 2009 that ESSB shall purchase the freehold land at RM20 million on an 'as-is-where-is' basis. On 31 December 2009, ESSB paid the balance of RM17.0 million to the subsidiary.

Freehold land acquired through business combination during the year comprise several contiguous pieces of land with a total area of approximately 2,718.68 acres, earmarked for the development of a cargo and logistics hub, high-tech industries park and mixed development.

Development Expenditure

Development expenditure represents the cost incurred in relation to the development in a subsidiary's long leasehold land as stated in Note 14 to the financial statements.

20 AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts due from/to subsidiaries are non-trade in nature, unsecured, interest free, denominated in Ringgit Malaysia and are not repayable during the next twelve months except in so far as such repayment will not adversely affect the ability of the respective subsidiaries to meet their liabilities when due. Included in the amount due from subsidiaries are Redeemable Convertible Subordinated Loans of RM264.5 million (2008: RM264.5 million). The terms of the Redeemable Convertible Subordinated Loans are as disclosed in Note 36.

	Company	
	2009	**2008**
	RM'000	**RM'000**
Fair values of amounts due from/ to subsidiaries are as follows:		
Amounts due from subsidiaries	**895,852**	609,550
Amounts due to subsidiaries	**837,486**	1,229,150

21 OTHER ASSETS

	Group and Company 2009 RM'000	Group and Company 2008 RM'000
Mining exploration expenditure, at cost	**9,962**	9,962
Less: Accumulated impairment losses		
At 1 January	**(9,962)**	(9,960)
Charge for the year	**–**	(2)
At 31 December	**(9,962)**	(9,962)
Carrying value	**–**	–

	Group 2009 RM'000	Group 2008 RM'000
Staff loans to eligible staff	**7,700**	9,800
Repayments due within the next twelve months	**(908)**	(1,556)
	6,792	8,244
Analysis of repayment schedule:		
Within 1 year	**908**	1,556
From 1 to 2 years	**772**	1,768
From 2 to 5 years	**2,232**	2,275
After 5 years	**3,788**	4,201
	7,700	9,800

22 INTANGIBLE ASSETS

Group	Rights on Power Purchase Agreement and Operations Maintenance Agreement RM'000	Goodwill on consolidation RM'000	Intellectual property RM'000	Development expenditure RM'000	Concession rights on water treatment business RM'000	Total RM'000
Cost						
At 1 January 2009	**7,103,796**	**1,856,216**	**8,000**	**–**	**21,193**	**8,989,205**
Acquisition through business combination	**–**	**51,694**	**–**	**–**	**–**	**51,694**
At 31 December 2009	**7,103,796**	**1,907,910**	**8,000**	**–**	**21,193**	**9,040,899**

22 INTANGIBLE ASSETS (Continued)

Group	Rights on Power Purchase Agreement and Operations Maintenance Agreement RM'000	Goodwill on consolidation RM'000	Intellectual property RM'000	Development expenditure RM'000	Concession rights on water treatment business RM'000	Total RM'000
Amortisation/Impairment losses						
At 1 January 2009						
– Accumulated amortisation	**(572,276)**	**–**	**(1,067)**	**–**	**–**	**(573,343)**
Amortisation charge	**(393,343)**	**–**	**(267)**	**–**	**(3,532)**	**(397,142)**
At 31 December 2009	**(965,619)**	**–**	**(1,334)**	**–**	**(3,532)**	**(970,485)**
Net book value						
At 31 December 2009	**6,138,177**	**1,907,910**	**6,666**	**–**	**17,661**	**8,070,414**
At 31 December 2008	6,531,520	1,856,216	6,933	–	21,193	8,415,862
Amortisation charge for 2008	(365,206)	–	(267)	(485)	–	(365,958)

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:

	2009 RM'000	2008 RM'000
Pelabuhan Tanjung Pelepas Sdn Bhd		
– Port Business	**1,512,366**	1,512,366
Malakoff Corporation Berhad		
– Electricity Generation Business	**340,392**	340,392
Recycle Energy Sdn Bhd		
– Management and treatment of municipal solid waste and production of renewable energy	**3,458**	3,458
Senai Airport Terminal Services Sdn Bhd		
– Manage, operate, maintain and develop the Sultan Ismail Airport in Senai, Johor Darul Takzim and to provide airport and aviation related services	**51,694**	–
	1,907,910	1,856,216

22 INTANGIBLE ASSETS (Continued)

(A) Port Business

The recoverable amount of Port Business is determined based on a "value in use" calculation. The "value in use" of Port Business was determined by discounting the future cash flows to be generated from the continuing use of the unit and exceeds the carrying amount of the CGU including goodwill by RM771 million.

The "value in use" is derived based on management's cash flow projections for 5 financial years from 2010 to 2014 and the key assumptions used in the calculation of "value in use" are as follows:

(a) Based on the business plan, the projected annual Twenty-Foot Equivalent Unit ("TEU") over the projection period from 2010 to 2014, will be in the region of 7.4 million to 8.5 million;

(b) The cash flow projections after 2014 are extrapolated to the end of the concession period using a nominal long-term growth rate of 3.5% per annum which takes into consideration the long term average global GDP, inflation and average growth rate for the industry; and

(c) A pre-tax discount rate 8.9% to 9.1% per annum.

Management's judgement is involved in estimating the future cash flows of Port Business. The "value in use" is sensitive to, amongst others, the projected cash flows during the explicit projection period and the assumptions regarding the long term sustainable pattern of cash flows thereafter.

The circumstances where a reasonably possible change in the key assumptions will cause an impairment loss to be recognised include the following:

(i) A decrease of more than 6.5% per annum in the total projected annual TEU in each financial year over the projection period; or

(ii) Long term growth rate beyond the explicit projection period is lower than 2.7% per annum; or

(iii) Pre-tax discount rate is higher than 9.65%.

If the total projected annual TEU in each financial year over the projection period was to reduce by an additional 0.5% per annum from the breakeven point as mentioned in (i) above (i.e. decrease of 7.0% per annum in the total projected annual TEU in each financial year over the projection period), the impairment charge would approximately be RM66 million.

Had the pre-tax discount rate been 0.1% higher from the breakeven point as mentioned in note (iii) above (discount rate of 9.75%), the impairment charge would be approximately RM81 million.

22 INTANGIBLE ASSETS (Continued)

(B) Electricity Generation Business

The impairment of goodwill test on the Electricity Generation Business ("EGB") was conducted using its "value in use" as its recoverable amount. The "value in use" for EGB was determined by discounting the future cash flows generated from the continuing use of its power plants based on management's cash flow projections for 22 financial years from 2010 to 2031. Management believes that a period greater than 5 years used in the cash flow projections is justified as the income derived during the extended period can be supported by its Power Purchase Agreement ("PPA") and Operation & Maintenance Agreement ("OMA") which has a remaining useful life ranging from 8 to 22 years.

The key assumptions used in the calculation of "value in use" as extracted from the respective PPAs are as follows:

(a) The terms of the PPAs will remain unchanged throughout the concession period.

(b)	Remaining useful life of PPA/OMA	8 – 22 years
(c)	Dependable capacity	350MW – 2,420MW
(d)	Capacity factor	30% to 75% of dependable capacity
(e)	Net electrical output (million kW/hour)	2,300 – 10,510
(f)	Capacity Rate (RM/kW/month)	11.61 – 50.00
(g)	Fixed Operating Rate under Revenue (RM/kW/ month)	4.40 – 10.50
(h)	Variable Operating Rate under Revenue (RM/kW/ month)	0.006 – 0.031
(i)	Fuel price (RM/mBtu)	10.69 – 14.24
(j)	Variable Operating Rate under Cost (RM/kWh)	0.013 – 0.031
(k)	Fixed Operating Rate under Cost (RM/kW/month)	2.08 – 7.55

(l) It is assumed that the residual value of the respective power plants is based on a five (5) year extension discounted cash flows as described in Note 3(b) Critical Accounting Estimate and Judgements.

If the residual value of the power plant does not materialise, there will be impairment to the goodwill and intangible assets.

23 DEFERRED EXPENDITURE

	Group	
	2009	**2008**
	RM'000	**RM'000**
Cost		
At 1 January	**–**	–
Additions	**20,000**	–
At 31 December	**20,000**	–
Amortisation		
At 1 January	**–**	–
Amortisation charge	**(2,467)**	–
At 31 December	**(2,467)**	–
Net book value	**17,533**	–

The deferred expenditure is in relation to the rights to operate, manage and undertake future development of the Sultan Ismail Airport in Senai, Johor Darul Takzim.

24 DEFERRED TAXATION

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 the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		(Restated)		
Deferred tax assets	**542,011**	417,315	**–**	–
Deferred tax liabilities:				
– subject to income tax	**(3,628,066)**	(3,106,555)	**–**	–
	(3,086,055)	(2,689,240)	**–**	–

24 DEFERRED TAXATION (Continued)

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
At 1 January	**(2,689,240)**	(2,834,775)	**–**	–
(Charged)/credited to income statement:				
– property, plant and equipment	**(116,066)**	(60,870)	**(34)**	58
– receivables	**(4,695)**	105	**–**	–
– payables	**(32)**	(126)	**–**	–
– tax losses	**–**	(119)	**–**	–
– provisions	**35,451**	(48,837)	**6**	(33)
– intangibles	**142,739**	114,814	**–**	–
– investment tax allowance	**126,159**	126,204	**–**	–
– others	**248**	14,848	**28**	(25)
	183,804	146,019	**–**	–
Recognised in equity upon conversion of RCULS	**47**	–	**–**	–
Disposal of a subsidiary company	**–**	(3,571)	**–**	–
Acquisition through business combination	**(580,666)**	3,087	**–**	–
At 31 December	**(3,086,055)**	(2,689,240)	**–**	–

Subject to income tax:				
Deferred tax assets (before offsetting)				
Property, plant and equipment	**128**	–	**–**	86
Receivables	**–**	105	**–**	–
Provisions	**31,884**	17,117	**85**	79
Investment tax allowances	**545,044**	418,885	**–**	–
Others	**3,177**	–	**3**	–
	580,233	436,107	**88**	165
Offsetting	**(38,222)**	(18,792)	**(88)**	(165)
Deferred tax assets (after offsetting)	**542,011**	417,315	**–**	–

24 DEFERRED TAXATION (Continued)

	Group		Company	
	2009 RM'000	**2008 RM'000 (Restated)**	**2009 RM'000**	**2008 RM'000**
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(1,984,676)**	(1,272,881)	**(88)**	(140)
Intangibles	**(1,681,046)**	(1,823,785)	**–**	–
Provisions	**–**	(18,226)	**–**	–
Others	**(566)**	–	**–**	(25)
	(3,666,288)	(3,114,892)	**(88)**	(165)
Offsetting	**38,222**	18,792	**88**	165
Deferred tax liabilities (after offsetting)	**(3,628,066)**	(3,096,100)	**–**	–

The amount of deductible temporary differences and unused tax losses (both of which have no expiry dates) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group	
	2009 RM'000	**2008 RM'000**
Deductible temporary differences	**107,963**	58,392
Tax losses	**302,355**	304,282
	410,318	362,674

25 INVENTORIES

	Group	
	2009 RM'000	**2008 RM'000**
At net realisable value:		
Spares, consumables and container repair materials	**461,570**	403,356
Diesels and Fuels	**50,478**	53,896
Coals	**125,685**	215,976
Chemicals	**520**	850
Raw materials	**163**	348
	638,416	674,426

Inventories of the Group of RM39.5 million (2008: RM35.9 million) comprising spare parts, consumables and container repair materials are pledged as security for borrowings as disclosed in Note 31.

