Progressing Sustainably

annual report 2011

MMC

Vision

To be a premier utilities & infrastructure group

Mission

Excellence in our core business segments

Strategic objectives

- Maximise shareholder value
- Service excellence to stakeholders
- Lead in value innovation
- Be the preferred employer

Corporate Profile

MMC Corporation Berhad (MMC) is a premier utilities and infrastructure group with interests in Transport & Logistics, Energy & Utilities and Engineering & Construction. MMC's key businesses include the Port of Tanjung Pelepas (Malaysia's largest container terminal) and Johor Port (Malaysia's leading multi-purpose port) in the Transport & Logistics segment. In Energy & Utilities, MMC has controlling stakes in Malakoff (Malaysia's largest independent power producer), Gas Malaysia (Malaysia's sole supplier of natural gas to the non-power sector) and Aliran Ihsan Resources (a major water concessionaire in Malaysia).

MMC's track record in engineering & construction projects is unprecedented, as demonstrated in the development of innovative projects such as the SMART Motorway. MMC, via a joint venture with Gamuda Berhad, is currently undertaking the electrified double track railway project in the Northern part of Malaysia, spanning 329km. MMC Gamuda KVMRT (PDP) is the Project Delivery Partner for the Klang Valley My Rapid Transit (KVMRT) project, the country's largest infrastructure project to date. MMC's involvement in the KVMRT project is in line with the New Economic Model's strategic reform initiative to re-energise the private sector as one engine of economic growth.

MMC's other operations include Senai International Airport and its international business in the utilities and logistics sectors. MMC has a 20% equity stake in the Red Sea Gateway Terminal which operates a container terminal at Jeddah Port.

www.mmc.com.my

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Our revenue continues to grow as we stood resilient facing challenging times.

2001

RM251 mil

We set ambitious goals and embrace challenges as we move forward.

supporting economic

growth

reliable

PTP
SWL FOR SINGLE CONTAINER
SWL FOR TWIN-TWENTY CONTAINER
SWL UNDER CARGO BEAM
SWL UNDER CARGO BEAM

delivery

ideas into

action

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth 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 Tuesday, 8 May 2012 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 of the Company for the financial year ended 31 December 2011 and the Directors' Report and Auditors' Report thereon be and are hereby received." **Please refer to Note A**

2. "THAT the final single-tier dividend of 4.0 sen per share for the financial year ended 31 December 2011 be and is hereby approved and declared payable on 28 June 2012 to the members of the Company registered at the close of business on 1 June 2012." **Ordinary Resolution 1**

3. "THAT Encik Abdul Hamid Sh Mohamed, who retires in accordance with Article 78 of the Company's Articles of Association, be and is hereby re-elected a Director of the Company." **Ordinary Resolution 2**

4. "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, be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM." **Ordinary Resolution 3**

5. "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, be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM." **Ordinary Resolution 4**

6. "THAT Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, a director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act 1965, be and is hereby appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM." **Ordinary Resolution 5**

7. 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 the remuneration to be paid to them be fixed by the Board. **Ordinary Resolution 6**

NOTICE OF BOOK CLOSURE AND NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT:

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 1 June 2012 shall be entitled to the final dividend which will be paid on 28 June 2012.

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 1 June 2012 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
16 April 2012

Note:

A. This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 ("Act") and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

Proxy:-

1. The proxy form, to be valid, must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof.

2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote in his stead. 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 represented by each proxy.

3. In case of a corporation, the 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. In the case of joint holders, the signature of any one of them will suffice.

5. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.

6. Registration of members / proxies attending the meeting will commence at 9.00 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such a time as may be determined by the Chairman of the meeting. Members/proxies are required to produce identification documents for registration.

7. **Only members whose names appear on the Record of Depositors as at 2 May 2012 shall be entitled to attend the said AGM or appoint a proxy(ies) to attend and/or vote on their behalf.**

Corporate Information

BOARD OF DIRECTORS

Dato' Wira Syed Abdul Jabbar Syed Hassan

Datuk Hj Hasni Harun

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

Dato' Abdullah Mohd Yusof

Datuk Mohd Sidik Shaik Osman

Ooi Teik Huat

Abdul Hamid Sh Mohamed

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

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7841 8000
Fax : (603) 7841 8008

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Board
Bursa Malaysia Securities Berhad

DIVIDEND SERVICE PROVIDER

Bursa Malaysia Depository Sdn. Bhd.
2nd Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel : (603) 2034 7751
Fax : (603) 2026 3712

Financial Calendar

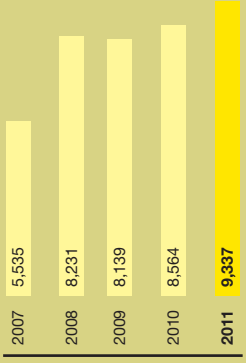
8 May 2012	Annual General Meeting
1 June 2012	Entitlement to 2011 final dividend
28 June 2012	Payment of 2011 final dividend

Financial year ending 31 December 2012
Announcement of results:

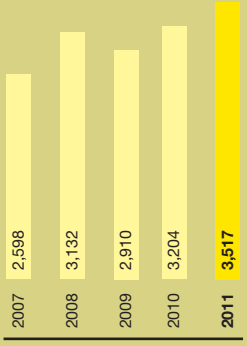
30 May 2012	1st quarter
29 August 2012	2nd quarter
30 November 2012	3rd quarter
28 February 2013	4th quarter

* These dates are subject to change

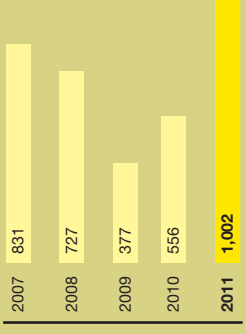
Performance at a Glance



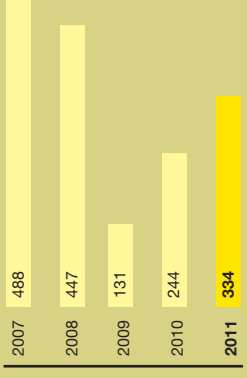
Revenue
(RM'Million)



EBITDA
(RM'Million)

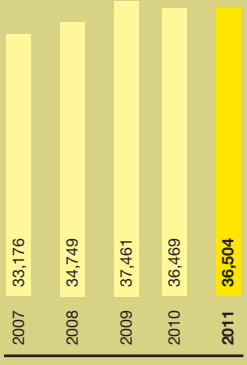


Profit before tax
(RM'Million)

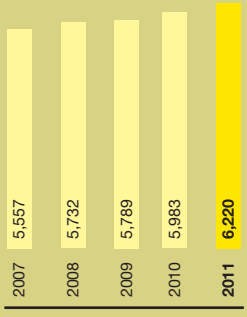


Profit after tax and minority interests
(RM'Million)

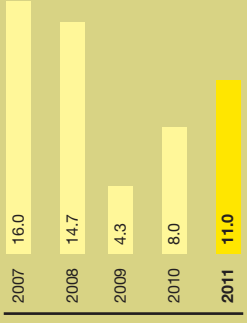
* The 2007 to 2010 financials have been restated following prior year adjustments arising from the adoption of IC Interpretation 4



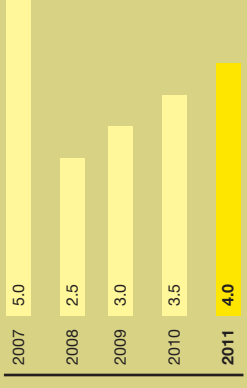
Gross assets
(RM'Million)



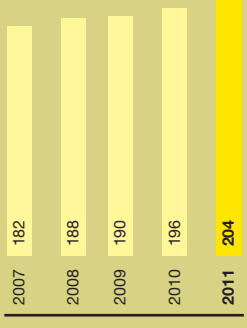
Shareholders' funds
(RM'Million)



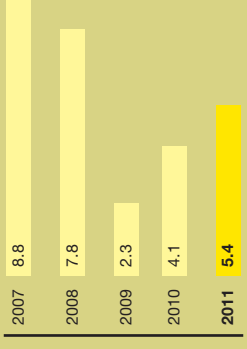
Earnings per share
(Sen)



Dividend per share
(Sen)



Net assets per share
(Sen)



Return on equity
(%)

Dear Shareholders,

We are proud to have celebrated our centenary in 2011. The resilience of MMC as a centurion demonstrates our ability to successfully adapt to the ever-changing and challenging business environment. After MMC's major transformation a decade ago from a mining player to what it is today, we have evolved to become a significant and dynamic organisation in Corporate Malaysia.

Chairman's Letter

"Our primary focus is to deliver overall business growth through a robust business model, sustainable core earnings and strong human capital base, which form the foundations for us to take advantage of new opportunities."

Chairman's Letter

Acquisition of new businesses then was indeed a strategic and right decision for MMC. We are now seeing the benefits of acquiring those assets, specifically in the Transport & Logistics and Energy & Utilities sectors, which are now key contributors to the growth of MMC. In addition to those sectors, our construction business is also growing in prominence with major national projects under our belt. Over the last 10 years, our revenue increased at a compounded annual growth rate of 43.6%. This improvement reflects our commitment to maintain sustained growth and deliver value to shareholder consistently.

Last year, we further enhanced our status as the country's premier utilities and infrastructure group. We were appointed by the Malaysian Government as the Project Delivery Partner for the Klang Valley My Rapid Transit (KVMRT) and awarded the contract to build and operate a new 1,000 MW coal-fired power plant at the existing Tanjung Bin power plant. We are humbled of the Government's trust in our ability to deliver such important projects which are critical to the growth of our nation.

We are also excited that our key subsidiary, Gas Malaysia is en route to listing on Bursa Malaysia Securities Berhad sometime this year. This marks the success of our effort in unlocking the value of our assets within the Group's stable of companies.

Although we are confident that MMC is well-positioned for the long haul, we will not take the success of our achievements to date lightly. Our primary focus is to deliver overall business growth through a robust business model, sustainable core earnings and strong human capital base, which form the foundations for us to take advantage of new opportunities.

On that note, it is my pleasure to report that 2011 was a year of steady progress and continuous higher performance for the MMC Group.

HIGHER OVERALL PERFORMANCE

For the financial year ended 31 December 2011, the MMC Group achieved a revenue of RM9.3 billion, an increase of 9% over the previous year's restated RM8.6 billion*. Profit before tax (PBT) in 2011 was RM1 billion, representing a significant 80.4% increase against the previous year's restated results. Our profit after tax and minority interests (PATMI) grew 37% to RM334 million from the restated RM244 million recorded in the previous year.

Almost all business segments performed well with Energy & Utilities leading the way. The Energy & Utilities division remains the major revenue and income earner for the MMC Group, contributing 85% to the Group's revenue. This division recorded a stronger PBT of RM943.6 million as compared to the restated RM461.6 million in the previous year, representing an increase of 104%. The higher profit from this segment was mainly due to the higher average dispatch factor achieved by Malakoff's power plants compared to the previous year.

The Transport & Logistics business also improved significantly, registering a PBT of RM238.7 million in 2011 versus RM180.6 million in the previous year. This was mainly driven by improved volume handled by both Port of Tanjung Pelepas (PTP) and Johor Port.

* *In 2011, MMC adopted the IC Interpretation 4 accounting policy pertaining to Leases which requires the Group to make retrospective adjustment to its financial results for the previous years.*

Our Engineering and Construction division, comprising mainly the electrified double track and KVMRT projects as well as our associate company Zelan Berhad, charted higher PBT of RM54.6 million as compared to a loss of RM67.8 million in 2010. This division is progressing steadily with our joint venture with Gamuda Berhad, bringing key projects up to speed. The electrified double track project is progressing ahead of schedule and has provided continuous contribution to the Group's results. As at 31 December 2011, the project has achieved 79% completion.

While some of the subsidiaries are performing well and made good profits; a few found it tougher in 2011. This is when our diverse range of capabilities proved to be a great strength, enabling us to take on new ventures where opportunities are greatest at any given time. For instance, Aliran Ihsan Resources, which has a portion of its water concession expiring this year in Johor, is now leveraging on its expertise to generate new income stream by expanding its involvement in the water asset construction business as well as in water-related industry in other states.

Zelan Berhad has its share of challenges which significantly impacted its balance sheet. However, efforts such as bidding for new domestic and overseas projects have been made to restore its financial health. Very recently, Zelan's subsidiary Terminal Bersepadu Gombak Sdn. Bhd. received a 25-year concession from the Malaysian Government to undertake the development of the Gombak Integrated Transport Terminal (GITT) and this concession is expected to provide the company with a steady income flow.

Further details of our 2011 financial results and operational review are covered in the Management's Discussion and Analysis section.

DIVIDEND

In tandem with the improved profit, the Directors are pleased to recommend the payment of a final dividend of 4 sen per share for the financial year ended 31 December 2011. This represents an increase of 15% from the previous year.

The consistent distribution to the shareholders reflects our confidence in the Group's ability to deliver growth over the long term.

CORPORATE SOCIAL RESPONSIBILITY

While meeting the financial expectation of our shareholders remains the primary objective, we must also look beyond the profits and act responsibly towards our community. In doing so, we work together with our subsidiaries and advocate the virtues of this approach.

For community outreach efforts, MMC continues to play its role in providing assistance to natural disaster victims as well as underprivileged children in order to help elevate their standard of living and quality of life. We believe that inspiring the younger generations through education is fundamental in achieving a brighter future. To this end, MMC provides educational support at all levels and one of them includes recognising and rewarding our employees' children who excel in major examinations. Within the Group via PTP, we also extend various aids to school children in an annual 'Back to School Contribution' programme in Johor. In addition, Malakoff's Edufund programme involves equipping adopted schools with the necessary academic facilities as well as providing avenues to train and motivate students.

More information on our initiatives can be found in the Corporate Social Responsibility section.

Chairman's Letter

HUMAN CAPITAL

The key to our continued success lies in our human capital. We take pride in our employees' dedication and passion for excellence as well as in our ability to recruit, retain and develop capable talents. It is with this recognition that we have implemented many initiatives to enhance the skills and knowledge of our human capital. We provide our employees with challenging assignments which are integral to each employee's career development path. We also introduce programmes such as the 'MMC Leadership Development Programme' for our senior talent pool last year that aims to further develop their leadership capabilities.

LOOKING AHEAD

Our task for the future is to ensure that we have even better years to come – creating value for our shareholders, serving the nation and integrating responsible business into our operations.

The resilient performance in 2011 together with successful awarding of key projects gives us the impetus as we head into 2012. Analysts expect a slowdown in Malaysia's economic growth of 4.5% in 2012 given the prevailing Eurozone debt crisis and sluggish US economy. Nonetheless, we are confident that the Group is well-positioned to weather the impact of global uncertainties and continue to register positive growth.

Moving forward, we will maximise our engineering capabilities and expertise to secure new infrastructure projects in the marketplace. At the same time, MMC is always looking at new investments that can bring our profits to a higher level and ensure that our leading positions in the utilities and logistics sectors remain strong.

MMC is also significantly involved in the Iskandar Malaysia economic corridor as the key driver for transport and logistics development for the region. In fact, our major assets in Iskandar Malaysia are strategically located within the main flagship zones. We are currently developing the Senai International Airport area as the main gateway to Iskandar Malaysia which incorporates the development of an integrated free-zone area and a high-tech park. This will enhance the value of the land. Given our established position in Iskandar Malaysia, we can expect to benefit from the spin-off development from the region.

MMC's diverse businesses prove to be an advantage for us to synergise within the Group. Our collective strength presents many opportunities that we can pursue together to further maximise value.

APPRECIATION AND RECOGNITION

On behalf of the Board, I would like to express our thanks to the Federal and State Governments for their confidence in our abilities to deliver results. I also wish to convey our sincere appreciation to our shareholders, partners and financial supporters for their continued trust and belief in MMC. My thanks also go to my fellow Board members for their wise counsel and commitment to the business of MMC. Last but not least, to the management team and employees, thank you for your tireless efforts and determination to deliver good performance towards the Group's long term growth.

Looking ahead, I anticipate an exciting year of greater development for the Group. To all shareholders, believe in our potential, grow with our progress, and share our success.

DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
Chairman

Management's Discussion & Analysis

"The diversity and strength of our three core businesses are evident in our 2011 financial results performance. The positive results demonstrate our commitment in delivering growth to our shareholders, as well as our dominant market share in the areas of Energy & Utilities, Transport & Logistics, and Engineering & Construction. In an environment of continuing uncertainty, this diversity means we are well-positioned to take advantage of new business opportunities."

I am pleased to present the results and performance of MMC and its group of companies for the financial year 2011. MMC's revenue rose by 9% to RM9.34 billion as compared to a restated RM8.6 billion in 2010. MMC achieved a profit before tax (PBT) of RM1 billion for 2011, an increase of 80% compared with the restated PBT of RM555.7 million in the previous year. Profit after tax and minority interests (PATMI) increased by 37% to RM334 million from a restated RM244 million in the previous year.

Energy & Utilities

Malakoff Corporation Berhad

Malakoff Corporation Berhad (Malakoff) achieved a higher turnover of RM5.69 billion, an increase of 10% over the previous year's restated RM5.17 billion. Malakoff's profit after tax and minority interests (PATMI) for 2011 recorded an increase of 261.6% to RM462.8 million from a restated RM128.0 million in the previous year. This was largely due to better operational performance achieved by all of its power plants, namely Segari Energy Ventures (SEV), GB3, Prai and Tanjung Bin power plants as well as its associate, Kapar Energy Ventures (KEV).

In terms of generation performance, the SEV, GB3, Prai and Tanjung Bin power plants provided reliable supply to the National Grid during the financial year under review. All four power plants achieved a higher average availability of 95.6%, 91.3%, 88.9% and 81.3%, respectively.

HAI HING

Tanjung Bin Power

Description/ Plant Name	SEV	GB3	Prai	Tg Bin
In Operation	15 years	10 years	9 years	6 years
Electricity Generated (GWh)	2,559	3,080	2,075	13,844
Average Capacity Factor	22.3%	54.9%	67.7%	75.3%
Availability	95.6%	91.3%	88.9%	81.3%

The 2,100 MW coal-fired Tanjung Bin power plant experienced a higher average dispatch rate of 75% during the year under review against 72% in 2010, which resulted in higher daily utilisation payment.

Our Saudi Arabia associate, Shuaibah Water & Electricity Company (SWEC) continued to perform well in 2011. SWEC's independent water & power plant and water expansion plant posted 93.7% and 94.6% availability factor respectively. The Tlemcen Seawater Reverse Osmosis Desalination Plant in Algeria achieved its commercial operation date on 13 April 2011 and is expected to contribute positively in 2012.

The improvement in Malakoff's profits in 2011 is also supported by better performance from KEV. KEV recorded a profit after taxation of RM37.4 million, in line with higher average despatch rate of 66.4%, 82.5% and 74.5% for their respective generator facilities GF1, GF2 and GF3 in 2011 as compared to only 12.1%, 78.8% and 55.5% respectively in the previous year.

We continue to undertake efforts to achieve best-in-class operations in terms of processes and management which resulted in the addition of ISO 14001:2004 certification to the group for SEV and GB3 power plants in Segari, Perak.

Malakoff garnered the Human Resource Development Fund (HRDF)'s Award for Large Employer, Services Sector category. The award recognises the company's drive and focus in meeting business and operational goals by leveraging on the strength of its competent, dedicated and well-trained workforce, and its commitment to maintain a competitive edge and remain at the forefront in the power and water generation business.

Malakoff also received the prestigious Asia Responsible Entrepreneurship Awards 2011 (AREA) for the "Social Empowerment" category, in recognition of the company's commitment to be an active participant in the local community through its flagship corporate social responsibility platform, The Malakoff Community Partnerships.

The signing of the Power Purchase Agreement (PPA) with Tenaga Nasional Berhad for sale of electricity from the newly awarded 1,000MW coal-fired power plant, adjacent to existing facilities at Tanjung Bin, Johor was executed in December 2011. In relation to this, we also signed an Engineering, Procurement and Construction contract with a consortium led by Alstom. The plant is expected to begin operations in March 2016.

In addition, Malakoff has entered into financing agreements totalling RM6.5 billion for the development of the new plant. The Rating Agency of Malaysia assigned AA3 rating for Tanjung Bin Energy Issuer Berhad's Sukuk, which reflects the project's high reliability and creditworthiness.

Malakoff will also be submitting a new bid for a 10-year extension for its Segari power plants' PPA. This agreement is due to expire in 2017. Given its proven track record of running the country's largest coal-fired power plant, Malakoff is well-positioned to submit a competitive bid.

Moving forward, Malakoff is well-positioned to pursue further investments, both locally and internationally, and is also ready to take up new opportunities in green technology and renewable energy.

Gas Malaysia Berhad

Gas Malaysia Berhad's (Gas Malaysia) revenue grew by 10.7% to RM2 billion from RM1.8 billion in the previous year. The increase in revenue is due to the gas tariff revision announced by the Government, which took effect on 1 June 2011, and improvement in sales volume. As a result of the tariff revision, Gas Malaysia's average selling price of natural gas rose by 7.1% to RM16.07 per million British Thermal Unit (MMBtu) from RM15.00 per MMBtu previously.

Profit after tax (PAT) decreased by 23.2% from RM298 million in the previous year to RM229 million in 2011. The decline in the PAT was mainly attributed to the new gas tariff, which resulted in Gas Malaysia's average margin declining by 48.9% to RM2.02 per MMBtu.

Gas Malaysia registered an increase of 6% in total sales volume to 124.9 million MMBtu from 117.8 million MMBtu in 2010. To date, the company has a total of 33,666 customers, with total industrial customers rising by 2.6% from 686 customers in 2010 to 704 customers in 2011. About half of the gas volume sold was consumed by rubber related industries and fast moving consumer products sector.

To mitigate the impact of the reduced profit margins, Gas Malaysia has embarked on an aggressive expansion of its pipeline network. The increased network of pipeline will cater for new industrial areas not yet served by Gas Malaysia. In addition, Gas Malaysia continues to invest in pipe looping projects in order to strengthen its delivery system and improve the reliability of gas supply to its customers. Effective controls are in place to ensure that mass balance remains at below negative 2.0%, lower than most of the gas distribution companies in the world.

In February 2012, Gas Malaysia signed a gas supply agreement (GSA) with Petronas for the supply of 492 million standard cubic per day (mmscfd), which is an increase of 29% from the previous supply of 382 mmscfd. This new GSA will be for a duration of 10 years with an option to renew for another five years. With this long term gas supply, Gas Malaysia will be in a better position to lock in long term sales volume with its key industrial customers.

On 19 August 2011, Gas Malaysia was converted to a public company, a move that was made to facilitate its listing on the Main Market of Bursa Malaysia Securities Berhad this year. Post listing, Gas Malaysia will cease to be a subsidiary of the Group as a result of reduction in shareholding from 41.8% to 30.9%. Going forward, its financial results will be equity accounted for as an Associate.

For 2012, Gas Malaysia will continue to focus on sales growth, operational efficiencies as well as cost saving measures. The increased gas supply will no longer limit Gas Malaysia's ability in serving more industrial customers in the country.

Aliran Ihsan Resources Berhad

Aliran Ihsan Resources Berhad (AIRB) recorded revenue of RM83.0 million for the year ended 31 December 2011, which is an increase of RM10.6 million or 15% from the previous financial year's revenue of RM72.4 million. As a result, the AIRB Group of companies registered a profit after tax (PAT) of RM38.5 million or an increase of 12% from RM34.3 million recorded in 2010. The higher PAT is partly attributable to improved cost management undertaken in the areas of procurement, maintenance and general administrative cost.

AIRB Group of companies, Southern Water Corporation Sdn Bhd (SWC), Equiventures Sdn Bhd (ESB), and the new subsidiary Aliran Utara Sdn Bhd (AU) recorded a total production of approximately 367 million cubic metres (m^3) of treated water, which is 5% higher compared to the previous year's volume of 350 million m^3. AU was incorporated to manage the operation and maintenance of the Gunung Semanggol Water Treatment Plant and Taiping Headworks in Perak for a period of 3 years commencing 1 November 2011. The two water treatment plants under AU have a combined design capacity to produce 46 million m^3 for consumers in the districts of Kerian, Larut Matang (including the town of Taiping) and the industrial areas of Kamunting and Bagan Serai.

For the year under review, the water treatment plants under SWC operated at 82% of capacity, processing 135 million m^3 of water per annum. Meanwhile, ESB's water treatment plants operated at near capacity, processing over 225 million m^3 of water in 2011. Both SWC and ESB are the dominant suppliers of treated water for Johor, supplying approximately 70% of the state's water needs.

A rigorous maintenance initiative called the Continuous Improvement Programme (CIP) was rolled out successfully across 14 water treatment plants in Johor that are operated and maintained by SWC.

In April 2011, AIRB's subsidiary Southern Water Technology Sdn Bhd (SWT) was awarded the contract referred to as Package 1 for the rehabilitation and expansion of the Semangar water treatment plant in Kota Tinggi. The award by Pengurusan Aset Air Berhad was in relation to the construction and treatment works valued at RM28 million at the Semangar water treatment plant.

AIRB will continue to explore opportunities to secure additional projects in the water sector. At the same time, AIRB will strive to ensure that the continuity of its business is preserved.

Transport & Logistics

Pelabuhan Tanjung Pelepas Sdn. Bhd.

Pelabuhan Tanjung Pelepas Sdn. Bhd. (PTP) achieved 15% volume growth as compared to the previous year by handling 7.54 million twenty-foot equivalent units (TEUs) in 2011, which is double the 7% global container industry growth. The higher volume growth is mainly driven by strong organic growth of all major existing customers and new customers.