26 NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2009 RM'000	2008 RM'000
Property, plant and equipment (Note 12)	**126**	–
Investment properties (Note 13)	**415**	–
	541	–

On 3 November 2009, a subsidiary entered into a Sales & Purchase Agreement to dispose a property for a sales consideration of RM1.7 million. The disposal is expected to be completed by end of April 2010.

27 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
Trade receivables	**1,091,736**	1,194,342	**8**	3,172
Less: Allowance for doubtful debts	**(168,978)**	(213,682)	**(8)**	(8)
	922,758	980,660	**–**	3,164
Other receivables	**374,083**	399,866	**46,070**	37,048
Less: Allowance for doubtful debts	**(1,809)**	(2,157)	**(505)**	(505)
	372,274	397,709	**45,565**	36,543
Deposits	**41,403**	43,591	**1,121**	1,072
Prepayments	**175,496**	542,443	**–**	341,694
	589,173	983,743	**46,686**	379,309
Amounts due from contract customers (Note 40)	**31,832**	32,157	**–**	–
Amounts due from associates	**207,914**	145,012	**41**	–
Amounts due from jointly controlled entities	**61,586**	76,406	**61,586**	76,406
	1,813,263	2,217,978	**108,313**	458,879

All the above balances except for certain trade receivables, which are shown below, are denominated in Ringgit Malaysia.

27 TRADE AND OTHER RECEIVABLES (Continued)

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
The currency exposure profile of trade receivables are as follows:				
– Ringgit Malaysia	**906,351**	972,151	**–**	–
– US Dollar	**15,897**	8,509	**–**	3,164
– Australian Dollar	**31**	–	**–**	–
– Others	**479**	–	**–**	–
	922,758	980,660	**–**	3,164

Credit terms of trade receivables of the Group and Company vary from 30 to 60 days (2008: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Concentration of credit risk in respect of the receivable balances is limited to the Group's large number of customers, who are nationally dispersed, cover a spectrum of industries with variety end markets. The Group's historical experience shows that the allowances for doubtful debts have been adequate and due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's receivables.

The amounts due from jointly controlled entities are unsecured, interest free, have no fixed terms of repayment and denominated in Ringgit Malaysia.

28 AMOUNT DUE FROM HOLDING COMPANY

	Group and Company	
	2009 RM'000	2008 RM'000
Amount due from holding company	**7,518**	13,780

The amount due from holding company is non-trade in nature, unsecured, interest free, has no fixed terms of repayment and denominated in Ringgit Malaysia.

29 MARKETABLE SECURITIES

	Group	
	2009 **RM'000**	**2008** **RM'000**
Shares in a corporation quoted in Malaysia, at cost	**62,151**	62,151
Less: Accumulated impairment losses	**(914)**	(914)
	61,237	61,237
Market value:		
– quoted in Malaysia	**325,637**	188,778

Marketable securities amounting to RM35.8 million (2008: RM35.8 million) are pledged as security for borrowings as disclosed in Note 31.

30 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2009 **RM'000**	**2008** **RM'000** **(Restated)**	**2009** **RM'000**	**2008** **RM'000**
Deposits with:				
Licensed banks	**2,632,632**	2,191,200	**72,652**	46,078
Investment banks	**710,320**	491,630	**16,000**	1,000
Other financial institutions	**729,432**	684,195	**38,000**	12,750
	4,072,384	3,367,025	**126,652**	59,828
Cash and bank balances	**420,448**	399,256	**764**	5,143
	4,492,832	3,766,281	**127,416**	64,971
The currency exposure profile of the deposits, bank and cash balances are as follows:				
– Ringgit Malaysia	**4,461,540**	3,726,656	**125,071**	62,623
– US Dollar	**26,853**	37,167	**–**	14
– Australian Dollar	**1,727**	1,586	**1,727**	1,611
– Pound Sterling	**618**	723	**618**	723
– IRD Indonesian	**2,094**	149	**–**	–
	4,492,832	3,766,281	**127,416**	64,971

30 DEPOSITS, BANK AND CASH BALANCES (Continued)

The weighted average interest rates of deposits, bank and cash balances that were effective as at balance sheet date were as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	% per annum	**% per annum (Restated)**	**% per annum**	**% per annum**
Deposits placed with:				
Licensed banks	**2.19**	3.38	**2.20**	3.30
Investment banks	**2.25**	3.54	**2.36**	3.30
Other financial institutions	**2.74**	3.45	**2.49**	3.50

Deposits of the Group have an average maturity of 55 days (2008: 30 days).

31 BORROWINGS

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000**
Current					
Al-Murabahah:					
– Commercial Papers	– secured	**594,199**	625,292	**–**	34,000
Structured Commodity	– unsecured	**34,000**	–	**34,000**	–
Term loans	– secured	**731,251**	281,949	**448,127**	42,165
Revolving Credits	– unsecured	**299,000**	218,100	**255,000**	199,200
Bridging loan	– unsecured	**–**	369,676	**–**	–
Bank overdrafts	– unsecured	**716**	1,936	**–**	–
Multi-option line	– unsecured	**14,899**	9,320	**–**	–
Sukuk Ijarah Bonds	– secured	**175,618**	94,378	**–**	–
Al-Bai' Bithaman Ajil Bonds	– secured	**120,000**	120,000	**–**	–
Al-Istisna Bonds	– secured	**65,986**	65,985	**–**	–
Istisna Medium Term Notes	– secured	**510,000**	490,000	**–**	–
Redeemable Convertible Loan Stock	– unsecured	**1,817**	1,818	**–**	–
Government Loan	– unsecured	**11,667**	–	**–**	–
		2,559,153	2,278,454	**737,127**	275,365

31 BORROWINGS (Continued)

		Group		Company	
		2009	**2008**	**2009**	**2008**
		RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000**
Non-current					
Term loans	– secured	**5,452,676**	3,579,188	**2,636,665**	1,556,772
Structured Commodity	– unsecured	**50,000**	–	**50,000**	–
Sukuk Ijarah Bonds	– secured	**496,549**	672,165	**–**	–
Al-Bai' Bithaman Ajil Bonds	– secured	**490,000**	610,000	**–**	–
Al-Istisna Bonds	– secured	**386,586**	452,019	**–**	–
Istisna Medium Term Notes	– secured	**4,290,000**	4,800,000	**–**	–
Sukuk Medium Term Notes	– secured	**5,249,384**	5,202,250	**–**	–
Junior Sukuk	– secured	**1,700,000**	1,700,000	**–**	–
Redeemable Convertible Loan Stock	– unsecured	**156,017**	187,375	**–**	–
Government Loan	– unsecured	**88,333**	–	**–**	–
		18,359,545	17,202,997	**2,686,665**	1,556,772
Total		**20,918,698**	19,481,451	**3,423,792**	1,832,137
Fair values of borrowings		**21,803,701**	20,330,151	**3,423,792**	1,832,137

(i) The short-term Structured Commodity carries a profit rate at 2.5% above Effective Cost of Funds. The long-term Structured Commodity carries a profit rate of 0.25% below the bank's Base Financing Rate and is repayable in 3 instalments commencing from the end of the 3rd year from the first disbursement date.

(ii) Interest on term loans of a subsidiary are charged at a fixed rate which ranges from 4% to 6.5% (2008: 5% to 6%) per annum. Two of the bank loans will be charged at a rate of 1.5% above the effective cost of funds of the lender from November 2010 onwards. A Second New Facility Agreement was executed on 17 August 2006 with a fixed interest rate of 1% per annum above the effective cost of funds of the lender to be fixed at each drawdown date until 31 December 2016 and floating interest rate of 1% above the cost of funds of the lender from 1 January 2017 onwards.

The bank loans are repayable in equal semi-annual instalments ranging from 14 to 26 instalments.

31 BORROWINGS (Continued)

The bank loans are secured by:

(i) a fixed and floating charge by way of debenture over all the assets and undertaking of the subsidiary.

(ii) a charge on the specific Designated Accounts and all monies standing to the credit of the subsidiary.

(iii) assignment of certain rights and benefits of the subsidiary.

Other term loans are repayable in 13 annual instalments of 2.5% per annum of the principal repayable and a final bullet repayment.

(iii) The secured long term loan on Syariah principles carries a profit rate of 4.6% (2008: 4.6%) per annum and is repayable by 19 quarterly instalments commencing November 2007. The facility was secured by fixed deposits and by way of a floating charge over a subsidiary's plant and machinery and motor vehicle, furniture and fittings, office equipment, computers and other fixed assets.

(iv) The secured long term loan on Al-Ijarah Muntahiah Bilamik of a subsidiary carries a profit rate of 5.10% to 8.50% (2008: 6.35% to 8.25%) per annum and is repayable in 28 quarterly instalments after 3 years from the initial drawdown. It carries Effective Islamic Cost of Funds rate plus 2.00% per annum.

The term loan is secured as follows:-

(i) a debenture comprising fixed and floating charges over the existing and future assets of the subsidiary.