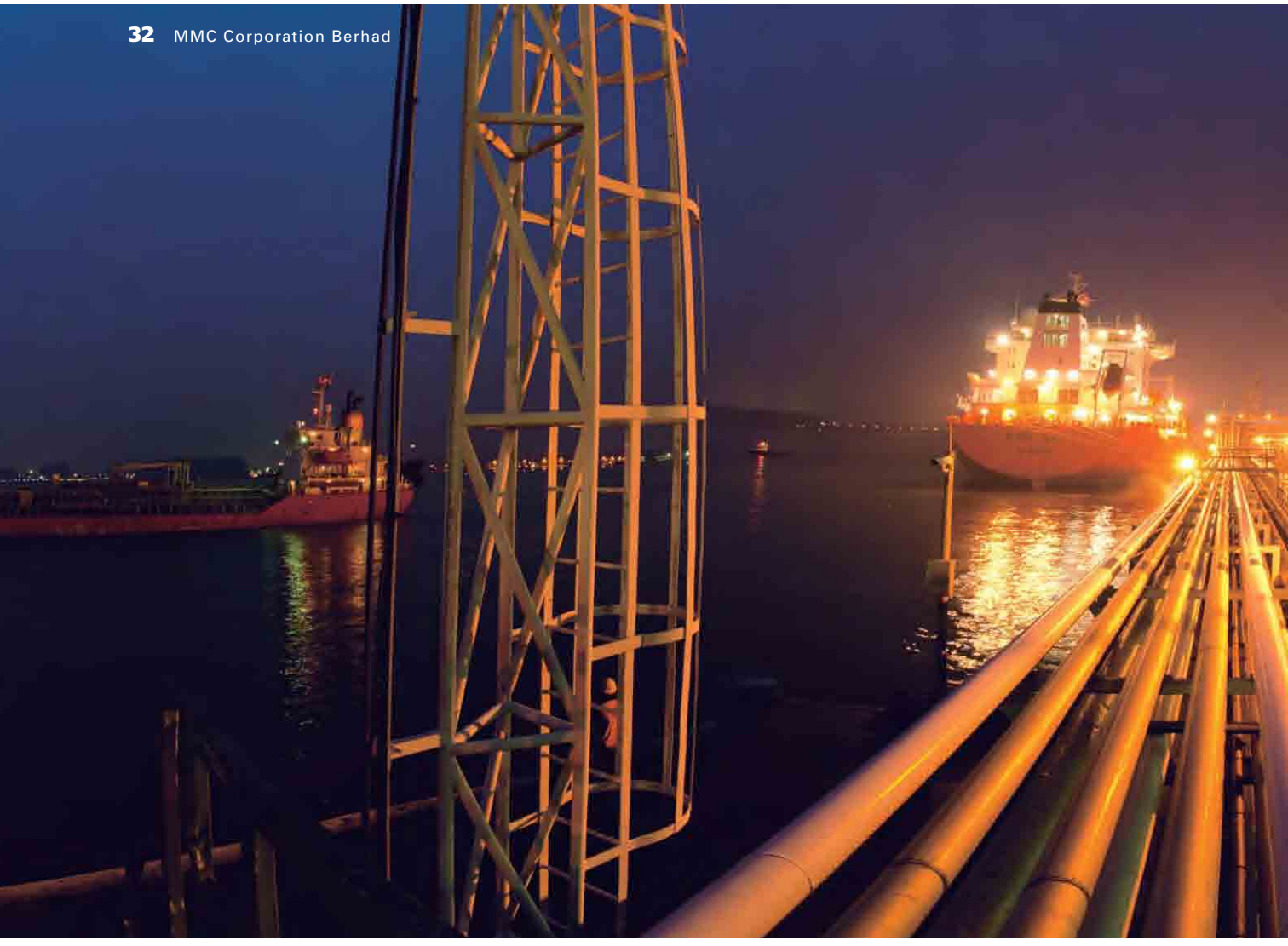
PTP is also one of the seven ports worldwide chosen by the Maersk Line to serve its recently launched "Daily Maersk" service, a daily service between the Far East and North Europe, powered by 70 vessels operating between seven mega ports in Asia and North Europe. These ports were selected based on their ability to handle the world's largest container vessels, the 18,000 TEUs Maersk Line Triple-E class vessels which are now being constructed, that will need deep drafts and latest generation port operating equipment.

Revenue increased by 21% to RM874 million on the back of the higher throughput volume. Profit before tax (PBT) more than doubled from RM52 million in 2010 to RM108 million in 2011, whilst net profit increased by 49.1% from RM65 million to RM98 million.

PTP intends to expand further to improve its capacity and productivity. A total of almost RM1 billion has been budgeted to complete the construction of berths 13 and 14 and container yard blocks 19 to 21 which will increase the total quay length to more than 5km and increase capacity from the current 8.5 million TEUs to 10 million TEUs. The two new berths, which will be equipped with eight new quay cranes and 30 electrified rubber tyred gantries, will be able to handle the new generation Triple-E Maersk Line vessels.

Total unit costs have marginally increased mainly due to significantly higher diesel and electricity costs and higher repair and maintenance costs as PTP moved towards outsourcing preventive maintenance programme to improve the reliability and capability of its existing fleet of port operating equipment. Furthermore, PTP has hired additional container operations staff during the year to improve its operational capacity in order to cope with the higher volume.

We expect 2012 to be a challenging year but PTP remains cautiously optimistic on its future prospects. PTP's main customers are the world's top international shipping lines and major industry players. We believe that they will continue to strengthen their market share and grow their volume. It is imperative for PTP to continue providing high quality service to its customers consistently.



Johor Port Berhad

Johor Port Berhad (Johor Port) recorded a turnover of RM513 million in 2011, which is 5.2% lower compared to RM541 million achieved in 2010. The decline in turnover is mainly due to lower contribution from its wholly-owned subsidiary, JP Logistics (JPL). JPL's revenue fell by 26.5% in 2011, due to 8.6% decline in its total throughput to 6.2 million freight weight tonnes (FWT). As a result, JPL's revenue contribution to Johor Port fell from 32% in 2010 to 25% in 2011.

Johor Port's PBT increased by 19.4% to RM185 million in 2011 from RM155 million in 2010. The increase in profit is attributable to an improvement in profit margins due to cost containment, aimed at offsetting the decrease in turnover. As a result of this cost containment, Johor Port's total cost of sales fell by 12.9% in 2011, while administration and operating expenses saw a drop of 20.8% from the previous year. For 2011, Johor Port's capital expenditure was RM26.9 million, 3.7% higher than the previous year mainly for the upgrading of its facilities.

Johor Port's port business handled 16.9 million FWT of conventional cargo, consisting of dry bulk, liquid bulk and break bulk cargo, which is an increase of 7.6% as compared to 2010.

Total dry bulk cargo throughput recorded an increase of 9% as compared to 2010. The increase was attributed to the rise in handling of both dry bulk edible cargo and dry bulk non-edible cargo by 7% and 10% respectively. The higher dry edible cargo volume is a result of increased

handling of wheat, particularly because of the seasonal importing trend by Johor Port's largest importer. Meanwhile, the improvement in dry non-edible cargo is attributed to high demand of iron ore coming from China.

Throughput for liquid bulk and break bulk cargo also rose during the year. Total liquid bulk cargo throughput improved by 7.6%, which was mainly driven by the demand in palm oil products. Total break bulk cargo rose by 3.3% mainly due to higher handling of several cargos, namely plate & coil, scrap iron and ingot.

The port's container terminal recorded a decrease of 5% in container throughput to 830,700 TEUs driven by lower imports and export volume. As a result, the total combined cargo of conventional and container throughput handled in 2011 amounted to 26.3 million FWT, representing a 3% growth against the previous year.

Johor Port has a current capacity of approximately 1 million TEUs and efforts are made to boost the utilisation to reach full capacity. Moving forward, Johor Port will continue to enhance its existing business both at the port operation and at JPL. It also aims to strengthen the port's capabilities in the conventional cargo sector, where it is the world's largest hub for edible oils, particularly palm oil. Additionally, capacity building efforts will be undertaken to improve Johor Port's infrastructure and efficiency and thereby optimising the port's yield.

Electrified Double Track Project

The construction development of the 329-km Ipoh to Padang Besar Electrified Double Track Project (EDTP) is progressing ahead of schedule for 2011. The project, which is undertaken by MMC-Gamuda Joint Venture Sdn. Bhd. (MGJV) achieved actual cumulative progress of 79% against its scheduled progress of 76%, at the end of 2011. MGJV's performance is well within the EDTP's completion deadline of November 2014.

To date, most of the major and critical structures such as earthworks, drainage, land viaducts, marine viaduct and Larut Tunnel have been completed. The 3.3km-metre Berapit Tunnel is progressing ahead of schedule, with target completion in May 2012. Once completed, the Berapit Tunnel will be the longest railway tunnel in Southeast Asia.

Structural works such as the road for bridges and river bridges are substantially completed while the construction of stations, halts, depots and staff quarters are at various stages of development. The track works are progressing well and are ahead of schedule. As at the end of 2011, a total of 329 km of track formation and 198 km of railway track had been laid out. This represents 64.8% of actual progress against 61.3% as planned. In addition, the system works are currently progressing well and are also ahead of schedule.

When completed, the EDTP will bring about numerous socio-economic benefits to the overall Malaysian economy, as rail transport will help reduce fuel consumption, lessen environmental pollution and shorten travel time as well as provide a relatively safer mode of travel.

With the construction of EDTP, MGJV further strengthens its reputation as the country's construction and engineering expert. Its current role as the Project Delivery Partner in the KVMRT project further stamped MGJV's best-in-class internal capacity and capabilities in undertaking national projects.

Engineering & Construction

Klang Valley My Rapid Transit

On 10 February 2012, MMC Gamuda KVMRT (PDP) Sdn. Bhd. signed the Project Delivery Partner (PDP) agreement with Mass Rapid Transit Corporation Sdn. Bhd., the project owner for the KVMRT development. As PDP, the JV company is responsible for the timely delivery of the KVMRT project within its deadline, which has been set for July 2017. The first KVMRT line or the Sungai Buluh-Kajang (SBK) line will span 51 km with 31 stations. The SBK line will be integrated with the KTM Komuter rail, Kelana Jaya LRT line and Ampang LRT line.

Salient points of the agreement are PDP fee, which has been set at 6% of the project cost, while the ceiling for contingency claims is at 15%. As PDP, the company will be reimbursed with RM2.85 billion mainly relating to overheads and engineering related consultancy fees.

Our experience in successfully completing some of the major tunneling projects in the country, such as SMART and Berapit Tunnel, has equipped us with the experience and skills necessary to execute the underground works package for the KVMRT project.

We are committed to ensuring the success of the KVMRT as the successful outcome will result in a major shift in the utilisation of public transportation in the country. KVMRT will be the nation's largest infrastructure project and is a crucial component of the Greater Kuala Lumpur/ Klang Valley National Key Economic Area. This notable project is estimated to create 130,000 employment opportunities and generate RM3-4 billion annually in terms of Gross National Income. We are also keen to bid for the next two KVMRT lines which are currently being studied by Land Public Transport Commission.

Other Operations

Red Sea Gateway Terminal (RSGT), our 20% associate, successfully declared its project commercial operation date on 27 November 2011. Volume handled by RSGT in 2011 had increased substantially from approximately 511,000 TEUs in 2010 to approximately 994,000 TEUs in 2011 and this number of volume represented an estimated 25% market share of cargo handled at Jeddah Islamic Port. We are optimistic that, going forward, RSGT will continue to capture increasing volume and market share with continued positive impact on its financial performance.

MMC's other operations also include Senai Airport Terminal Services Sdn Bhd (SATSSB). Revenue for SATSSB was RM29 million in 2011 as compared to RM114 million a year ago, a decline of 73.9%.

The reduction in revenue is due to the absence of disposals of land. SATSSB recorded a loss after taxation of RM50 million in 2011 as compared to a PAT of RM137 million in the previous year. In 2010, SATSSB benefitted from a significant amount of deferred tax income of RM131 million due to its favourable tax allowance from its capital expenditures.

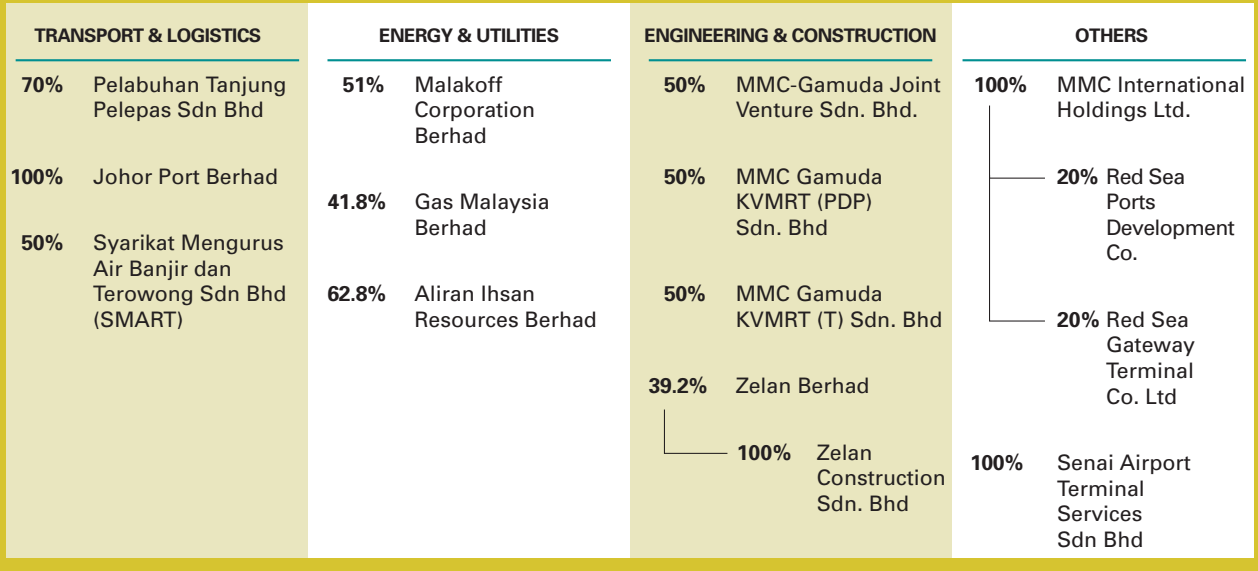
SATSSB's passenger volume grew by 8.3% in 2011 to 1.34 million passengers. Domestic passenger traffic grew by 7.9% to 1.32 million in 2011. International passenger traffic rose by 36.7% to 20,514 in 2011. Nonetheless, this segment accounts for only a fraction of the SATSSB's overall traffic. The increase in passenger traffic is a result of a 3.5% rise in scheduled aircraft movements to 12,570. Cargo handling during the year was 5,427 tonnes, a decrease of 19% from a year ago.