(ii) assignment over all the revenues pursuant to the operations of the airport managed by the subsidiary (including but not limited to the aeronautical and non-aeronautical revenues).

(iii) first party first legal charge over the airport land via assignment over the lease agreement on the airport land, to the extend that the same are assignable and no further consent is required for such assignment.

(iv) memorandum of deposit over the ordinary shares of the subsidiary representing the entire issued and fully paid-up capital of the subsidiary.

Pursuant to the Islamic Financing Facility Agreement based on Islamic principle Al-Ijarah Muntahiah Bitmalik:-

(i) the subsidiary is required to maintain a finance service cover ratio of at least 1.50 times throughout the tenure of the facility.

(ii) throughout the tenure of the facility, the subsidiary shall maintain maximum total indebtedness to equity ratio of no higher than 80:20.

31 BORROWINGS (Continued)

(v) The government loan is repayable starting on the sixth concession year in ten equal instalments and each payment shall be made within the first month of the particular concession year.

(vi) The term loans of the Company are secured by certain assets of the Company and a subsidiary company. Interest rates on the term loans of the Company range from 3.15% to 4.56% (2008: 3.8% to 5.85%) per annum. The tenure of the loans ranges from 1 – 8 years with bullet repayments on maturity from the dates of drawdown and 3 to 7 semi-annual instalments. The revolving credit facility of the Company is unsecured and bears interest ranging from 2.95% to 3.36% (2008: 4.25% to 5.68%) per annum.

(vii) The Commercial Papers, bonds, Medium Term and Loan Notes, and Junior Sukuk of subsidiaries are secured over property, plant and equipment with a carrying amount of RM9,828 million (2008: RM10,139 million) and prepaid lease payments with a carrying amount of RM6.1 million (2008: RM6.1 million). These borrowings are subject to the fulfilment of the following significant covenants:

Sukuk Ijarah: Maintain the Debt/Equity Ratio of not more than 4:1 and a Finance Service Cover Ratio of at least 1.15 times.

Al-Bai' Bithaman Ajil bonds and Commercial Papers: Maintain the Debt/Equity Ratio to be no greater than 9:1 during post-completion (of power plant) period and ensure that the Debt Service Cover ratio is not less than 1.25:1 commencing from commercial operations date.

Al-Istisna bonds: Maintain a Debt/Equity Ratio of not higher than 4:1 at all times and maintain an Annual Finance Service ratio of not less than 1.4:1 commencing from the third year of the first issue of the bonds.

Istisna Medium Term Notes: Maintain a minimum Debt Service cover ratio of 1.25 times commencing from the second semi-annual profit payments date and the Debt/Equity Ratio of no more than 4:1.

Sukuk Medium Term Notes, Junior Sukuk and Commercial Papers: Maintain a Debt/Equity Ratio of no greater than 1.25:1 and Group Debt/Equity ratio to be no greater than 7:1 at all times.

The profit rates and interest rates per annum for the above bank facilities range from 2.9% to 9.0% (2008: 3.7% to 9.0%) and from 12.0% to 16.0% (2008: 12.0% to 16.0%) respectively.

(viii) The secured term loans of a subsidiary are charged at interest rates ranging from 3.86% to 6% per annum (2008: 5% to 6%). The facility was secured by debenture over the entire fixed and floating assets of the subsidiary. The term loan of Phase 1 is repayable in 27 quarterly instalments of RM1.8 million each and a final instalment of RM1.4 million. The term loan of Phase 1 instalment is to commence 12 months after the date of the completion of the construction of the Refuse Derived Fuel ("RDF") plant of the subsidiary. The term loan of Phase 2 is repayable in 20 quarterly instalments of RM600,000 and 20 quarterly instalments of RM1.0 million each. The term loan of Phase 2 instalment is to commence 24 months after the date of the completion of the construction of the RDF plant.

31 BORROWINGS (Continued)

	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
Analysis of repayment schedule:				
Within 1 year	**2,559,153**	2,278,454	**737,127**	275,365
From 1 to 2 years	**3,933,534**	1,651,841	**2,539,415**	485,786
From 2 to 5 years	**5,691,940**	5,739,103	**147,250**	1,070,986
After 5 years	**8,734,071**	9,812,053	**–**	–
	20,918,698	19,481,451	**3,423,792**	1,832,137

32 TRADE AND OTHER PAYABLES

	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
Current				
Trade payables	**774,444**	836,877	**4,373**	4,454
Other payables	**272,510**	194,557	**11,377**	12,573
Accruals	**739,096**	808,246	**4,379**	7,430
Land lease liabilities (Note 32(a))	**255**	–	**–**	–
Concession fee payable (Note 32(b))	**8,000**	–	**–**	–
Amount due to former corporate shareholders	**277,223**	–	**–**	–
Advances received on contracts (Note 40)	**11,622**	2,000	**–**	–
Amounts due to contract customers (Note 40)	**6,961**	52,019	**–**	–
Amounts due to associated company	**13,569**	14,335	**–**	35
Provision for retirement benefits (Note 32(c))	**1,301**	2,132	**–**	–
	2,104,981	1,910,166	**20,129**	24,492
Non-current				
Other payables	**106,552**	–	**–**	–
Concession fee payable (Note 32(b))	**12,000**	–	**–**	–
Land lease liabilities (Note 32(a))	**14,774**	–	**–**	–
	133,326	–	**–**	–
Total	**2,238,307**	1,910,166	**20,129**	24,492

32 TRADE AND OTHER PAYABLES (Continued)

	Group		Company	
	2009 RM'000	2008 RM'000 (Restated)	2009 RM'000	2008 RM'000
The currency exposure profile of the trade payables are as follows:				
– Ringgit Malaysia	**765,480**	831,007	**4,373**	4,454
– US Dollar	**6,344**	3,313	**–**	–
– Others	**2,620**	2,557	**–**	–
	774,444	836,877	**4,373**	4,454

Credit terms of trade payables granted to the Group and Company vary from immediate payment to 90 days. (2008: immediate payment to 90 days).

(a) Land lease liabilities

	Group	
	2009 RM'000	2008 RM'000
Not later than 1 year	**255**	–
Later than 1 year and not later than 5 years	**2,496**	–
Later than 5 years	**12,278**	–
	15,029	–

Land lease liabilities are in respect of the airport land which was leased from the Federal Land Commissioner for a period of 30 years commencing 1 November 2003 with an option to extend for a further period of 20 years upon terms and conditions as may mutually agreed.

(b) Concession fee payables

	Group	
	2009 RM'000	2008 RM'000
Not later than 1 year	**8,000**	–
Later than 1 year and not later than 5 years	**12,000**	–
	20,000	–

A Concession Agreement was entered with the Government for a cumulative period of 50 years commencing 1 November 2003 to operate, manage and develop the Sultan Ismail Airport in Senai, Johor Darul Takzim. The said agreement is subject to the continued existence of the operating license granted by the Government which was for a period of 50 years commencing on the same date with an option to extend for a further period upon terms and conditions as may mutually agreed.

32 TRADE AND OTHER PAYABLES (Continued)

(c) Provision for retirement benefits

	Group	
	2009	**2008**
	RM'000	**RM'000**
At 1 January	**46,459**	43,027
Acquisition through business combination	**1,184**	–
Disposal of a subsidiary	**–**	(716)
Charged to income statement	**5,440**	8,529
Utilised during the financial year	**(3,719)**	(4,381)
At 31 December	**49,364**	46,459
Analysed as:		
Current	**1,301**	2,132
Non-current	**48,063**	44,327
	49,364	46,459
Non-current		
Present value of unfunded obligations	**55,222**	53,312

The amount recognised in the balance sheets may be analysed as follows:

	2009	**2008**
Present value of unfunded obligations	**55,222**	53,312
Unrealised actuarial losses	**(5,858)**	(6,853)
Net liability recognised in the balance sheet	**49,364**	46,459

The expense recognised in the income statements is analysed as follows:

	2009	**2008**
Current service cost	**4,840**	5,949
Realised actuarial (gain)/loss	**(1,822)**	237
Interest cost	**2,422**	2,343
Expense recognised in the income statement	**5,440**	8,529

The principal actuarial assumptions used in respect of the subsidiaries' defined benefit plan are as follows:

	2009	**2008**
	%	**%**
Discount rate	**5.3 to 5.8**	5.3 to 5.8
Interest cost	**5.0 to 6.7**	5.0 to 6.7

33 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised:				
Ordinary shares of RM0.10 each:				
At 1 January	**10,000,000**	2,000,000	**1,000,000**	200,000
Increase in authorised ordinary shares	**–**	8,000,000	**–**	800,000
At 31 December	**10,000,000**	10,000,000	**1,000,000**	1,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At 1 January	**3,045,058**	1,522,529	**304,506**	152,253
Issuance of bonus shares	**–**	1,522,529	**–**	152,253
At 31 December	**3,045,058**	3,045,058	**304,506**	304,506

34 RESERVES

As at 31 December 2009, the Company does not have any Section 108 account and has therefore automatically moved to the single-tier tax system, which came into effect from the year of assessment 2008, under which companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

35 REDEEMABLE PREFERENCE SHARES

	Group	
	2009 RM'000	2008 RM'000
Redeemable Preference Shares of RM0.01 each:		
At 1 January / 31 December	**1,140**	1,140
Premium on Redeemable Preference Shares:		
At 1 January / 31 December	**112,911**	112,911
Classified as liabilities	**114,051**	114,051

35 REDEEMABLE PREFERENCE SHARES (Continued)

Details of the Redeemable Preference Shares ("RPS") are as follows:

(i) The RPS shall be fully redeemable in five equal instalments at the total amount of RM114.1 million to be payable on 30 September of every year starting from 30 September 2013 to 30 September 2017.

(ii) The holders of the RPS shall have the right to receive a fixed cumulative preferential dividend of RM50.0 million for all the RPS based on par value of RM0.01 per share and which shall be payable in 3 equal instalments on 30 September 2018, 30 September 2019 and 30 September 2020.

(iii) The RPS shall not confer any voting right except where the rights of the RPS are affected.

(iv) In the event of liquidation, the holders of the RPS shall rank pari passu with the holders of ordinary shares and shall rank in priority to the other holders of preference shares, save for the Special Share in respect of any distribution or repayment of capital.

36 REDEEMABLE CONVERTIBLE SUBORDINATED LOANS

The Redeemable Convertible Subordinated Loans ("RCSL") are issued by a subsidiary to its shareholders, as follows:

	Group	
	2009 **RM'000**	**2008** **RM'000**
Unsecured		
Company	**369,494**	369,494
Other corporate shareholders	**158,355**	158,355
Total RCSL issued	**527,849**	527,849

Details of the RCSL are as follows:

(i) The RCSL are subordinated to the prior repayment of the term loans of the subsidiary and are due for a lump-sum settlement at the end of the tenure on 30 June 2013.

(ii) The holders of the RCSL are entitled to require the subsidiary to allot ordinary shares of the subsidiary commencing from 5 September 1997 (the date of first drawdown) until 30 June 2013 in exchange for and in satisfaction of the amount of the loans at RM1.00 of the loan to the equivalent number of shares of RM1.00 each.

(iii) The holders of the RCSL have agreed to grant a moratorium on interest of 5% per annum for a period of 72 months commencing from 1 January 2003 until 31 December 2009.

(iv) In the event any interest chargeable is not paid when due to the holders of the RCSL, the interest due and accruing may at the sole discretion of the holders be capitalised and added to the principal sum with interest chargeable on it.

(v) The loan facility limit is RM1.01 billion.

36 REDEEMABLE CONVERTIBLE SUBORDINATED LOANS (Continued)

The RCSL is a compound instrument that contains both a liability and an equity element. However, the liability and equity elements of the RCSL are not classified separately as it was issued prior to 1 January 2003. The RCSL is denominated in Ringgit Malaysia.

37 REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS")

(a) The movement of the RCULS during the financial year are as follows:

	Balance at 01.01.2009 RM'000	Issued RM'000	Conversion RM'000	Balance at 31.12.2009 RM'000
Principal amount of RCULS of RM1.00 each	42,916	–	(2,504)	**40,412**

(b) The RCULS is accounted for in the balance sheets of the Group as follows:

	Group	
	2009 RM'000	**2008 RM'000 (Restated)**
The movement of the liability component of RCULS during the year was as follows:		
At 1 January	**38,419**	–
Acquisition through business combination	**–**	38,293
Converted to ordinary shares in a subsidiary	**(2,322)**	–
Interest recognised in the income statement	**833**	126
At 31 December	**36,930**	38,419

(c) Interest expense on the RCULS is calculated on the effective yield basis by applying the coupon interest of 7.545% per annum for an equivalent non-convertible bond to the liability component of the RCULS.

(d) The salient terms of the 7-year, 5% RCULS 2004/2011 at nominal value of RM1 are as follows:

(i) Status

The RCULS constitute direct, unsubordinated and unsecured obligations of the subsidiary.

(ii) Redeemability

Conversion before maturity of the RCULS is at the option of the RCULS holders. Unless otherwise converted, the RCULS will be redeemed for cash at its nominal value on maturity.

(iii) Coupon rate

The subsidiary shall until the maturity date of the RCULS pay the RCULS holders interest in cash on the RCULS at the rate of 5% on each interest payment date in arrears.

37 REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") (Continued)

(d) The salient terms of the 7-year, 5% RCULS 2004/2011 at nominal value of RM1 are as follows: (continued)

(iv) Maturity

The date falling on the seventh (7th) anniversary of the date of issuance of the RCULS.

(v) Tenure

The RCULS has a tenure of seven (7th) years from and including the date of issue.

(vi) Conversion price

The conversion price for the RCULS is fixed at RM1.00 per one (1) new share in the subsidiary by tendering RM1.00 nominal value of RCULS for cancellation.

(vii) Conversion period

The RCULS is convertible into new subsidiary's share at any time before maturity.

(viii) Form and denomination

The RCULS is issued in global bearer form and constituted by trust deed. The RCULS is in denominations of RM1.00 each.

(ix) Ranking of new shares

The new shares to be issued upon conversion of the RCULS shall rank pari passu in all respects with the then existing shares except that such new shares will not rank for final dividends in respect of any particular financial year if the conversion date of the RCULS is after the close of the financial year irrespective of the date when such final dividend is declared, made or paid. Additionally, the new shares allotted and issued upon the exercise of the conversion right shall not rank for any rights, dividends, allotments or other distribution if the conversion date of the RCULS is after the record date for such rights, allotments or distributions.

(x) Rights of RCULS holders on liquidation

In the event of liquidation of the subsidiary (except for the purpose of a reconstruction or amalgamation the terms of which have been approved in writing by the trustee and by a special resolution), whether voluntary or by order of court, then the amount which is due and payable by the subsidiary to the RCULS holders shall be RM1.00 for each RCULS of RM1.00 nominal value held together with any interest accrued thereon, if any. The RCULS holders shall rank pari passu with all other unsecured and unsubordinated creditors of the subsidiary.

37 REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS") (Continued)

(d) The salient terms of the 7-year, 5% RCULS 2004/2011 at nominal value of RM1 are as follows: (continued)

(xi) Restriction on dividends

No dividends shall be payable to the shareholders of the subsidiary unless an aggregate of 14.3% per annum (being 100% divided by the tenure of the RCULS) of the nominal value of the RCULS is converted into new shares, repurchased, cancelled or otherwise satisfied by the subsidiary each financial year during the tenure of the RCULS. Should there be any shortfall in the conversion of the RCULS in any one financial year or prior years, the subsidiary may only pay dividends if it deposits an amount in cash equivalent to the shortfall in conversion into sinking fund.

(xii) Trust Deed

The RCULS was constituted by a trust deed executed between the subsidiary and a trustee, who acts for the benefit of the RCULS holders.

(xiii) Sinking Fund

The subsidiary shall create a sinking fund account to be operated and maintained by the trustee for the deposit by the subsidiary of any shortfall in the conversion amount pursuant to the Restriction on Dividends as disclosed in Note 37 (d)(xi). Any amounts deposited in the sinking fund account shall be used to redeem the RCULS upon maturity.

(xiv) Public quotation

The RCULS was listed on the Bursa Malaysia Securities Berhad on 15 March 2005.

38 LAND LEASE RECEIVED IN ADVANCE

	Group	
	2009	**2008**
	RM'000	**RM'000**
At cost:		
At 1 January	**198,204**	198,649
Additions during the year	**13,895**	21,964
Repayment on termination of agreement	**(20,725)**	–
Recognised as income during the financial year	**(9,950)**	(11,329)
Recognisable within next 12 months	**(9,573)**	(11,080)
At 31 December	**171,851**	198,204

On 2 December 2009, a subsidiary and its sub-lessee have mutually agreed to terminate a sub-lease agreement prior to its expiry date of 31 December 2022, resulting to a repayment of RM20,724,632 by the subsidiary.

39 DEFERRED INCOME

	Group	
	2009 **RM'000**	**2008** **RM'000**
At 1 January	**–**	48,665
Funds received during the financial year	**71,355**	–
Recognised as income during the financial year	**(14,616)**	(134)
Disposal of a subsidiary	**–**	(48,531)
At 31 December	**56,739**	–

Deferred income is in respect of funds received by a subsidiary to promote the development of international air cargo routes.

Deferred income of a subsidiary disposed of in the previous financial year related to the compensation from the Government of Malaysia for losses in revenue. The compensation was intially recorded as deferred income and subsequently recognised as revenue over the remaining concession period.

40 CONSTRUCTION CONTRACTS

	Group	
	2009 **RM'000**	**2008** **RM'000**
Aggregate costs incurred and recognised profits (less losses) to date	**821,810**	625,827
Progress billings	**(796,939)**	(645,689)
	24,871	(19,862)
Amounts due from contract customers (Note 27)	**31,832**	32,157
Amounts due to contract customers (Note 32)	**(6,961)**	(52,019)
	24,871	(19,862)
Advances received on contracts (Note 32)	**(11,622)**	(2,000)
Retentions on contracts	**8,123**	13,561

40 CONSTRUCTION CONTRACTS (Continued)

The following costs are part of contract cost incurred during the financial year:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Office rental	**2,344**	1,935
Depreciation of property, plant and equipment	**–**	738
Hire of plant and machinery	**798**	687
Staff cost	**34,246**	22,747
Staff cost consists of the following:		
Salaries, wages and bonus	**33,985**	20,686
Defined contribution plan	**260**	1,848
Other employee benefits	**1**	213
	34,246	22,747

The amounts due from and to contract customers are denominated in Ringgit Malaysia.

41 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical 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.

(a) Primary reporting format – Business segments

	Transport and logistics RM'000	**Energy and utilities RM'000**	**Engineering and construction RM'000**	**Others RM'000**	**Total RM'000**
2009					
Revenue					
Total	**1,207,481**	**7,234,620**	**10,889**	**12,638**	**8,465,628**
Inter-segment	**(3,580)**	**(14,515)**	**(3,212)**	**–**	**(21,307)**
External	**1,203,901**	**7,220,105**	**7,677**	**12,638**	**8,444,321**

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – Business segments (continued)

	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
2009					
Results					
Segment profit	292,325	1,792,992	(8,497)	(41,523)	2,035,297
Items relating to investments	–	–	–	280	280
Interest income					158,667
Finance costs					(1,398,507)
Share of results of associates	–	(53,877)	(90,756)	(6,336)	(150,969)
Share of results of jointly controlled entities	163	–	40,824	–	40,987
Profit before taxation					685,755
Tax expense					(59,394)
Net profit for the financial year					626,361
Other information					
Segment assets	10,524,577	19,812,206	54,376	414,123	30,805,282
Jointly controlled entities	2,021	64,118	199,758	14	265,911
Associates	–	1,266,212	244,195	104,878	1,615,285
Interest-bearing instruments	427,154	3,921,731	890	143,057	4,492,832
Total assets					37,179,310
Segment liabilities	1,796,732	4,328,649	22,182	41,415	6,188,978
Interest-bearing instruments	3,393,779	14,358,163	37,300	3,438,792	21,228,034
Total liabilities					27,417,012
Other disclosures					
Capital expenditure	543,857	181,881	–	817	726,555
Depreciation	210,883	507,990	351	2,353	721,577
Amortisation of:					
– Rights on Power Purchase Agreement and Operations and Maintenance Agreement	–	431,590	–	–	431,590
– Prepaid lease payments	7,057	4,861	–	62	11,980
– Investment properties	–	11	–	191	202
– Concession rights on water treatment business	–	3,532	–	–	3,532
Impairment loss	–	138,640	–	332	138,972