SATSSB brought in Executive Jets Asia (EJA), which will construct a hangar building at a 2.5 acres site in the Aviation Park. EJA operates executive jet services and medivac services and was previously based in Seletar Airport, Singapore. The shift to Senai International Airport is to cater for the growth in its air services and Maintenance, Repair and Operations (MRO) business.

SATSSB also leased out 5 acres of land to a company, which will be developing a commercial centre and hotel building to be called Senai Centrepoint. Another company, Celestica, a Canada-based company involved in electrical and electronics manufacturing, acquired an existing factory building located on a piece of land measuring 24.7 acres at Senai International Airport's Free Zone.

The primary infrastructure work on Phase 1 (1,025 acres) of the 2,718-acres Senai Airport City (SAC) development is progressing well and is expected to be completed by early 2013. The SAC will also comprise a high tech park measuring 1,000 acres. In 2011, a total of RM50 million was spent to provide infrastructure for the development land.

Corporate Structure



Represents key businesses
As at 31 March 2012

Outlook

"Our business strategy means understanding and delivering on our stakeholders' needs, striving for operational excellence and maintaining a clear focus in our core businesses. While growing the business at a significant pace, we have not lost sight of our goals. We have remained focused on building a sound company and at the same time, developing strong capabilities in our three core businesses. Banking on a strong growth platform that we have established in 2011, we expect our performance to strengthen further in 2012."

DATUK HJ HASNI HARUN
Group Managing Director

Board of Directors

From Left:

Dato' Abdullah Mohd Yusof

Ooi Teik Huat

Datuk Hj Hasni Harun

Dato' Wira Syed Abdul Jabbar Syed Hassan

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

Datuk Mohd Sidik Shaik Osman

Abdul Hamid Sh Mohamed

Profile of Directors

Dato' Wira Syed Abdul Jabbar Syed Hassan, Malaysian, aged 72, 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 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.

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 the Chairman of MARDEC Berhad, Padiberas Nasional Berhad, Tradewinds Plantation Berhad, Tradewinds (M) Berhad, Aliran Ihsan Resources Berhad and Malakoff Corporation Berhad and a director of Star Publications (Malaysia) Berhad and KAF Investment Bank Berhad.

Dato' Wira Syed Abdul Jabbar attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Dato' Wira Syed Abdul Jabbar does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Dato' Wira Syed Abdul Jabbar Syed Hassan
Chairman, Non-Independent Non-Executive Director

Datuk Hj Hasni Harun, Malaysian, aged 54, was appointed as a Board member on 1 March 2008 and assumed the position of the Group Managing Director (GMD) of MMC Corporation Berhad (MMC) on 3 May 2010. 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 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 Group Chief Operating Officer in January 2007 until February 2008. In March 2008, he was appointed as Chief Executive Officer Malaysia prior to his appointment as the GMD in May 2010.

Datuk Hj Hasni sits on the Boards of Zelan Berhad, Aliran Ihsan Resources Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Gas Malaysia Berhad and several private limited companies.

Datuk Hj Hasni attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Datuk Hj Hasni does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Datuk Hj Hasni Harun
Group Managing Director

Dato' Abdullah Mohd Yusof, Malaysian, aged 72, was appointed on 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 holds a LLB (Honours) degree from the University of Singapore.

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

Dato' Abdullah attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Dato' Abdullah does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Dato' Abdullah Mohd Yusof
Senior Independent Director

Encik Ooi Teik Huat, Malaysian, aged 52, was appointed to the Board as an independent director on 22 May 2008. He is also a member of the Audit and Nomination Committees.

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

Encik Ooi began his career with Messrs. Hew & Co. (now known as Messrs. Mazars), Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad (now known as MIMB Investment Bank Berhad). He subsequently joined Pengkalen Securities Sdn. Bhd. (now known as PM Securities Sdn. Bhd.) as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn. Bhd. where he is presently a director.

Encik Ooi sits on the Boards of Tradewinds (M) Berhad, Tradewinds Plantation Berhad, DRB-HICOM Berhad, Zelan Berhad, Johor Port Berhad and Malakoff Corporation Berhad.

Encik Ooi attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Encik Ooi does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Ooi Teik Huat

Independent Non-Executive Director

Encik Abdul Hamid Sh Mohamed, Malaysian, aged 46, 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 a Fellow of the Association of Chartered Certified Accountants. He is currently an Executive Director of Symphony House Berhad, a public listed Business Process Outsourcing company. 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 the 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.

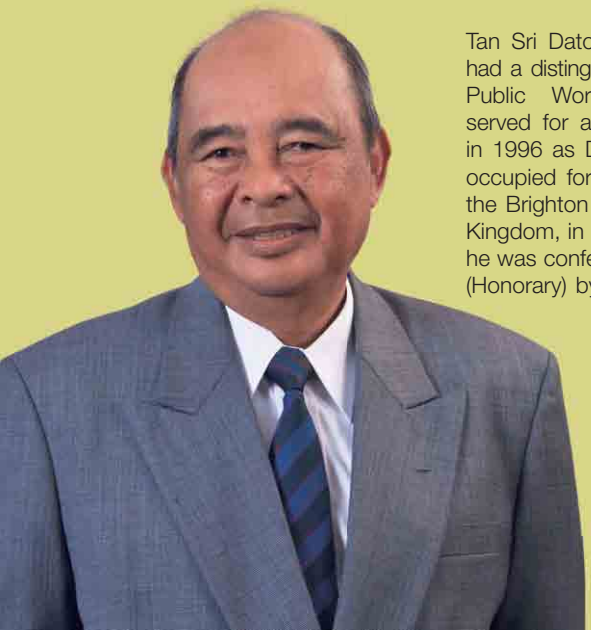
Encik Abdul Hamid sits on the Boards of Symphony House Berhad, SILK Holdings Berhad and Scomi Engineering Berhad.

Encik Abdul Hamid attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Encik Abdul Hamid does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Abdul Hamid Sh Mohamed

Independent Non-Executive Director



Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, Malaysian, aged 70, was appointed to the Board of MMC Corporation Berhad as a non-independent director on 26 August 1999. He is also a member of the Audit and Remuneration Committees.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman had a distinguished career with the Malaysia Public Works Department, which he served for a total of 32 years. He retired in 1996 as Director General, a position he occupied for 6 years. A 1965 graduate of the Brighton College of Technology, United Kingdom, in civil and structural engineering, he was conferred the Doctor of Engineering (Honorary) by the University of Birmingham in 1993. In 1993, he attended the Advanced Management Program at the Harvard Business School.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is the Chairman of Lingkaran Trans Kota Holdings Berhad, Lysaght Galvanised Steel Berhad and Northport (Malaysia) Bhd. He is also a director of Malaysian Industrial Development Finance Berhad, NCB Holdings Berhad and Bank of America Malaysia Berhad.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company, nor any conflict of interest with the Company.

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

Non-Independent Non-Executive Director

Datuk Mohd Sidik Shaik Osman, Malaysian, aged 63, was appointed to the Board as a non-independent director on 23 January 2003 and is a member of the Remuneration and Executive Committees.

Datuk Mohd Sidik holds a Bachelor of Social Science (Honours) (Economics) degree from Universiti Sains Malaysia. Upon graduation, he 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 and the 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.

Datuk Mohd Sidik is also the Chairman of Johor Port Berhad and Senai Airport Terminal Services Sdn Bhd . He is also a director of SPJ Corporation Berhad.

Datuk Mohd Sidik attended six (6) out of seven (7) Board meetings of the Company held in the financial year ended 31 December 2011.

Datuk Mohd Sidik does not hold any interests in the securities of the Company or its subsidiaries nor has he any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Datuk Mohd Sidik Shaik Osman

Non-Independent Non-Executive Director

Management Team

Datuk Hj Hasni Harun
Group Managing Director

Anwar Syahrin Abdul Ajib
Director, Finance

Azharuddin Nordin
General Manager,
Group Managing Director's Office

Elina Mohamed
General Manager,
Corporate Services

Ahmad Aznan Mohd Nawawi
General Manager,
Group Corporate Secretarial

Shahrir Shariff
Director, Project Development

Dato' Mohd Nor Idrus
Director, Technical

Dr. Mabel Lee Khuan Eoi
Director, Corporate Strategy

Ahmad Zaki
General Manager,
Corporate Finance

Vincent Chiu Huo Siong
General Manager,
Contracts & Procurement

Corporate Social Responsibility

OVERVIEW

For MMC, the pursuit of creating wealth for our shareholders must be done in tandem with our corporate social responsibility (CSR) initiatives. We strongly believe in the need to be concerned of those around us as well as the environment in which we do our business. This commitment runs deep at MMC, driving us to emphasise values and work culture that have become synonymous with our Group – from the high level of integrity and commitment of our workforce to being involved in sustainability efforts that benefit our stakeholders.

MMC's commitment to responsible corporate stewardship sets off with the cornerstone of our business – our employees, who are constantly guided by MMC's INTEC values - Integrity, Innovation, Teamwork, Excellence and Commitment. As a result, our stakeholders can rely on MMC employees to behave responsibly and ethically, even in our fervent pursuit of business benefits.

Whilst we are proud of our accomplishments and progress we have made in the past century, we believe more needs to be done to benefit the social communities, environment and our organisation's human capital. In order to achieve our CSR objectives, we will explore better ways to drive improvements in our work environment, develop sustainable communities and preserve the environment in tandem with our mission and vision.

In 2011, MMC continued its journey down the CSR path by undertaking various new initiatives, while maintaining on-going efforts. We adopt the best possible approach in CSR with a greater commitment in order to assist in offering better quality of life that all our stakeholders deserve.

Education and Community Development

Within the pillar of education and community development, we constantly reach out to the underserved and less developed communities. It is a privilege to support these groups and help make a difference in their lives.

EDUCATION

We are passionate about education given its role in eradicating poverty. Our initiatives in this area are focused on providing support to the less privileged, rewarding top performers and exposing children to the benefits of having proper education.

MMC's 'Anugerah Pelajar Cemerlang' is an annual event in which we recognise and reward our employees' children who excelled in major examinations. For 2011, a total of 18 students received awards for excelling in UPSR, PMR and SPM examinations.

PTP reached out to the *orang asli* community in Kampung Simpang Arang, Gelang Patah by providing school aid to the students under its 'Back-to-School Contribution' project.

As many as 200 *orang asli* students benefitted from this programme and received ample school supplies. This annual programme, which has reached its fifth year, provided these students with a head-start for them to be ready for the new school term.

EDUCATIONAL TRIP

Although class room education is important to a child's development, MMC believes on the need to complement it with external educational trips which can enhance learning in many areas. The need for a child to understand the next step in life will provide them with the necessary motivation to succeed in the future. In 2011, Malakoff and PTP organised programmes aimed at exposing children to the other aspects of learning.

'Educational Trip for Adopted School 2011' programme was initiated by Malakoff to promote learning outside the classroom. This programme involved selecting primary school students from 10 schools across Malaysia for a three-day educational trip to Kuala Lumpur. The visit aimed to expose the children to a different avenue of learning as well as encourage social interaction. The field-trip involved educational visits to key landmarks such as Zoo Negara, Muzium Negara, Petrosains, Hi-5 Bread Museum and Kuala Lumpur City Centre.

PTP is a strong supporter of educational trip activities. Its recent programme 'In the Direction of Future Excellence' involved a visit to University Malaya and was aimed at providing exposure to higher learning education to students. The trip was attended by 40 students from selected Gelang Patah schools.

MOTIVATIONAL & CAREER PROGRAMMES

'Malakoff-UNITEN Share Us Your Love' motivational programme was held at Sekolah Agama Al-Ansar, Batang Berjuntai in collaboration with Universiti Tenaga Nasional. The programme's objective is to mentor over 200 students specifically on self-development and religious education.

A group of PTP personnel shared their personal and working experience during a series of motivational talks that was held at three selected secondary schools within Gelang Patah. It was designed to instil the importance of higher education in youths as well as to help each individual identify his/her unique special talent. A total of 250 students participated in this programme.

PTP organised a teambuilding and motivational camp for Standard 6 students from selected primary schools in Gelang Patah. The programme was meant to help school children build their self confidence, increase their self esteem and develop practical problem-solving and team work skills.

MMC and its subsidiary companies participated in several career fairs such as USM Career Fair, UM Career Path and Annual Malaysian Student Leaders Summit to offer undergraduates an opportunity to understand MMC's business as well as explore job opportunities within the Group.

Senai Airport Terminal Services Sdn. Bhd. (SATSSB) participated in a career talk session at SMK Semenchu, Kota Tinggi. The talk was given by the Head of Safety and Security and attended by 60 students from 10 various schools around the area. The programme provided students with information on career opportunities in the aviation sector as well as at the airport.