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – Business segments (continued)

	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000 (Restated)
2008					
Revenue					
Total	1,197,082	7,247,178	176,043	59,565	8,679,868
Inter-segment	–	980	(135,815)	–	(134,835)
External	1,197,082	7,248,158	40,228	59,565	8,545,033
Results					
Segment profit	341,812	1,619,764	5,268	(38,090)	1,928,754
Items relating to investments	–	–	–	133,899	133,899
Interest income					143,612
Finance costs					(1,380,529)
Share of results of associates	–	28,995	33,747	(3,655)	59,087
Share of results of jointly controlled entities	(23)	–	156,269	–	156,246
Profit before taxation					1,041,069
Tax expense					(124,003)
Net profit for the financial year					917,066
Other information					
Segment assets	5,569,100	21,998,561	25,189	772,964	28,365,814
Jointly controlled entities	1,304	32,455	313,180	14	346,953
Associates	–	1,648,133	279,080	43,202	1,970,415
Interest-bearing instruments	259,297	3,425,076	4,534	77,374	3,766,281
Total assets					34,449,463
Segment liabilities	749,595	4,456,262	32,795	57,798	5,296,450
Interest-bearing instruments	2,821,375	15,119,954	6,910	1,844,037	19,792,276
Total liabilities					25,088,726

41 SEGMENTAL INFORMATION (Continued)

(a) Primary reporting format – Business segments (continued)

	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000 (Restated)
2008					
Other disclosures					
Capital expenditure	970,840	308,069	728	4,867	1,284,504
Depreciation	161,591	478,017	508	7,824	647,940
Amortisation of:					
– Rights on Power Purchase Agreement and Operations and Maintenance Agreement	–	401,912	–	–	401,912
– Prepaid lease payments	5,533	4,869	–	61	10,463
– Investment properties	–	2	–	507	509
Impairment loss	–	50,608	–	410	51,018

(b) Secondary reporting format – Geographical segments

The Group's operations are principally based in Malaysia. The foreign-based entities' revenue, results, assets and liabilities in comparison to the Group's figures are negligible. Accordingly, no segmental information based on geographical segment is disclosed.

42 SIGNIFICANT CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Jurutera Perunding Daya Sdn Bhd and Pengurusan Projek Daya Sdn Bhd (collectively known as "Daya Group") have instituted legal proceedings against the Company and a subsidiary, Projek Lebuhraya Timur Sdn Bhd ("Pelita") for, among others, payment of RM49.9 million, for alleged work undertaken, in respect of the privatization of the East Coast Expressway.

The Directors are of the view, based on advice by the solicitors acting for the Company and Pelita, that the Company and Pelita have good chances of defending the aforesaid claim by the Daya Group.

42 SIGNIFICANT CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

(b) On 28 March 2007, Prai Power Sdn Bhd ("PPSB"), a wholly-owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, commenced arbitration proceedings against Tenaga Nasional Berhad ("TNB") claiming a sum of approximately RM11,863,000 which PPSB alleged TNB had wrongfully deducted from available capacity payments due and payable to PPSB for the month of November 2006. TNB had responded stating that its deductions were in accordance with the Power Purchase Agreement between PPSB and TNB and had filed a counterclaim against PPSB. TNB had then applied to the arbitral tribunal for leave to amend its Defence and Counterclaim and to file a Rejoinder in the proceedings to introduce events and matters since June 2003.

During the preliminary meeting for the arbitration held on 16 January 2008, the arbitral tribunal allowed an application by both PPSB and TNB to amend and re-file the Statement of Claim, Defence and Counterclaim, Reply and Defence to the Counterclaim to include these events and matters from June 2003 into the proceedings.

PPSB has since issued to TNB, via its solicitors, an amended Statement of Claim revising PPSB's claim approximately from RM11,863,000 to RM113,713,000. The additional sum of RM101,850,000 being claimed is the amount due and payable by TNB to PPSB in respect of capacity payments from June 2003 to October 2006.

Based on the legal advice from the solicitors, the Directors are of the view that there is a good chance of success in the arbitration proceedings.

(c) On 25 June 2008, Segari Energy Ventures Sdn Bhd ("SEV"), a 93.75% owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, filed a statement of claim in arbitration proceedings against Tenaga Nasional Berhad ("TNB"), claiming a sum of RM43,692,188.47 in relation to wrongful set-off of SEV's billing statements. On 25 July 2008, TNB filed its defence and counterclaim seeking, among others, in relation to the RM43,692,188.47 claimed by SEV, a declaration that the said amounts were lawfully deducted, or alternatively, payment of the said amounts to TNB; and in respect of the metering inaccuracies, payment of all the amounts of energy payments allegedly received by SEV in excess of the sum due to SEV, which is to be determined by the arbitral tribunal.

On 25 August 2008 SEV filed its reply and defence to counterclaim and followed by TNB who filed its reply to defence to counterclaim on 24 September 2008. Subsequently TNB filed an amended defence and counterclaim dated 17 March 2009 claiming an additional sum of RM282,734.88. TNB alleges that its claim includes this additional sum but owing to a calculation error on TNB's part, TNB had not included this additional sum as part of the earlier deductions.

The Company is of the view, in consultation with solicitors, that there is a favourable chance of successfully defending TNB's claims in the arbitration proceedings.

42 SIGNIFICANT CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

(d) On 13 November 2008, Wayss & Freytag (Malaysia) Sdn Bhd ("Wayss & Freytag") served on MMC Engineering Group Berhad ("MMCEG"), a subsidiary of MMC, a Writ of Summons and a Statement of Claim ("the Court Action"). The Court Action is for inter-alia, a declaration that the MMCEG-Gamuda Berhad Joint Venture ("the JV") is in breach of the Sub-Contract dated 16 April 2003 ("the Sub-Contract") awarded to Wayss & Freytag to construct and complete the North Tunnel Drive of the Stormwater Management and Road Tunnel Project ("the SMART Project"), by failing to make payment of RM102,366,880.42 awarded by the Dispute Adjudication Board ("DAB") to Wayss & Freytag in respect of various claims arising out of the Sub-Contract and for damages of the same amount subsequent to the JV terminating the Sub-Contract on 23 January 2006 due to Wayss & Freytag's inordinate delay in the progress of its work. Under the Sub-Contract any party who is dissatisfied with the decision of the DAB may issue a Notice of Dissatisfaction and require the matter to be referred to arbitration for final adjudication. The JV will accordingly resist the Court Action.

On 1 June 2009, the JV obtained an order to stay the proceedings of the Court Action from the Senior Assistant Registrar of the Court. On the same day, Wayss & Freytag filed an appeal to the High Court Judge against the order granted by the Senior Assistant Registrar. On 30 October 2009, the High Court dismissed with costs Wayss & Freytag's appeal.

The Court Action is therefore stayed pending resolution of the dispute through arbitration.

(e) Further to item (d) above, MMCEG and Gamuda Berhad, have on 17 December 2008, issued a Notice of Arbitration to commence arbitration proceedings against Wayss & Freytag in respect of their claims for RM154,774,949.83 against Wayss & Freytag for breach of the Sub-Contract.

Similarly, Wayss & Freytag had on 15 January 2009 issued a Notice of Arbitration to commence arbitration proceedings against MMCEG and Gamuda Berhad in respect of their claims for approximately RM151,279,445.58 against MMCEG and Gamuda Berhad for breach of the Sub-Contract.

As advised by the solicitors acting for the JV in the arbitration proceedings, the Company is of the view that MMCEG, as a party to the JV, has a good chance of succeeding in the arbitration proceedings.

42 SIGNIFICANT CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

(f) At 31 December 2009, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Bank guarantees issued to third parties for performance	**425,895**	480,991	**8**	29

Bank guarantees issued to third parties mainly comprise customers and utilities suppliers. These are mainly in respect of performance bonds and payment guarantee for utilities facilities.

There were no other material contingent liabilities, litigations or guarantees other than those arising in the ordinary course of the business of the Group and Company and the Directors are of the opinion that their outcome will not have a material adverse effect on the financial positions of the Group and Company.

43 COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
(a) Capital commitments:				
Property, plant and equipment				
Authorised but not contracted for	**167,372**	86,679	**710**	624
Authorised and contracted for	**348,177**	567,756	**–**	–
Total	**515,549**	654,435	**710**	624

(b) Non-cancellable operating lease commitments

	Group	
	2009 RM'000	**2008 RM'000**
(i) For computer hardware		
Not later than 1 year	**4,351**	1,837
Later than 1 year and not later than 5 years	**5,846**	844
	10,197	2,681

43 COMMITMENTS (Continued)

(b) Non-cancellable operating lease commitments (continued)

	Group 2009 RM'000	Group 2008 RM'000
(ii) For the port area		
Not later than 1 year	**11,000**	12,761
Later than 1 year and not later than 5 years	**44,000**	63,805
Later than 5 years	**717,809**	247,497
	772,809	324,063
(iii) For rental of office building and equipment		
Not later than 1 year	**4,677**	6,046
Later than 1 year and not later than 5 years	**9,128**	6,020
	13,805	12,066
Total	**796,811**	338,810

44 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group 2009 RM'000	Group 2008 RM'000 (Restated)	Company 2009 RM'000	Company 2008 RM'000
(a) Transactions				
Subsidiaries:				
Transfer of equity interest in a subsidiary company	**–**	–	**305,701**	–
Management fees paid to a subsidiary	**–**	–	**480**	480
Companies subject to common significant influence:				
Operation and maintenance fee expense	**271,025**	133,709	**–**	–
Operation and maintenance subcontract fee income	**129,654**	115,006	**–**	–
Dredging works	**2,898**	1,280	**–**	–
Rental expense	**1,447**	1,373	**1,447**	1,373

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

44 SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

(b) Key management compensation

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Fees	**985**	711	**628**	518
Salaries and bonus	**8,176**	7,404	**8,044**	7,404
Defined contribution plan	**1,184**	1,311	**719**	967
Other employee benefits	**3,939**	2,394	**775**	622
	14,284	11,820	**10,166**	9,511