SPONSORSHIP

MMC sponsored Utusan Malaysia's education pullout, 'Akhbar Dalam Pembelajaran' popularly known as ADaP for 15 adopted schools in Johor, Kedah and Kuala Lumpur throughout the whole year. This pullout serves as an additional source of reference for students to improve academically.

The sponsorship for 'Seminar Hukum Islam Semasa VII' was one initiative to show our support in Islamic consumerism issue in Malaysia. This seminar was well attended by the public, specifically academicians and undergraduates.

EduFund is a programme initiated by Malakoff to assist 10 schools in academic-related activities. The EduFund is channelled towards upgrading the schools' academic facilities, as well as creating a structured training environment to further train and motivate the students.

COMMUNITY DEVELOPMENT

We strongly believe in giving back to the community by extending philanthropic assistance to the deserving and needy in efforts that will create better quality of life. On that score, we are focused on reaching out to the community through various initiatives that provide long term support to children and senior citizens.

MMC and its staff provided assistance to a group of orphanages, namely 'Rumah Anak-Anak Yatim & Kanak-Kanak Kebajikan Madrasah Al-Taqwa, Hulu Langat' which was hit by a killer landslide, which took the lives of 16 children.

AIRB extended relief assistance to flood victims in Johor which affected more than 35,000 people last year. Essential school items were distributed and monetary contribution was made to the school children affected by flood.

MMC organised an annual Blood Donation Campaign in collaboration with the National Blood Bank. The campaign was aimed to assist the National Blood Bank in maintaining ample supply of blood at the blood bank and creating awareness on the need for blood to save lives in times of emergency.

We spread cheer to senior citizens by visiting elderly residents at Rumah Ehsan, Kuala Kubu Bharu, a follow-up visit from the previous year. We also provided gifts and supplies to the residents.

'Malakoff Projek Melentur Buluh', is a programme initiated by Malakoff's Leadership Development Programme held at Sekolah Rendah Kebangsaan Andek Mori, Mukim Serkat, Pontian, Johor. Various activities were conducted during the programme, which included *gotong-royong*, and road safety awareness talk. In addition, a book donation drive was carried out which yielded more than 450 books that were donated to the school library.

Malakoff visited Maahad Tarbiyah Islamiyah Al-Ansar for a joint *gotong-royong* programme with its residents. Besides cleaning the school area, Malakoff also contributed toward constructing an outdoor multipurpose court, a surau as well as other facilities. This programme was organised to provide the students with a comfortable place to study and live in.

'Malakoff Empower for Life', is an annual contribution to the Women's Aid Organisation (WAO) to assist the urban underprivileged, specifically those who are single parents. Under this programme, Malakoff contributed towards a substantial sum for WAO to conduct life skills classes, cover medical expenses for residents of its refuge centre and publish a booklet for single parents.

SPORTS

The spirit of team work and fair play which are evident in sporting activities are values we promote strongly throughout our organisation. Our involvement in sports has thus far enabled our employees and our stakeholders build better community relations while maintaining a healthy lifestyle.

Malakoff has successfully combined together sports and charity into numerous notable events. One good example is the Malakoff Charity Ride that attracted 110 cyclists of varied backgrounds in exploring challenging terrains from Lumut – Kuala Kangsar – Slim River – Kuala Lumpur over three consecutive days.

This annual ringgit-to-ringgit 'matching-grant' charity cycling event has raised RM170,000 from Malakoff's business associates. Proceeds were contributed to 10 welfare organisations.

'Malakoff Interstate Fellowship Ride' was an initiative that promotes and reinforces a healthy lifestyle. The annual 2-day non-competitive cycling event attracted 1,100 cyclists from all over Malaysia and raised RM50,000 that was contributed to St John's Ambulance Malaysia. The event also enabled keen cyclists to pedal across the Penang Bridge.

SATSSB also took part in the community outreach programme through sports by sponsoring the 'Kulaijaya Extreme Cycling Carnival 2011', an event that was hosted by Kulaijaya Bicycle Club and Ministry of Youth and Sports Malaysia.

Malakoff during the year had organised the 'Powerman Malaysia and Malakoff University Duathlon Series'. This event combines running and cycling into one event. Powerman Malaysia is Malakoff's flagship sporting event aimed at promoting duathlon – running and cycling – among university students.

The inaugural 'Malakoff-UTM Eco Run' is a joint effort between Malakoff and Universiti Teknologi Malaysia. The programme encouraged running amongst university students in the Southern Region. A total of 1,253 participants took part in the race.

Last year also witnessed MMC supporting various sporting events such as the HSBC-COBRA 10s rugby tournament and Karnival Ragbi Antarabangsa Johor, two high-profiled international rugby championships involving teams from Asia and Europe

Environment

MMC and its subsidiaries understand the importance, impact and implications its businesses have on the environment as a whole. We are committed towards the conservation of the environment with a special focus on environmental management as well as tackling climate change issues.

Mangrove Initiatives

Mangroves serve as natural defence systems against climate change impacts. With this in mind, Malakoff and PTP had actively participated in conserving the mangroves as a key strategy to protect this vital ecosystem.

Malakoff participated in 'Selamatkan Bakau Kita' programme, an initiative spearheaded by Johor National Parks. During the programme, 10,000 saplings were planted at Tanjung Piai National Park and its surrounding area.

As an extension to this initiative, PTP successfully carried out the 'Mangrove Trees Replanting Programme' at Pulai River Forest Reserve in collaboration with the Forestry Department of Johor. A total of 2,500 mangrove trees were successfully planted during this event.

Preserving Marine Ecosystem

Our contribution in preserving the natural marine ecosystem goes beyond monetary value. During the year, we were involved in various programmes to help protect and preserve ecosystems in the oceans and seas.

'Malakoff Environment Conservation 2011: Project AWARE' is a fund raising programme organised by Malakoff to preserve the coral reefs via a beach clean-up around Redang Island, Terengganu. A total of 71 Malakoff employees and associates took part in this activity. Coral reefs are the key elements in the survival of an entire ecosystem – 30 licensed divers participated in removing poisonous crown-of-thorn starfish that endangered the coral reef during the programme.

Malakoff embarked on 'Malakoff Kenali Penyu Sayangi Penyu' project, a collaboration effort with Perak Fisheries department to create awareness on the importance of conserving the turtle population at the Turtle Management Centre in Pantai Remis. As many as 200 employees and 50 pupils from Malakoff's adopted schools in Perak participated in the programme. The activities included colouring contest, guided tour of the centre and releasing turtle hatchlings into the sea.

AIRB organised the 'Releasing of Fish Fries' programme of which a total of 43,000 catfish and carp fries were released into Tasik Sembrong Barat. This initiative was aimed to combat the algae pollution problem that had been affecting and slowing down the production of clean water quality intake at AIRB's Sembrong Barat Water Treatment Plant.

Human Capital Development

We aim to develop and sustain a solid organisation that can last for another century. As we strive towards achieving our aspirations, we need to create growth and extract better value in our existing businesses to ensure we remain competitive and maintain our leadership positions in the key areas of our businesses.

Employees are the true assets and backbone for any organisation's historical and future success. We recognise the importance of human capital and the role our employees have in the Group's success. We continue to place great emphasis on the pursuit of knowledge, a commitment that we designed to motivate our people in delivering unbeatable quality, standards, value and services to the company.

We have established various human capital development initiatives in order to bring out the best of our employees' talent by providing in-house and external training.

Skills Training

In 2011, we established the 'MMC Leadership Programme' to develop talent within the senior management of MMC Group, as well as help these individuals build a personal leadership philosophy that reflects greater knowledge, capabilities, and insight. We believe that this programme can expand their capacity to lead cross-functional initiatives and corporate projects amid challenging global markets.

Continued Recognition Programme

In achieving our goal of being the employer of choice, we realise the importance of employee recognition through initiatives such as MMC Long Service Award 2011. This year, the awards were divided into three categories; 10 years, 20 years and 30 years of service. A total of 104 employees received the awards under these three categories.

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12 FEBRUARY 2011

MMC Signing Agreement of Principals

MMC signed an Agreement of Principals with Saudi Binladin in Jeddah for the Jazan Economic City Project. The signing was witnessed by HE Governor of SAGIA and Chairman of Economic Cities Authority.

23 FEBRUARY 2011 A

Analyst briefing for FY2010 results

The management of MMC held a briefing for investment analysts and fund managers to discuss its 2010 full-year financial results.

28 MARCH 2011 B

Firefly B737-400 Aircraft Launched

Firefly unveiled its new fleet of Boeing 737-400 aircraft at the Senai International Airport. Firefly's MD, YB Dato' Eddy Leong, SATSSB's DCEO, Encik Shahrull Allam Shah, and Iskandar Regional Development Authority (IRDA) Chief Executive, Encik Ismail Ibrahim were at hand to receive the first Firefly's jet aircraft.

27 APRIL 2011 C

Best Emerging Airport – ASIA (AFSCA 2011)

Senai International Airport won The Best Emerging Airport – Asia (less than 500,000 tonnes per year) category, in the Asian Freight & Supply Chain Award. The event was organised by Cargonews Asia, Asia's leading shipping, supply chain and cargo transport newspaper.

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Highlights

16 MAY 2011 D

35th Annual General Meeting

MMC held its 35th Annual General Meeting to consider the ordinary business of the meeting. All resolutions tabled were passed by shareholders during the meeting.

22-23 JUNE 2011 E

9th ASEAN Port and Shipping Conference & Exhibition

PTP together with Johor Port Authority (JPA) participated in the 9th ASEAN Port and Shipping Conference & Exhibition held in Ho Chi Minh City, Vietnam.

The event was hosted by Vietnam's Ministry of Transport and was one of the largest annual events in the South East Asia region focusing on port, shipping, transport and logistics. The event saw the gathering of world's leading transport and logistics companies from over 25 countries.

29 JULY 2011 F

MMC Centennial Celebration Dinner & Launching of 100 Years Coffee Table Book

MMC held a Centennial Celebration Dinner to commemorate our 100 years in incorporation. During the event, a special coffee-table book was launched by YBhg Dato' Wira Syed Abdul Jabbar Syed Hassan, Chairman of MMC.

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23 AUGUST 2011 G

Senai Hi-Tech Park and Solexel MOU Signing Ceremony

A Silicon Valley-based solar photovoltaic (PV) cell manufacturer, Solexel Inc plans to invest RM2.8 billion (US$942 million) over the next five years in Senai Hi-Tech Park (SHTP). The MOU signing ceremony between SHTP and Solexel was held in Putrajaya and witnessed by the Prime Minister, YAB Dato' Sri Mohd Najib Tun Razak.

25-27 SEPTEMBER 2011 H

Terminal Operation Conference (TOC) Container Supply Chain Middle East 2011

PTP and JPA jointly participated at the TOC Container Supply Chain Middle East 2011 held at Dubai World Trade Centre.

The event saw the gathering of port operators, shippers, cargo owners, importers/exporters, freight forwarders, logistics companies and port service providers from over 27 countries to discuss the growing role of logistics business in the region and the challenges faced by it.

3 OCTOBER 2011 I

MMC-Gamuda Joint Venture Received International Habitat Scroll Of Honour Award 2011 for SMART Tunnel

SMART Tunnel received a Habitat Scroll Of Honour Award 2011 in conjunction with World Habitat Day by the United Nations Organisation in Mexico. The event was organised to honour individuals and institutions instrumental in improving the living conditions in urban centre around the world.

31 OCTOBER 2011 J

MMC Extraordinary General Meeting (EGM)

MMC held an EGM for shareholders to vote for the listing of Gas Malaysia Berhad on the Bursa Malaysia Securities Berhad Main Market. The shareholders voted in favour of the proposed listing.

17 NOVEMBER 2011 K

MMC 100 Years Stamp - Special Stamps And First Day Cover Honouring Malaysia's Underground Engineering Excellence

MMC launched Special Stamps and First Day cover on "SMART tunnel - Underground Engineering Excellence" which featured Malaysia's accomplishment in underground engineering.

The "Underground Engineering Excellence" stamp collection commemorates MMC's 100 years celebration. The SMART tunnel was constructed by MMC-Gamuda Joint Venture Sdn Bhd.

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20 NOVEMBER 2011 L

Executive Jets Asia (EJA) Ground Breaking Ceremony

EJA announced its plan to invest RM40 million to build an aircraft hangar in Senai Aerospace Park. The hangar is currently being constructed on 1.8 hectare land and could accommodate two Airbus A320 or Boeing 737 at a time. The ground breaking ceremony was held at Senai Airport Aerospace Park.

2 DECEMBER 2011 M

Power Purchase Agreement (PPA) With Tenaga Nasional Berhad (TNB)

Tanjung Bin Energy Sdn. Bhd., a wholly owned subsidiary of Malakoff Corporation Berhad (Malakoff), signed a PPA with TNB for the generation and sale of electricity from the proposed 1,000MW coal-fired power plant. The proposed power plant will be situated adjacent to its existing Tanjung Bin power plant in Johor.

14 DECEMBER 2011 N

Airport Emergency Plan

Senai International Airport organised an Aircraft Crash Emergency Exercise in the airport's compound area. Approximately 200 participants from various agencies such as Polis DiRaja Malaysia, Jabatan Pertahanan Awam, Jabatan Bomba dan Penyelamat were involved. The exercise was meant to prepare the related agencies in handling emergency situation.