45 COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their places of incorporation and the interest of the Group are shown below:

Subsidiaries

Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Principal activities
Anglo-Oriental (Annuities) Sdn Bhd	Malaysia	**100.0**	100.0	Investment holding
Anglo-Oriental (Malaya) Sdn Bhd	Malaysia	**100.0**	100.0	Property and investment holding
Anglo-Oriental (Malaya) Trustees Sdn Bhd	Malaysia	**100.0**	100.0	Trust management
Labohan Dagang Galian Sdn Bhd	Malaysia	**100.0**	100.0	Investment holding
Pernas Charter Management Sdn Bhd	Malaysia	**100.0**	100.0	Mine management

45 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Principal activities
MMC Frigstad Offshore Sdn Bhd	Malaysia	**100.0**	100.0	Property investment
MMC Marketing Sdn Bhd	Malaysia	**100.0**	100.0	Property investment
Timah Securities Berhad	Malaysia	**100.0**	100.0	Property investment
Tronoh Holdings (Selangor) Sdn Bhd	Malaysia	**100.0**	100.0	Property investment
MMC Engineering Group Berhad	Malaysia	**100.0**	99.9	Investment holding in engineering, construction and manufacturing
MMC Engineering & Construction Sdn Bhd	Malaysia	**100.0**	99.9	Civil engineering construction works
MMC Engineering Services Sdn Bhd	Malaysia	**100.0**	99.9	Specialised engineering construction works
MMC Oil & Gas Engineering Sdn Bhd	Malaysia	**100.0**	99.9	Specialised engineering design services
MMC Power Sdn Bhd	Malaysia	**100.0**	99.9	Erection of power transmission lines and installation of electrical and gas system
MMC Transport Engineering Sdn Bhd	Malaysia	**100.0**	99.9	Specialised engineering works
MMC-GTM Bina Sama Sdn Bhd	Malaysia	**100.0**	99.9	Highway construction

45 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	**Country of incorporation**	**Group's effective interest 2009 %**	**Group's effective interest 2008 %**	**Principal activities**
	MMC-Shapadu (Holdings) Sdn Bhd	Malaysia	**76.0**	76.0	Investment holding
	Pelepas-Brigantine Services Sdn Bhd	Malaysia	**49.0**	49.0	Repair, prepare and trade of containers, containerisation system and other related works
	Tepat Teknik Sdn Bhd	Malaysia	**70.0**	69.9	Construction and fabrication
	Tepat Teknik (Kejuruteraan) Sdn Bhd	Malaysia	**70.0**	69.9	Construction and fabrication
	Pelabuhan Tanjung Pelepas Sdn Bhd	Malaysia	**70.0**	70.0	Port operations
	Gas Malaysia Sdn Bhd	Malaysia	**41.8**	41.8	Construction and operation of natural gas distribution system
•	Johor Port Berhad	Malaysia	**100.0**	100.0	Port operations
	Pelantar Teknik (M) Sdn Bhd	Malaysia	**41.8**	41.8	Property holding
	Gas Malaysia (LPG) Sdn Bhd	Malaysia	**41.8**	41.8	Supply of liquefied petroleum gas via reticulation system
	Recycle Energy Sdn Bhd	Malaysia	**77.2**	51.0	Conversion of municipal solid waste to energy

45 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Principal activities
	MMC-VME Sdn Bhd	Malaysia	**61.0**	61.0	Natural gas separation works
•	JP Logistics Sdn Bhd	Malaysia	**100.0**	100.0	Providing logistics services
•	Bernas Logistics Sdn Bhd	Malaysia	**75.0**	75.0	Providing logistics services
•	Seaport Worldwide Sdn Bhd	Malaysia	**100.0**	100.0	Investment holding and property development
#	MMC International Holdings Ltd	British Virgin Islands	**100.0**	100.0	Investment holding
#	MMC Saudi Holdings Ltd	British Virgin Islands	**100.0**	100.0	Investment holding
#	City Island Holdings Limited	British Virgin Islands	**100.0**	100.0	Investment holding
#	MMC Utilities Limited	British Virgin Islands	**100.0**	100.0	Investment holding and provision of project management services
•	MMC Saudi Arabia Ltd	Kingdom of Saudi Arabia	**100.0**	100.0	Investment holding
•	Malakoff Corporation Berhad	Malaysia	**51.0**	51.0	Investment holding and provision of management services to its subsidiaries
•	Segari Energy Ventures Sdn Bhd	Malaysia	**47.8**	47.8	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant

45 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Principal activities
•	Teknik Janakuasa Sdn Bhd	Malaysia	**51.0**	51.0	Operation and maintenance of power plants
•	GB3 Sdn Bhd	Malaysia	**38.3**	38.3	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
•	Prai Power Sdn Bhd	Malaysia	**51.0**	51.0	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
•	Tanjung Bin Power Sdn Bhd	Malaysia	**45.9**	45.9	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of 2,100 MW coal fired electricity generating facilities and sale of electrical energy and generating capacity of the power plant
•	Malakoff Engineering Sdn Bhd	Malaysia	**51.0**	51.0	Provision of engineering and project management services

45 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Principal activities
•	MESB Project Management Sdn Bhd	Malaysia	**51.0**	51.0	Provision of engineering and project management services
•	Wirazone Sdn Bhd	Malaysia	**51.0**	51.0	Build, own and operate an electricity distribution system and a centralised chilled water plant system
•	Hypergantic Sdn Bhd	Malaysia	**51.0**	51.0	Investment holding
•	Desa Kilat Sdn Bhd	Malaysia	**27.5**	27.5	Land reclamation, development and/or sale of reclaimed land
•	Malakoff AlDjazair Desal Sdn Bhd	Malaysia	**51.0**	51.0	Investment holding
•	TJSB Global Sdn Bhd	Malaysia	**51.0**	51.0	Investment holding
•	Tuah Utama Sdn Bhd	Malaysia	**51.0**	51.0	Investment holding
•	Natural Analysis Sdn Bhd	Malaysia	**51.0**	51.0	Operation and maintenance of power plant
#	Malakoff International Limited	Cayman Islands	**51.0**	51.0	Investment holding
#	Malakoff Gulf Limited	British Virgin Islands	**51.0**	51.0	Investment holding
#	Malakoff Technical (Dhofar) Limited	British Virgin Islands	**51.0**	51.0	Investment holding
#	Malakoff Jordan Generation Limited	British Virgin Islands	**51.0**	51.0	Investment holding

45 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Principal activities
•	Tlemcen Desalination Investment Company SAS	France	**35.7**	35.7	Investment holding
#	TJSB International Limited	Cayman Islands	**51.0**	51.0	Investment holding
#	TJSB International (Shoaiba) Limited	British Virgin Islands	**51.0**	51.0	Investment holding
#	TJSB Middle East Limited	British Virgin Islands	**51.0**	51.0	Investment holding
	MMC AMEC Sdn Bhd	Malaysia	**51.0**	51.0	Engineering and design service for upstream and downstream oil and gas industry
++ •	Aliran Ihsan Resources Berhad	Malaysia	**73.5**	74.4	Investment holding
•	Southern Water Corporation Sdn Bhd	Malaysia	**73.5**	74.4	Water treatment concessionaire/ Investment holding
•	Southern Water Technology Sdn Bhd	Malaysia	**73.5**	74.4	Construction of water related projects
•	Southern Water Engineering Sdn Bhd	Malaysia	**73.5**	74.4	Operation, and maintenance of water treatment plants
•	Senai Airport Terminal Services Sdn Bhd	Malaysia	**100.0**	–	Operation and maintenance of airport terminal
•	Senai High Tech Park Sdn Bhd (formerly known as Amalan Sentral (M) Sdn Bhd)	Malaysia	**100.0**	–	Property developer

45 COMPANIES IN THE GROUP (Continued)

Inactive subsidiaries

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %
	Anglo-Oriental Nominees Sdn Bhd (dissolved)	Malaysia	**–**	100.0
•	Anglo-Oriental do Brasil Ltda	Brazil	**100.0**	100.0
	Bidor Malaya Tin Sdn Bhd	Malaysia	**100.0**	100.0
	Dana Vision Sdn Bhd	Malaysia	**100.0**	100.0
	Kramat Tin Dredging Berhad	Malaysia	**52.9**	52.9
•	MMC Belgium NV (in voluntary liquidation)	Belgium	**100.0**	100.0
•	MMC Exploration & Production (Thailand) Ltd	Thailand	**100.0**	100.0
•	MMC Exploration & Production (BV)	Netherlands	**100.0**	100.0
•	MMC Exploration & Production (Philippines) Pte Ltd	Samoa	**100.0**	100.0
	MMC Ports Sdn Bhd	Malaysia	**100.0**	100.0
	MMC Utilities Berhad	Malaysia	**100.0**	100.0
	MMC-LDAH Concrete Sdn Bhd (under creditors' liquidation)	Malaysia	**100.0**	99.9
	Projek Lebuhraya Timur Sdn Bhd	Malaysia	**100.0**	100.0
	Southern Kinta Consolidated (M) Berhad	Malaysia	**100.0**	100.0
	Southern Malayan Tin Dredging (M) Berhad	Malaysia	**100.0**	100.0
•	MMC EG Co. Ltd	Mongolia	**90.0**	90.0
	Timah Dermawan Sdn Bhd	Malaysia	**51.8**	51.8
•	Tepat Teknik (Labuan) Ltd	Malaysia	**70.0**	69.9
	Tepat Teknik (Sarawak) Sdn Bhd	Malaysia	**70.0**	69.9
	Prentis Sdn Bhd	Malaysia	**100.0**	100.0
#	MMC Ports Limited	British Virgin Islands	**100.0**	100.0
•	Transpool Sdn Bhd	Malaysia	**51.0**	51.0
#	Spring Assets Limited	British Virgin Islands	**51.0**	51.0
•	Malakoff Capital (L) Ltd	Malaysia	**51.0**	51.0
#	Malakoff Ras Azzour Limited	British Virgin Islands	**51.0**	51.0
•	RNC Corporations Berhad (in liquidation)	Malaysia	**73.5**	74.4
•	Enigma Harmoni Sdn Bhd	Malaysia	**100.0**	–
•	Aturan Jernih Sdn Bhd	Malaysia	**100.0**	–
•	Senai Airport Sdn Bhd	Malaysia	**100.0**	–
	PTP – MISC Terminal Sdn Bhd	Malaysia	**49.0**	49.0