16 DECEMBER 2011 O

MMC-Gamuda Tunneling Training Academy

MMC-Gamuda Joint Venture Sdn Bhd opened its Tunneling Training Academy which was launched by former Prime Minister, YAB Tun Dr. Mahathir Mohamad. Located at Kota Kemuning, the academy was built with the aim to train up to 1,000 professional and skilled workers for the KVMRT Sungai Buloh-Kajang line. It will also train additional workers for future lines that are part of the KVMRT master plan.

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 direction of the Company. The board has the ultimate and overall responsibility for corporate governance and the Company's 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. Apart from establishing ethical values that support a culture of integrity, fairness, trust and high performance, the board also ensures that the Company operates successfully and sustains growth over the long term. A total of seven (7) board meetings were held during the financial year ended 31 December 2011 and all directors attended more than half of these meetings.

The board places the interest of the Company above all other interests. Members of the board have no interest or ties in the Company that could adversely affect the independence and objective judgement of the board.

There is a distinct and clear division of responsibility between the Chairman and the Group Managing Director (GMD) to ensure there is a balance of power and authority. The roles of the Chairman and the GMD are kept separate where the Chairman is responsible for ensuring board effectiveness and conduct, while the GMD has the overall responsibility for the business and day-to-day management of the Company. The GMD is 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 seven board members are independent directors who are able to bring independent judgment on issues of strategy, performance and resources of the Group. They provide unbiased and independent views and their presence fulfills a pivotal role of corporate accountability.

Overall, the board comprises a good mix of members with diverse academic backgrounds to provide a collective range of skills, expertise and experience relevant to support the growth and cope with the complexities, competition and changes of our businesses. The composition of the board is such that no individual or small group of individuals can dominate the board's decision making.

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 concerns may be conveyed.

The board plays an important role in the development of Group policy and its non-executive directors oversee the Company and the management. The board's four committees comprise only non-executive directors, except for the executive committee which includes the GMD. 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.

In essence, all board members had devoted sufficient time and fully committed themselves to drive the Company and undertake the continuous development of skills to enable the fulfillment of their responsibilities to the Company.

Supply of Information

The board meets at least four times every financial 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 the 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 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. No new appointments were recommended by the nomination committee to the Board during the year 2011.

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**
   - The High Performance Leadership Workshop / George Kohlrieser & Roshan Thiran @ Star Publications (M) Berhad
   - Sustainability Session for Directors - Consumer Products, Finance, Technology & Closed End Funds / Bursa Malaysia Berhad
   - Training on Islamic Finance - Updates on the Financial Instruments and other related topics / Standard Chartered Saadiq Berhad @ Tradewinds (M) Berhad

2. **Datuk Hj Hasni Harun**
   - Directors' and Officers' Liability: Are you exposed / IJM Corporation Berhad
   - 2011 Institute of Internal Auditors International Conference (IIA International Conference) / Institute of Internal Auditors Malaysia

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

- Corporate Governance Programme on "Assessing The Risk and Control Environment" / Bursa Malaysia Berhad
- "FRS 139 & FRS 7" What Directors Need to Know / Busatra Sdn Bhd
- Launch of the Corporate Integrity Pledge by PEMANDU / Bursa Malaysia Berhad
- 2011 Conference – MICG Investor Relation & Effective Corporate Communication / Northport (Malaysia) Berhad / Northport (Malaysia) Berhad
- Half Day Seminar on Whistleblower Protection Act 2010, Personal Data Protection Act 2010, Price Control & Anti-Profiteering Act 2011 / IJM Corporation Berhad
- Directors' and Officers' Liability : Are you exposed / IJM Corporation Berhad
- IT Governance and Risk Management Programme / Financial Institutions Directors' Education Programme
- Governance Programme "The Board's Responsibilities for Corporate Culture – Selected Governance Concerns & Tools for Addressing Corporate Culture & Board Performance / IJM Corporation Berhad
- 2011 Institute of Internal Auditors International Conference (IIA International Conference) / The Institute of Internal Auditors Malaysia

4. Datuk Mohd Sidik Shaik Osman

- Financial Essentials for Non-Financial Professionals / Malaysian Institute of Accountants

5. Datuk Abdullah Mohd Yusof

- 2011 Institute of Internal Auditors International Conference (IIA International Conference) / The Institute of Internal Auditors Malaysia

6. Encik Ooi Teik Huat

- 2011 Institute of Internal Auditors International Conference (IIA International Conference) / The Institute of Internal Auditors Malaysia
- Competition Law – How It May Impact The Way We Do Business / DRB-Hicom Berhad

7. Encik Abdul Hamid Sh Mohamed

- The Makings of a Global Leader / Cranfield Executive Leadership Forum
- 2011 Institute of Internal Auditors International Conference (IIA International Conference) / The Institute of Internal Auditors Malaysia

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 all directors should submit themselves for re-election at least once every three years, in compliance with the requirements of Bursa Malaysia. The Articles of Association also provide that one-third of the board shall retire from office every year and shall be eligible for re-election at every AGM. At the Company's Thirty-Sixth AGM, Encik Abdul Hamid Sh Mohamed, an Independent Director of the Company, shall retire and being eligible, will offer himself for re-election.

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. Dato' Wira Syed Abdul Jabbar Syed Hassan, Dato' Abdullah Mohd Yusof and Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob will be seeking re-appointment under the said provision at this AGM.

This affords shareholders the opportunity to review directors' performance, thereby promoting an effective board.

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 director as a prelude to determining his annual remuneration, bonus and other benefits. In discharging this duty, the remuneration committee evaluates the executive director's performance against the objectives set by the board, thereby linking his remuneration to performance. The remuneration of the non-executive director is reviewed by the board as a whole, to ensure that it is aligned to market and to his 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 Director	–	3,102,106	527,364	167,484
Non-Executive Directors	425,000	–	477,880	172,783

The remuneration paid to the directors within bands of RM50,000 is as follows:

Amount of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
Less than RM100,000	–	–
RM100,001 to RM150,000	–	1
RM150,001 to RM200,000	–	4
RM300,001 to RM350,000	–	1
RM3,500,000 to RM4,000,000	1	–

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 Annual General Meeting (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 non-executive directors and GMD. The committee is responsible for strategic and operational plans which fall within their level of authority. 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 govern 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 GMD. The committee will meet to discuss the GMD's current year performance against the performance objectives approved by the board earlier in the year. Once the GMD's performance is 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 70 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 financial year ended 2011.

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

Notes:

All directors attended more than 50% of the meetings held in the financial year ended 31 December 2011.

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.

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 Risk Management Unit 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 Enterprise Risk Management Committee (ERMC) chaired by the Director of Finance. The report will then be reviewed by the Group Managing Director and tabled to the Executive Committee (EXCO) and subsequently 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 audit consultant, 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

Audit Committee serves as a bridge in the communication network between internal and external auditors and the Board of Directors. The existence of an Audit Committee would provide a critical oversight of the company's financial reporting and auditing processes.

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

MEETINGS

Meetings are scheduled at least four times a year, and are normally attended by the Group Managing Director, Director of Finance, 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 the internal audit consultant (Ernst & Young) and external auditor (PwC), 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 four meetings during the last financial year and the external auditors attended all 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, without the presence of other directors and employees of the company, whenever deemed necessary.

DUTIES

The duties of the Committee shall be:

1. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
2. To review 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. To review the quarterly results and annual audited statutory 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 other regulatory requirements.
4. To 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).

5. To keep under review the effectiveness of the internal control systems and in particular review the external auditor's management letter and management's response.
6. To 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.
7. To review the internal audit plan, consider the major findings of internal audit investigations and management's response and ensure proper co-ordination between the internal and external auditors.
8. To review any appraisal or assessment of the performance of members of the internal audit function.
9. To approve any appointment or termination of senior staff members of the internal audit function.
10. To take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resignation.
11. To review any related party transactions that may arise within the Group.
12. To consider other related matters, 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 overlooks 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.

SUMMARY OF ACTIVITIES

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

- 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 approved the internal audit plan for 2012. 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.
- Held discussions with the external auditors without the presence of management to ensure an adequate level of cooperation between the external auditors and management.
- Considered and recommended to the board of directors the draft reports and statutory financial statements for the financial year ended 31 December 2011.

EMPLOYEES' SHARE OPTION SCHEME

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

Risk Management Report

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.

Reporting Structure

Board of Directors
Oversight responsibilities over all risks

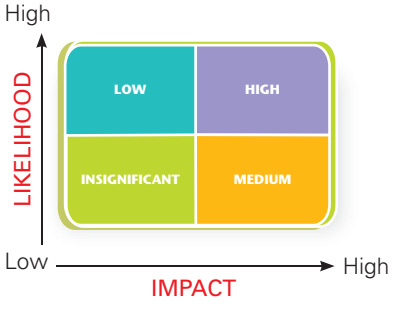
Directors (Executive)
Responsible for management of strategic risks for MMC with oversight responsibilities over the risks in MMC and key risks in all business units

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 a 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
EXCO Committee	• Review and approve quarterly reports to the Board of Directors
Group Managing Director	• Perform quarterly compliance and assessment in the ERM risk register and review assessments done in the Group • Present risk management quarterly report to the Board
Director, Finance	• 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
Enterprise Risk Management Committee	• Review, assess and ensure that there is adequate framework for risk identification, risk measurement, risk monitoring and the extent to which these subsidiaries are operating effectively • Ensure that the risk policies and procedures of subsidiaries are aligned and integrated to the business strategies and plans • Review the development of the Enterprise Risk Management policies to ensure that the key business risks at subsidiaries are effectively addressed by the management • Review the risk assessments and implementation of action plans • Ensure that infrastructure, resources and/or systems are in place for Enterprise Risk Management • Report to the Board of Directors of MMC Corporation Berhad on the key risks of the Group and the subsidiaries and the respective management action plans to mitigate these risks
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

CONVICTIONS FOR OFFENCES

None of the directors has 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 MATERIAL SANCTIONS/PENALTIES

There were no material 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 RM432,000.00 .

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 Hicom Power Sdn Bhd (formerly known as Rangkai Positif Sdn Bhd) (Hicom) and Tanjung Bin Power Sdn Bhd (Tanjung Bin) dated 25 July 2003 supplemented by supplemental agreements dated 4 August 2008 and 17 October 2003 (O&M Agreement)

Pursuant to the O&M Agreement, Hicom 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 megawatts, 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 2011 to 31 December 2011, the Services rendered by Hicom for the Tanjung Bin Power Plant had amounted to RM306,990,396.23.

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 Hicom dated 12 October 2004 (the Subcontract O&M Agreement)

Pursuant to the Subcontract O&M Agreement, Hicom has subcontracted a part of its scope of works under the O&M Agreement (Subcontract Services) to TJSB. For the period from 1 January 2011 to 31 December 2011, the Subcontract Services rendered by TJSB to Hicom for the Tanjung Bin Power Plant had amounted to RM127,092,516.00.

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 Hicom 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.

Financial

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Directors' Report

for the financial year ended 31 December 2011

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 2011.

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 46 to the financial statements.

There are no significant changes in the nature of the activities of the Group and Company during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Net profit for the financial year	833,023	223,255
Attributable to:		
Owners of the Parent	334,485	223,255
Non-controlling interest	498,538	–
	833,023	223,255

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 2010 are as follows:

	RM'000
In respect of the financial year ended 31 December 2010, as shown in the Directors' report of that financial year, a final single-tier dividend of 3.5 sen per ordinary share, were paid on 15 June 2011	106,577

The Directors recommend the payment of a final single-tier dividend of 4.0 sen per share on the 3,045,058,552 ordinary shares, amounting to RM121,802,342 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 28 June 2012 to shareholders registered on the Company's Register of Members at the close of business on 1 June 2012.

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 Syed Hassan, Chairman
Datuk Hj Hasni Harun
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob
Dato' Abdullah Mohd Yusof
Datuk Mohd Sidik Shaik Osman
Encik Ooi Teik Huat
Encik Abdul Hamid Sh Mohamed

In accordance with Article 78 of the Company's Articles of Association, Encik Abdul Hamid Sh Mohamed will retire by rotation and, being eligible, offer himself for re-election.

The offices of Dato' Abdullah Mohd Yusof, Dato' Wira Syed Abdul Jabbar Syed Hassan and Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, shall become vacant at the forthcoming Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965 and separate resolutions 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 corporations 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' REPORT

for the financial year ended 31 December 2011 (continued)

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the 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 impaired receivables and the making of allowance for impaired receivables and satisfied themselves that all known impaired receivables had been written off and that adequate allowance had been made for impaired receivables; 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 impaired receivables or the amount of the allowance for impaired receivables 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.

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 impairment losses of property, plant and equipment and intangible asset in an associate as disclosed in Note 8(i) 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 21 March 2012.

DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
CHAIRMAN

DATUK HJ HASNI HARUN
GROUP MANAGING DIRECTOR

Kuala Lumpur

Statement by Directors

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

We, Dato' Wira Syed Abdul Jabbar 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 204 are drawn up so as to give a true and fair view of the financial position of the Group and Company as at 31 December 2011 and of the financial performance and cash flows of the Group and Company for the financial year ended on that date in accordance with the Financial Reporting Standards, in Malaysia and the provisions of the Companies Act, 1965.

The information set out in Note 48 on page 205 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 21 March 2012.

DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
CHAIRMAN

DATUK HJ HASNI HARUN
GROUP MANAGING DIRECTOR

Kuala Lumpur

Statutory Declaration

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

I, Anwar Syahrin 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 204 and the supplementary disclosure on page 205 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 ABDUL AJIB
Subscribed and solemnly declared by the abovenamed Anwar Syahrin Abdul Ajib
At: Kuala Lumpur
On: 21 March 2012

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 on pages 85 to 204 which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 47.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 judgment, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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, in Malaysia 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 2011 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

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

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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 46 to the financial statements.

(c) We are satisfied that the financial statements 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 financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 48 on page 205 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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. 2081/08/12 (J))
Chartered Accountant

Kuala Lumpur
21 March 2012

Statement of Comprehensive Income

for the financial year ended 31 December 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Revenue	5	**9,336,809**	8,563,623	**659,869**	694,217
Cost of sales	6	**(6,532,436)**	(5,756,735)	**(11,455)**	–
Gross profit		**2,804,373**	2,806,888	**648,414**	694,217
Other operating income					
– items relating to investments		**6,709**	225,354	**(90,000)**	39,546
– others		**297,402**	224,105	**10,423**	3,631
Administrative expenses	6	**(649,491)**	(686,455)	**(53,970)**	(75,760)
Other operating expenses	6	**(257,189)**	(506,493)	**(97,003)**	(70,038)
Finance costs	7	**(1,358,959)**	(1,455,336)	**(182,101)**	(161,359)
Share of results of:					
– associates		**91,217**	(119,264)	**–**	–
– jointly controlled entities		**68,269**	66,923	**–**	–
Profit before zakat and taxation	8	**1,002,331**	555,722	**235,763**	430,237
Zakat expense	9	**(2,047)**	(1,236)	**(2,047)**	(1,236)
Tax expense	10	**(167,261)**	22,906	**(10,461)**	(14,003)
Net profit for the financial year		**833,023**	577,392	**223,255**	414,998
Other comprehensive income:					
Available-for-sale financial assets					
– fair value gains		**9,707**	24,131	**–**	–
– disposals		**–**	(196,698)	**–**	–
Movement in associate's capital reserve		**(5,749)**	14,615	**–**	–
Currency translation differences		**8,392**	(31,557)	**–**	–
Other comprehensive income for the financial year (net of tax)		**12,350**	(189,509)	**–**	–
Total comprehensive income for the financial year		**845,373**	387,883	**223,255**	414,998

The notes on pages 99 to 204 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2011 (continued)

	Note	Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Profit attributable to:					
- Owners of the Parent		**334,485**	243,861	**223,255**	414,998
- Non-controlling interest		**498,538**	333,531	**–**	–
		833,023	577,392	**223,255**	414,998
Total comprehensive income attributable to:					
- Owners of the Parent		**346,835**	54,352	**223,255**	414,998
- Non-controlling interest		**498,538**	333,531	**–**	–
		845,373	387,883	**223,255**	414,998
Earnings per ordinary share attributable to the equity holders of the Company (sen):					
- Basic	11	**11.0**	8.0		
- Diluted	11	**11.0**	8.0		
Dividend per ordinary share (sen):					
- Proposed final	12	**4.0**	3.5	**4.0**	3.5

Consolidated Statement of Financial Position

as at 31 December 2011

	Note	2011 RM'000	2010 RM'000 (Restated)	2009 RM'000 (Restated)
Non-Current Assets				
Property, plant and equipment	13	**16,029,865**	16,699,574	17,043,843
Prepaid lease payments	14	**18,835**	19,238	19,638
Investment properties	15	**32,329**	30,778	31,319
Investments in associates	17	**1,362,996**	1,163,040	1,615,285
Investments in jointly controlled entities	18	**246,249**	219,281	265,911
Other investments	19	**–**	–	–
Available-for-sale financial assets	20	**8,573**	8,412	–
Property development expenditure	21	**2,128,408**	1,917,196	1,940,028
Other receivables	23	**3,307**	4,214	6,792
Intangible assets	24	**7,577,842**	7,986,159	8,382,906
Deferred expenditure	25	**–**	–	17,533
Deferred tax assets	26	**1,188,910**	1,121,012	917,513
		28,597,314	29,168,904	30,240,768
Current Assets				
Inventories	27	**719,906**	585,289	638,416
Non-current assets held for sale	28	**–**	103	541
Trade and other receivables	29	**2,327,958**	2,227,814	1,813,263
Tax recoverable		**188,040**	337,014	206,914
Amount due from holding company	30	**5,518**	5,518	7,518
Available-for-sale financial assets	20	**85,588**	81,868	–
Marketable securities	31	**–**	–	61,237
Deposits, bank and cash balances	32	**4,579,556**	4,062,543	4,492,832
		7,906,566	7,300,149	7,220,721
Total Assets		**36,503,880**	36,469,053	37,461,489

The notes on pages 99 to 204 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011 (continued)

	Note	2011 RM'000	2010 RM'000 (Restated)	2009 RM'000 (Restated)
Equity and Liabilities				
Equity Attributable to Owners of Parent				
Share capital	33	**304,506**	304,506	304,506
Reserves	34	**5,915,473**	5,678,718	5,484,207
		6,219,979	5,983,224	5,788,713
Non-controlling interests		**3,249,986**	3,068,477	2,843,981
Total Equity		**9,469,965**	9,051,701	8,632,694
Non-Current Liabilities				
Redeemable preference shares	35	**140,620**	136,467	134,563
Redeemable convertible subordinated loans		**–**	–	158,355
Redeemable convertible unsecured loan stocks	36	**–**	–	36,930
Borrowings	37	**15,533,549**	15,974,676	18,359,545
Land lease received in advance	38	**158,433**	162,264	171,851
Provision for retirement benefits	39(c)	**58,713**	53,748	48,063
Deferred income	40	**2,245,572**	1,869,382	1,535,333
Deferred tax liabilities	26	**3,532,379**	3,511,746	3,537,840
Trade and other payables	39	**18,303**	24,654	133,326
		21,687,569	21,732,937	24,115,806
Current Liabilities				
Redeemable convertible unsecured loan stocks	36	**–**	26,051	–
Borrowings	37	**3,443,415**	3,991,739	2,559,153
Trade and other payables	39	**1,871,226**	1,626,216	2,107,884
Taxation		**31,705**	40,409	45,952
		5,346,346	5,684,415	4,712,989
Total Liabilities		**27,033,915**	27,417,352	28,828,795
Total Equity and Liabilities		**36,503,880**	36,469,053	37,461,489

Company Statement of Financial Position

as at 31 December 2011

	Note	2011 RM'000	2010 RM'000
Non-Current Assets			
Property, plant and equipment	13	**8,669**	8,260
Investment in subsidiaries	16	**7,266,315**	7,581,403
Investments in associates	17	**139,037**	139,037
Investments in jointly controlled entities	18	**5,126**	5,001
Amounts due from subsidiaries	22	**1,057,845**	1,089,347
		8,476,992	8,823,048
Current Assets			
Trade and other receivables	29	**78,355**	90,571
Tax recoverable		**41,142**	67,404
Amount due from holding company	30	**5,518**	5,518
Deposits, bank and cash balances	32	**80,077**	95,405
		205,092	258,898
Total Assets		**8,682,084**	9,081,946
Equity and Liabilities			
Share capital	33	**304,506**	304,506
Reserves	34	**4,826,971**	4,710,293
Total Equity		**5,131,477**	5,014,799
Non-Current Liabilities			
Amounts due to subsidiaries	22	**267,615**	535,668
Borrowings	37	**1,856,250**	1,496,750
		2,123,865	2,032,418
Current Liabilities			
Borrowings	37	**1,415,500**	2,012,788
Trade and other payables	39	**11,242**	21,941
		1,426,742	2,034,729
Total Liabilities		**3,550,607**	4,067,147
Total Equity and Liabilities		**8,682,084**	9,081,946

The notes on pages 99 to 204 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2011

	Note	Attributable to owners of the Parent Non-distributable			
		Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000
At 1 January 2011		**304,506**	**2,039,770**	**(31,051)**	**1,219,271**
Effects of changes in accounting policies					
- IC Interpretation 4 (IC Int. 4)	4(ii)	–	–	–	–
As restated		**304,506**	**2,039,770**	**(31,051)**	**1,219,271**
Net profit for the financial year		–	–	–	–
Other comprehensive income:					
Share of movement in associates' reserves		–	–	–	–
Movement in value of investment		–	–	–	–
Currency translation differences		–	–	**8,392**	–
Total other comprehensive income		–	–	**8,392**	–
Total comprehensive income for the year		–	–	**8,392**	–
Transactions with owners:					
Transfer to capital reserve		–	–	–	–
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks		–	–	–	–
Disposal of a subsidiary		–	–	–	–
Dividend for financial year ended 31 December 2010	12	–	–	–	–
Dividend paid to non-controlling shareholders		–	–	–	–
Total transactions with owners		–	–	–	–
At 31 December 2011		**304,506**	**2,039,770**	**(22,659)**	**1,219,271**

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

Attributable to owners of the Parent					Non-controlling interests	Total equity
Non-distributable			Distributable			
Available-for-sale financial assets RM'000	Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
107,977	83,264	375,864	2,494,671	6,594,272	3,808,956	10,403,228
–	–	–	(611,048)	(611,048)	(740,479)	(1,351,527)
107,977	83,264	375,864	1,883,623	5,983,224	3,068,477	9,051,701
–	–	–	334,485	334,485	498,538	833,023
5,826	(5,749)	–	–	77	–	77
3,881	–	–	–	3,881	–	3,881
–	–	–	–	8,392	–	8,392
9,707	(5,749)	–	–	12,350	–	12,350
9,707	(5,749)	–	334,485	346,835	498,538	845,373
–	–	2,300	(2,300)	–	–	–
–	–	(3,661)	158	(3,503)	30,139	26,636
–	–	–	–	–	1,701	1,701
–	–	–	(106,577)	(106,577)	–	(106,577)
–	–	–	–	–	(348,869)	(348,869)
–	–	(1,361)	(108,719)	(110,080)	(317,029)	(427,109)
117,684	77,515	374,503	2,109,389	6,219,979	3,249,986	9,469,965

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2011 (continued)

		Attributable to owners of the Parent Non-distributable			
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000
At 1 January 2010		304,506	2,039,770	506	1,219,271
Effects of changes in accounting policies					
- IC Int. 4	4(ii)	–	–	–	–
- FRS139		–	–	–	–
Purchase price allocation finalisation		–	–	–	–
As restated		304,506	2,039,770	506	1,219,271
Net profit for the financial year		–	–	–	–
Other comprehensive income:					
Disposal of investments		–	–	–	–
Share of movement in associates' reserves		–	–	–	–
Movement in value of investment		–	–	–	–
Currency translation differences		–	–	(31,557)	–
Total other comprehensive income		–	–	(31,557)	–
Total comprehensive income for the year		–	–	(31,557)	–
Transactions with owners:					
Transfer to capital reserve		–	–	–	–
Issuance of shares by a subsidiary upon conversion of redeemable convertible subordinated loans		–	–	–	–
Issuance of shares by a subsidiary upon conversion of redeemable convertible unsecured loan stocks		–	–	–	–
Disposal/Investment in subsidiaries		–	–	–	–
Dividend for financial year ended 31 December 2009	12	–	–	–	–
Dividend paid to non-controlling shareholders		–	–	–	–
Total transactions with owners		–	–	–	–
At 31 December 2010		304,506	2,039,770	(31,051)	1,219,271

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

Attributable to owners of the Parent					Non-controlling interests	Total equity
Non-distributable			Distributable			
Available-for-sale financial assets RM'000	Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
16,104	68,649	370,876	2,282,097	6,301,779	3,460,519	9,762,298
–	–	–	(509,969)	(509,969)	(616,538)	(1,126,507)
264,440	–	–	(37,790)	226,650	(37,717)	188,933
–	–	–	(3,097)	(3,097)	–	(3,097)
280,544	68,649	370,876	1,731,241	6,015,363	2,806,264	8,821,627
–	–	–	243,861	243,861	333,531	577,392
(196,698)	–	–	–	(196,698)	–	(196,698)
17,300	14,615	–	–	31,915	–	31,915
6,831	–	–	–	6,831	–	6,831
–	–	–	–	(31,557)	–	(31,557)
(172,567)	14,615	–	–	(189,509)	–	(189,509)
(172,567)	14,615	–	243,861	54,352	333,531	387,883
–	–	2,300	(2,300)	–	–	–
–	–	–	–	–	158,355	158,355
–	–	2,932	2,173	5,105	6,459	11,564
–	–	(244)	–	(244)	(4,395)	(4,639)
–	–	–	(91,352)	(91,352)	–	(91,352)
–	–	–	–	–	(231,737)	(231,737)
–	–	4,988	(91,479)	(86,491)	(71,318)	(157,809)
107,977	83,264	375,864	1,883,623	5,983,224	3,068,477	9,051,701

Company Statement of Changes in Equity

for the financial year ended 31 December 2011

	Note	Non-distributable			Distributable		
		Share capital RM'000	Share premium RM'000	**Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2011		**304,506**	**2,039,770**	**59,710**	**243,074**	**2,367,739**	**5,014,799**
Net profit for the financial year		**–**	**–**	**–**	**–**	**223,255**	**223,255**
Dividend for the financial year ended 31 December 2010	12	**–**	**–**	**–**	**–**	**(106,577)**	**(106,577)**
At 31 December 2011		**304,506**	**2,039,770**	**59,710**	**243,074**	**2,484,417**	**5,131,477**

* – 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			Distributable		
		Share capital RM'000	Share premium RM'000	**Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2010		304,506	2,039,770	59,710	243,074	2,044,093	4,691,153
Net profit for the financial year		–	–	–	–	414,998	414,998
Dividend for the financial year ended 31 December 2009	12	–	–	–	–	(91,352)	(91,352)
At 31 December 2010		304,506	2,039,770	59,710	243,074	2,367,739	5,014,799

* - 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.