45 COMPANIES IN THE GROUP (Continued)

Associates

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Accounting date for inclusion of company results	Principal activities
++ •	Integrated Rubber Corporation Berhad	Malaysia	**20.1**	20.1	31.10.2009	Manufacture and trading of natural rubber latex gloves
++	Zelan Berhad	Malaysia	**39.2**	39.2	30.09.2009	Investment holding, civil engineering and construction of power plant and buildings
	Kapar Energy Ventures Sdn Bhd	Malaysia	**20.4**	20.4	31.12.2009	Generation and sale of electricity
	Port Dickson Power Berhad	Malaysia	**12.8**	12.8	31.12.2009	Generation and sale of electricity
•	Lekir Bulk Terminal Sdn Bhd	Malaysia	**10.2**	10.2	31.12.2009	Bulk terminal jetty and coal handling services
•	Malaysian Shoaiba Consortium Sdn Bhd	Malaysia	**20.4**	20.4	31.12.2009	Investment holding
•	Saudi-Malaysia Water & Electricity Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2009	Investment holding
•	Shuaibah Water & Electricity Company Limited	Kingdom of Saudi Arabia	**6.1**	6.1	31.12.2009	Design, construction, commissioning, testing, ownership, operation and maintenance of oil fired power generation and water desalination plant

45 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Accounting date for inclusion of company results	Principal activities
•	Shuaibah Expansion Holding Company Limited	Kingdom of Saudi Arabia	**6.1**	6.1	31.12.2009	Drinking water production
•	Shuaibah Expansion Project Company Limited	Kingdom of Saudi Arabia	**6.0**	6.0	31.12.2009	Development, construction, possession, operation and maintenance of Shuaibah expansion project 3 for water product at Shuaibah region, water transport and sale and all relevant works and activities
#	Oman Technical Partners Limited	British Virgin Islands	**22.1**	22.1	31.12.2009	Investment holding
#	Salalah Power Holdings Limited	Bermuda	**22.1**	22.1	31.12.2009	Investment holding
•	Dhofar Power Company S.A.O.G	Oman	**–**	10.2	19.07.2009	Electricity, generation, transmission, distribution in the region of Salalah, Oman
•	Enara Energy Investment Company	Jordan	**12.7**	12.7	31.12.2009	Investment holding
•	Central Electricity Generating Company Limited	Jordan	**6.5**	6.5	31.12.2009	Generate electrical energy in different regions of Jordan

45 COMPANIES IN THE GROUP (Continued)

Associates (continued)

Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Accounting date for inclusion of company results	Principal activities
• Al-Imtiaz Operation and Maintenance Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2009	Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination
• Saudi Malaysia Operation & Maintenance Services Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2009	Operation and maintenance power and water desalination plant
• Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	**20.0**	20.0	31.12.2009	Operation and maintenance of container terminals
• Jazan Economic City Land Company	Kingdom of Saudi Arabia	**50.0**	50.0	31.12.2009	Development of Jazan Economic City in the Kingdom of Saudi Arabia
• Equiventures Sdn Bhd	Malaysia	**36.0**	36.5	31.12.2009	Water treatment concessionaire
• Strategi Tegas (M) Sdn Bhd	Malaysia	**22.1**	22.3	31.12.2009	Operation, maintenance and management of water treatment plant

45 COMPANIES IN THE GROUP (Continued)

Associates (continued)

Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %	Accounting date for inclusion of company results	Principal activities
• Hyflux-TJSB Algeria SPA	Algeria	**24.9**	24.9	31.12.2009	Operation and maintenance of sea water desalination plant

Inactive associates

Name of company	Country of incorporation	Group's effective interest 2009 %	Group's effective interest 2008 %
• Ajil Minerals Sdn Bhd	Malaysia	**49.0**	49.0
• Taldy Bulak Mining Corporation (liquidated)	Kyrgyz Republic	**–**	40.0
• Tepat Teknik-VME Sdn Bhd	Malaysia	**34.9**	34.9
MMC Metrail Sdn Bhd	Malaysia	**20.0**	19.9
• M.O.S.T. Power JV Sdn Bhd	Malaysia	**30.0**	29.9
• Golden Solitaire (Australia) B.V (under members' voluntary liquidation)	Netherlands	**59.5**	59.5

Jointly controlled entities

Name of company	Principal activities	Proportion of ownership interest 2009 %	Proportion of ownership interest 2008 %
• MMCE-Franky Consortium Joint Venture	Construction and completion of Kuantan-Kertih Railway Project Civil Works Package 2	**60.0**	60.0
• MMC-Gamuda Joint Venture	Design, engineering, procurement, construction, installation, testing and commissioning of Stormwater Management and Road Tunnel project	**50.0**	50.0

45 COMPANIES IN THE GROUP (Continued)

Jointly controlled entities

Name of company	**Principal activities**	**Proportion of ownership interest 2009 %**	**2008 %**
• Projek Smart Holdings Sdn Bhd	Investment holding	**50.0**	50.0
• Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd	To undertake the Stormwater Management and Road Tunnel project	**50.0**	50.0
• Whale Shark Maritime Sdn Bhd	Transportation of open market cargoes	**20.0**	20.0
• MMC Gamuda Joint Venture Sdn Bhd	Undertakes Double Tracking project	**50.0**	50.0
• Almiyah Attilemcania SPA	Construction, operation and management of a sea water desalination plant & marketing the desalination water produced	**18.2**	18.2

The keys to the symbols used are as follows:

• Audited by firms other than PricewaterhouseCoopers, Malaysia
++ Quoted companies
# No legal requirement to appoint auditors

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 22 January 2009, the Company converted its cash advances to Recycle Energy Sdn Bhd ("RESB") for additional 42,500,000 ordinary shares of RM1.00 each representing additional 26% of its equity interest. This has effectively increased the Group's interest in RESB from 51% to 77%.

(b) On 4 February 2009, Malakoff Corporation Berhad's wholly-owned offshore subsidiary, Malakoff International Limited subscribed to 1,400 shares of BHD 100 each totalling up to RM1.41 million in Kingdom Utility Holding Company ("KUH"), a company incorporated in Bahrain, representing 33.3% of the total issued and paid-up share capital of KUH.

(c) On 24 April 2009, the Company completed the acquisition of 2,000,000 ordinary shares of RM1.00 each in Senai Airport Terminal Services Sdn Bhd ("SATS") representing the entire issued and paid-up share capital of SATS for a cash consideration of RM1.71 billion.

46 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Continued)

(d) On 19 July 2009, Salalah Power Holding Limited, a company which Malakoff Corporation Berhad has a 43.4% indirect interest in, has completed the disposal of its interest in Dhofar Power Company SAOG for a cash consideration of Omani Riyal 5.83 million equivalent to RM52.9 million. This transaction resulted in a gain on disposal of RM0.439 million.

(e) Kramat Tin Dredging Berhad ("KTD") had, on 3 November 2009, received a letter from Bursa Malaysia Securities Berhad ("Bursa Securities") on its decision to de-list KTD's securities from the Official List of Bursa Securities pursuant to paragraph 8.16 (1) of the Listing Requirements of Bursa Securities and paragraph 2.0, Practice Note 29 of the Main Market Listing Requirements. Pursuant thereto, the securities of the Company were removed from the Official List of Bursa Securities on Wednesday, 4 November 2009.

(f) Johor Port Berhad ("JPB"), a wholly-owned subsidiary, had on 2 December 2009 entered into Share Sale and Purchase Agreement with Padiberas Nasional Berhad ("BERNAS") to divest its 75% equity interest comprising 12,000,000 ordinary shares of RM1.00 each in Bernas Logistics Sdn Bhd to BERNAS for a total consideration of RM11.76 million. Subsequently, JPB has also entered into a Termination Agreement with BERNAS to terminate the Sub-Lease Agreement signed between JPB and BERNAS.

(g) On 17 December 2009, a 70% owned subsidiary, Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP"), and MISC Berhad ("MISC") mutually agreed to terminate the Joint Venture and Shareholders Agreement dated 29 April 2008 signed between PTP and MISC. PTP-MISC Terminal Sdn Bhd ("PTP-MISC") has therefore ceased its business operations.

47 SIGNIFICANT POST BALANCE SHEET EVENT

On 24 February 2010, Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP") increased its authorised share capital from RM250,000,000 to RM1,060,000,000 by the creation of an additional 810,000,000 Ordinary Shares of RM1.00 each. On 25 February 2010, PTP converted its outstanding Redeemable Convertible Subordinated Loans ("RCSL") of RM527,848,644 into 527,848,644 new Ordinary Shares of RM1.00 each in accordance with the RCSL holders' ratio. There is no impact on the Group's interest in PTP which remains at 70.0%.

48 FINANCIAL INSTRUMENTS

Forward foreign currency exchange contracts

The Group is exposed to minimal foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia.

Where there is exposure to foreign currency transaction risk, such transactions which materially impact the financial position of the subsidiary, forward foreign currency exchange contracts are entered into to limit the subsidiary's exposure on foreign currency with a value higher than RM100,000.

48 FINANCIAL INSTRUMENTS (Continued)

As at 31 December 2009, the settlement dates on open forward contracts are 3 months (2008: 3 months). The foreign currency amounts to be received and contractual exchange rates of the Group's outstanding contracts were as follows:

Hedged item	Currency to be received	RM'000 equivalent	Contractual rate
At 31 December 2009			
Trade receivables:			
– USD 1,849,212	USD	6,343	1 USD=RM3.4299
Future sales over the following 6 months:			
– USD 113,956	USD	400	1 USD=RM3.5129
– EURO 333,000	EURO	1,685	1 EURO=RM5.0604
Future cost of sales over the following 6 months:			
– USD 93,501	USD	319	1 USD=RM3.4120
At 31 December 2008			
Trade receivables:			
– USD 253,000	USD	912	1 USD=RM3.5709
Trade payables:			
– USD 191,377	USD	698	1 USD=RM3.6457
Future sales over the following 6 months:			
– USD 1,091,012	USD	3,905	1 USD=RM3.5789

The net unrecognised profit on open contracts which hedge anticipated future foreign currency sales amounted to RM29,476 (2008: Unrecognised profit of RM150,993). The net exchange gain is deferred until the related sales are transacted, at which time it is included in the measurement of such transactions.

The fair value of outstanding forward contracts of the Group at the balance sheet date was at an favourable net position of RM26,439 (2008: Favourable net position of RM26,552).

Fair value

The carrying amounts of recognised financial assets and liabilities of the Group and Company at the balance sheet date approximated their fair values other than as disclosed in the respective notes.

49 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 March 2010.

List of Properties

Pursuant to Appendix 9C Part A (25) of the Listing Requirements of Bursa Malaysia Securities Berhad

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
PTD No. 2423, Tanjung Kupang, District of Johor Bahru, Johor Darul Takzim	Leasehold	349.04	Port terminal, office buildings, commercial & industrial land	2099))))		10	2000
Lot Nos. 2424-2504, 2514, 2516, 2517, 2519-2521, Tanjung Kupang, District of Johor Bahru, Johor Darul Takzim	Leasehold	726.52	Commercial & industrial land	2099)))))	1,954,190	–	2000
PTD No. 1586, Serkat, District of Pontian, Johor Darul Takzim	Grant in perpetuity	114.92	Land for port terminal & buildings	–)))		–	2001
PTD Nos. 1836-1838, 1851 & 1357, Serkat/Sg. Karang, District of Pontian, Johor Darul Takzim	Leasehold	912.78	Industrial/vacant	2103	518,843	4	2005
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	112.10	Berths 7-11	2052	151,918	12	1997
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	13.44	Container berths 1 & 2	2052	99,781	17	1992
Mukim of Serkat, District of Pontian, Johor Darul Takzim	Leasehold	362.43	Industrial land with power plant	2048	81,196	3	2003
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	–	Dangerous cargo jetty 4	2052	35,122	10	1999
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	–	Dangerous cargo jetty	2052	26,104	17	1992
Mukim Ulu Sepetang, Taiping, Perak Darul Ridzuan	Freehold	737.90	Oil palm plantation	–	21,516	–	1994
Lot Nos. 762 & 763, Setul, District of Seremban, Negeri Sembilan Darul Khusus	Leasehold	5.56	Factory building	2089	13,779	18	1992

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Lot 84, No. Hakmilik GM 12; Lot 85, No. Hakmilik GM 13; Lot 87, No. Hakmilik GM 14; Lot 89, No. Hakmilik GM 16; Lot 90, No. Hakmilik GM 17; Lot 91, No. Hakmilik GM 18; Lot 92, No. Hakmilik GM 19; Lot 93, No. Hakmilik GM 20; Lot 94, No. Hakmilik GM 21; Lot 95, No. Hakmilik GM 22; Lot 97, No. Hakmilik GM 24; Lot 98, No. Hakmilik GM 23; Lot 100, No. Hakmilik GM 25; Lot 825, No. Hakmilik GRN 237425; Lot 1877, No. Hakmilik GRN 237289; Lot 3590, No. Hakmilik GRN 237420; H.S.(D) 50570, PTD 102255,; H.S.(D) 50571, PTD 102256,; H.S.(D) 50574, PTD 102259,; H.S.(D) 50575, PTD 102260,; H.S.(D) 50576, PTD 102261 and H.S.(D) 50577, PTD 102262, Mukim of Senai, District of Kulaijaya, Johor Darul Takzim	Freehold	439.52	Currently, the land is planted with matured oil palm and has been approved for development known as Senai Airport City	)	–	–	2008
Lot 86, No. Hakmilik GM 36, Mukim of Kulai, District of Kulaijaya, Johor Darul Takzim	Freehold	1.59	Currently, the land is planted with matured oil palm and has been approved for development known as Senai Airport City	)	1,995,992	–	2008
H.S.(D) 457199, PTD 151375,; H.S.(D) 457200, PTD 151376,; H.S.(D) 457196, PTD 151379 and H.S.(D) 457197, PTD 151380, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim	Freehold	685.63	Currently, the land is planted with matured oil palm and has been approved for development known as Senai Airport City	)	–	–	2008
H.S. (D) 23569, PTD 8797, Mukim of Senai, District of Kulaijaya, Johor Darul Takzim	Leasehold	495.98	Senai International Airport	2033	851,663	6	2003

Shareholding Statistics

as at 25 February 2010

Class of Securities	:	Ordinary Shares of RM0.10 each
Authorised Share Capital	:	RM1,000,000,000.00
Issued Paid-up Capital	:	RM304,505,855.20
Voting Rights	:	1 vote for every Ordinary Share
No. of Shareholders	:	8,076

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct	**%**	**Indirect**	**%**
Amanahraya Trustees Berhad (Skim Amanah Saham Bumiputera)	561,194,100	18.43	–	–
Employees Provident Fund Board	246,988,100	8.11	–	–
Seaport Terminal (Johore) Sdn Bhd	1,576,108,840	51.76	–	–
Indra Cita Sdn Bhd	–	–	*1,576,108,840	51.76
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	–	–	@1,576,108,840	51.76

Notes: * deemed interested through Seaport Terminal (Johore) Sdn Bhd
@ deemed interested through Indra Cita Sdn Bhd

ANALYSIS BY SIZE OF SHAREHOLDING

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	217	2.69	6,585	0.00
100 - 1,000	993	12.30	764,095	0.02
1,001 - 10,000	5,102	63.17	22,785,166	0.75
10,001 - 100,000	1,467	18.16	41,864,518	1.37
100,001 to less than 5% of issued shares	293	3.63	599,147,148	19.68
5% and above of issued shares	4	0.05	2,380,491,040	78.18
Total	**8,076**	**100.00**	**3,045,058,552**	**100.00**

DIRECTORS' INTEREST AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

None of the directors have any direct or indirect interest in the Company or in a related corporation.

Thirty Largest Shareholders

No.	Name	No. of shares held	% of issued capital
1.	Seaport Terminal (Johore) Sdn. Bhd.	1,293,108,840	42.47
2.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	561,194,100	18.43
3.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Seaport Terminal (Johore) Sdn Bhd (PBL)	283,000,000	9.29
4.	Employees Provident Fund Board	243,188,100	7.99
5.	Permodalan Nasional Berhad	97,500,000	3.20
6.	Amanahraya Trustees Berhad Amanah Saham Malaysia	68,146,100	2.24
7.	Valuecap Sdn Bhd	54,646,600	1.79
8.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	52,412,800	1.72
9.	Kumpulan Wang Persaraan (Diperbadankan)	27,854,400	0.91
10.	Amanahraya Trustees Berhad Amanah Saham Didik	27,556,800	0.90
11.	Amanahraya Trustees Berhad AS 1Malaysia	24,021,300	0.79
12.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	12,951,600	0.43
13.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	10,879,779	0.36
14.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	8,811,600	0.29
15.	Cartaban Nominees (Asing) Sdn Bhd State Street for Ishares MSCI Emerging Markets Index Fund	8,689,700	0.29
16.	Amanahraya Trustees Berhad Public Islamic Equity Fund	8,486,000	0.28
17.	Lembaga Tabung Angkatan Tentera	8,370,000	0.27
18.	Amanahraya Trustees Berhad Sekim Amanah Saham Nasional	8,278,600	0.27
19.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	7,904,634	0.26

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	% of issued capital
20.	Citigroup Nominees (Asing) Sdn Bhd CBHK PBGSGP for Sunnyvale Holdings Ltd.	6,362,100	0.21
21.	SBB Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraaan (Diperbadankan)	5,863,700	0.19
22.	Amanahraya Trustees Berhad PNB Structured Investment Fund	5,210,000	0.17
23.	Amanahraya Trustees Berhad Public Islamic Asia Dividend Fund	5,099,600	0.17
24.	Cartaban Nominees (Asing) Sdn Bhd State Street for Ishares, Inc.	4,970,000	0.16
25.	RHB Nominees (Tempatan) Sdn Bhd RHB Investment Management Sdn. Bhd. for Kumpulan Wang Simpanan Pekerja	3,800,000	0.12
26.	AmSec Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)	3,659,500	0.12
27.	Cartaban Nominees (Asing) Sdn Bhd State Street for MSCI Equity Index Fund 8 Malaysia (Barclays G Inv.)	3,117,692	0.10
28.	Amanahraya Trustees Berhad Public Dividend Select Fund	3,025,500	0.10
29.	Amanahraya Trustees Berhad Kumpulan Wang Bersama Syariah	3,000,000	0.10
30.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund SWJX for California Public Employees Retirement System	2,864,300	0.09
	Total	**2,853,973,345**	**93.71**

Proxy Form

I/We, ____
(block letters)

of ____

being a member/members of MMC CORPORATION BERHAD hereby appoint ______________________

of ____

or failing him, the Chairman of the meeting to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Thursday, 29 April 2010 at 11.00 a.m., and at any adjournments thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote)

No.	Resolution	For	Against
	Ordinary Business		
1.	Audited Financial Statements for the year ended 31 December 2009 and the Directors' Report and Auditors' Report		
2.	Declaration of Dividend		
3.	Re-election of Encik Abdul Hamid Sh Mohamed pursuant to Article 85		
4.	Re-election of Directors pursuant to Article 78:		
	(a) Ahmad Jauhari Yahya		
	(b) Datuk Mohd Sidik Shaik Osman		
5.	Re-appointment of Dato' Wira Syed Abdul Jabbar Syed Hassan pursuant to Section 129(6) of the Companies Act, 1965.		
6.	Re-appointment of Dato' Abdullah Mohd Yusof pursuant to Section 129(6) of the Companies Act, 1965.		
7.	Directors' Fees for financial year ended 31 December 2009		
8.	Re-appointment of Auditors		

Signature: ______________________ Number of shares held:

Date: ______________________ ______________________

NOTES:

1 This proxy form must be deposited at the Registrar's office, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia not less than forty-eight (48) hours before the meeting.

2 A member of the Company may appoint up to two (2) proxies to attend the same meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be presented by each proxy.

3 In the case of a corporation, this proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

4 A corporation may by resolution of its Directors or other governing body, if it is a member of the Company, authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the company.

5 In the case of joint holders, the vote of the senior member who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register.

6 Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.

fold here

Affix
Stamp

To

The Registrar
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House, Block D13
Pusat Dagangan Dana 1, Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia

fold here

MMC Corporation Berhad 30245-H

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