Statement of Cash Flows

for the financial year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Operating Activities				
Profit before zakat and taxation	**1,002,331**	555,722	**235,763**	430,237
Adjustments for:				
Depreciation of:				
– property, plant and equipment	**745,847**	786,125	**2,043**	1,617
– investment properties	**562**	504	**–**	–
Amortisation of:				
– prepaid lease payments	**403**	403	**–**	–
– Rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
– subsidiaries	**398,655**	395,327	**–**	–
– associate	**35,193**	38,746	**–**	–
– development expenditure and intellectual property	**–**	267	**–**	–
– rights for water treatment business	**5,825**	5,936	**–**	–
– rights for airport business	**4,196**	4,196	**–**	–
– Redeemable Convertible Unsecured Loan Stocks	**980**	486	**–**	–
– land lease received in advance	**(12,446)**	(11,400)	**–**	–
– deferred income	**(63,549)**	(56,692)	**–**	–
Impairment loss on:				
– property,plant and equipment	**30,000**	60,143	**–**	–
– intellectual property	**–**	6,399	**–**	–
– goodwill on consolidation	**–**	3,458	**–**	–
– marketable securities	**–**	31	**–**	–
– investment in associates	**48,882**	202,282	**–**	–
– investment in jointly controlled entity	**2,170**	–	**–**	–
Impairment of receivables	**17,560**	19,933	**–**	–
Impairment of receivables of amounts due from subsidiaries	**–**	–	**–**	38
(Gain)/loss on disposal of:				
– subsidiary (Note 16(b),(e)&(f))	**(6,622)**	1,764	**90,000**	(714)
– associated companies	**–**	(45,891)	**–**	(38,832)
Gain on liquidation of a subsidiary (Note 16(d))	**(87)**	–	**–**	–

The notes on pages 99 to 204 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2011 (continued)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Gain on disposal of:				
– property, plant and equipment	**(4,777)**	(781)	**(233)**	(51)
– available-for-sale financial assets	**–**	(181,227)	**–**	–
– other non-current assets	**(3,466)**	(15,432)	**–**	–
Write-off of property, plant and equipment	**3,815**	223	**–**	–
Write-back of allowance for impaired receivables	**(70,409)**	(45,657)	**–**	–
Write-back of project cost	**–**	–	**(6,012)**	–
Write-off of amount due from a subsidiary	**–**	–	**97,003**	70,000
Dividend income	**(2,790)**	(3,448)	**(612,655)**	(580,467)
Distributions from jointly controlled entities	**–**	–	**(43,000)**	(113,750)
Interest income	**(201,456)**	(172,836)	**(3,060)**	(3,448)
Interest expense	**1,358,959**	1,455,336	**182,101**	161,359
Share of results in:				
– associates	**(91,217)**	119,264	**–**	–
– jointly controlled entities	**(68,269)**	(66,923)	**–**	–
Net unrealised (gain)/loss on foreign exchange	**(84)**	2,734	**7**	457
Provision for retirement benefits	**10,419**	8,565	**–**	–
Fair value gain on borrowings	**(52,036)**	(68,377)	**–**	–
	3,088,589	2,999,180	**(58,043)**	(73,554)
Changes in working capital:				
Inventories	**(134,617)**	53,127	**–**	–
Trade and other receivables	**(177,822)**	(388,624)	**112**	(662)
Trade and other payables	**240,728**	(523,319)	**(4,645)**	1,812
Cash generated from/(used in) operations	**3,016,878**	2,140,364	**(62,576)**	(72,404)
Designated accounts and pledged deposits withdrawn	**(416)**	1,793	**–**	–
Deferred income received (Note 40)	**329,493**	323,442	**–**	–
Income tax (paid)/refund	**(74,651)**	(329,646)	**49,134**	(24,308)
Zakat paid	**(2,047)**	(1,236)	**(2,047)**	(1,236)
Land lease received in advance	**19,309**	13,218	**–**	–
Retirement benefits paid (Note 39(c))	**(4,467)**	(3,102)	**–**	–
One off payment in lieu of windfall profit levy paid	**–**	(86,930)	**–**	–
Net cash flow generated from/(used in) operating activities	**3,284,099**	2,057,903	**(15,489)**	(97,948)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Investing Activities				
New investment in jointly controlled entity	**(125)**	–	**(125)**	–
Additional capital investment in an associate by a subsidiary	**(183,878)**	–	**–**	–
New investment in subsidiary/ proceeds received from non-controlling interest on incorporation of a subsidiary	**–**	10	**–**	(15)
Advances to subsidiaries	**–**	–	**(94,913)**	(491,146)
Redemption of Redeemable Unquoted Loan Stocks in a subsidiary	**22,021**	12,500	**–**	–
Dividends received from:				
– subsidiaries	**–**	–	**577,824**	548,968
– associates	**91,964**	94,575	**–**	–
– others	**2,790**	3,448	**–**	–
Distributions received from jointly controlled entities	**43,000**	113,750	**43,000**	113,750
Interest received	**201,456**	172,836	**3,060**	3,448
Net cash inflow/proceeds from sale of:				
– subsidiaries (Notes 16(b),(e)&(f))	**329**	10,126	**–**	822
– associates	**–**	60,113	**–**	56,432
– available-for-sale financial assets	**–**	226,726	**–**	–
– net cash outflow upon liquidation of a subsidiary company (Note 16(d))	**(162)**	–	**–**	–
Proceeds from sale of:				
– property, plant and equipment	**7,264**	1,229	**235**	84
– other non-current assets	**3,763**	43,795	**–**	–
Purchases of :				
– property, plant and equipment (Note 13)	**(157,893)**	(502,885)	**(2,454)**	(1,441)
– investment properties (Note 15)	**(2,307)**	(66)	**–**	–
– other assets	**(359)**	(1,303)	**–**	–
Additional property development expenditure (Note 21)	**(211,212)**	(46,180)	**–**	–
Additional prepaid lease payments	**–**	(3)	**–**	–
Net cash flow (used in)/generated from investing activities	**(183,349)**	188,671	**526,627**	230,902

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2011 (continued)

	Note	Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Financing Activities					
Dividends paid		**(106,577)**	(91,352)	**(106,577)**	(91,352)
Dividends paid to non-controlling interests of subsidiaries		**(348,869)**	(231,737)	**–**	–
Interest paid		**(1,358,959)**	(1,455,336)	**(182,101)**	(161,359)
Repayment from holding company		**–**	2,000	**–**	2,000
Borrowings:					
– new drawdown		**1,166,625**	1,812,033	**174,889**	1,104,124
– repayment		**(1,992,376)**	(2,770,527)	**(412,677)**	(1,018,378)
Government grant received	40	**54,990**	84,635	**–**	–
Net cash flow used in financing activities		**(2,585,166)**	(2,650,284)	**(526,466)**	(164,965)
Net change in cash and cash equivalents		**515,584**	(403,710)	**(15,328)**	(32,011)
Foreign exchange differences		**8,392**	(31,557)	**–**	–
Cash and cash equivalents at beginning of financial year		**4,039,090**	4,474,357	**95,405**	127,416
Cash and cash equivalents at end of financial year		**4,563,066**	4,039,090	**80,077**	95,405
Cash and cash equivalents comprise:					
Cash and bank balances	32	**198,757**	191,069	**1,438**	2,170
Deposits	32	**4,380,799**	3,871,474	**78,639**	93,235
Bank overdrafts	37	**(108)**	(7,487)	**–**	–
		4,579,448	4,055,056	**80,077**	95,405
Less:					
Designated accounts	37(ii)	**(1)**	(1)	**–**	–
Deposits pledged for banking facilities		**(16,381)**	(15,965)	**–**	–
		4,563,066	4,039,090	**80,077**	95,405

Included in the deposits of the Group are:

(a) an amount of RM1,000 (2010: RM1,000) being assigned as Designated Accounts for the loans as disclosed in Note 37(ii); and

(b) deposits of RM16.4 million (2010: RM16.0 million) which are pledged for certain banking facilities.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2011

Unless otherwise stated, the following accounting policies have been applied consistently by the Group and Company in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, 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 in Malaysia.

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 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 judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment 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 effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and Company's financial year beginning on or after 1 January 2011 are as follows:

- Revised FRS 3 "Business combinations"
- Revised FRS 127 "Consolidated and separate financial statements"
- Amendment to FRS 7 "Financial instruments: Disclosures - improving disclosures about financial instruments"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 12 "Service concession arrangements"
- IC Interpretation 18 "Transfers of assets from customers"

The adoption of the above new/revised standards and interpretations did not have a significant financial impact on the Group and did not result in substantial changes in the Group's policies except for Amendment for FRS 7 and IC Interpretations 12 and 4. The principal effects resulted from the adoption of Amendment for FRS 7 and IC Interpretation 12 and 4 are discussed below and the impact is disclosed in Note 4.

- Amendment to FRS 7 "Financial Instruments: Disclosures" (effective from 1 January 2011) enhanced the disclosure on fair value measurement using three level of fair value hierarchy and reinforces existing principles for disclosure about liquidity risk.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(a) Basis of preparation (continued)

(i) Standards, amendments to published standards and interpretations that are effective (continued)

- IC Interpretation 12 "Service Concession Arrangements" applies to operators for public-to-private service concession arrangements. Upon adoption of IC Interpretation 12, the property, plant and equipment are reclassified as intangible assets and amortised over its concession period in a manner consistent with the revenue recognition method applied previously.

- IC Interpretation 4 "Determining whether an Arrangement Contains a Lease" (effective from 1 January 2011) requires the Group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 "Leases" should be applied to the lease element of the arrangement.

(ii) Standards early adopted by the Group and Company

There were no standards early adopted by the Group and Company.

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

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

(1) Financial year beginning on/after 1 January 2012

In the next financial year, the Group will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (MFRS). MFRS 1 "First-time adoption of MFRS" provides for certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters.

- Amendment to MFRS 112 "Income taxes" (effective from 1 January 2012) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. MFRS 112 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in MFRS 140 "Investment property". As a result of the amendments, IC Interpretation 121 "Income taxes - recovery of revalued non-depreciable assets" will no longer apply to investment properties carried at fair value. The amendments also incorporate into MFRS 112 the remaining guidance previously contained in IC Interpretation 121 which is withdrawn.

(a) Basis of preparation (continued)

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

(1) Financial year beginning on/after 1 January 2012 (continued)

- Amendments to IC Interpretation 14 "MFRS 119 - The limit on a defined benefit assets, minimum funding requirements and their interaction" (effective from 1 July 2011) permits an entity to recognise the prepayments of contributions as an asset, rather than an expense in circumstances when the entity is subject to a minimum funding requirement and makes an early payment of contributions to meet those requirements.

(2) Financial year beginning on/after 1 January 2013

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (FVTPL). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(a) Basis of preparation (continued)

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

(2) Financial year beginning on/after 1 January 2013 (continued)

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures"(effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 July 2011) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

- Amendment to MFRS 101 "Financial statement presentation" (effective from 1 July 2012) requires entities to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 119 "Employee benefits" (effective from 1 January 2013) makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach. MFRS 119 shall be withdrawn on application of this amendment.

The adoption of the above standards, amendments to published standards and interpretations to existing standards would not have any material impact to the Group and Company.

(a) Basis of preparation (continued)

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

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting standard framework, the Malaysian Financial Reporting Standards Framework (MFRS Framework).

The MFRS Framework comprises Standards as issued by the International Accounting Standards Board (IASB) that are effective on 1 January 2012. It also comprises new/revised Standards recently issued by the IASB that will be effective after 1 January 2012 such as Standards on financial instruments, consolidation, joint arrangements and fair value measurement.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (Transitioning Entities). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group is in the process of assessing the financial effects arising from the adoption of the MFRS Framework.

(b) Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Non-controlling interest (NCI) is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any NCI at the NCI's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, NCI consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination. All earnings and losses of the subsidiary are attributed to the parent and the NCI, even if the attribution of losses to the NCI results in a debit balance in the shareholders' equity. Profit or loss attribution to NCI for prior years is not restated.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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 profit or loss attributable to the parent.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(c) Transactions with non-controlling shareholders

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

(d) Associates

Associates are those corporations, partnerships or other entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Significant influence is power to participate in financial and operating policy decisions of associates but not power to exercise control over those policies.

Investments in associates are accounted for using equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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.

(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 where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the 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 in profit or loss and its share of post-acquisition changes of the investee's reserves in other comprehensive income. The cumulative post-acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

(e) Jointly controlled entities (continued)

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Where necessary, adjustments have been 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 profit or loss during the 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 profit or loss.

The freehold land and buildings have not been revalued since the last valuation. In respect of assets previously carried at revalued amounts, the Directors have adopted the transitional provisions in International Accounting Standard No 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board to retain the carrying amounts of these freehold land and buildings on the basis of the previous revaluation subject to the application of current depreciation policy.

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

With the adoption of IC Interpretation 18 "Transfer of assets from customers" (effective prospectively for assets received on or after 1 January 2011), the Group will recognise cash contributions from customers as revenue when the customers are connected to the pipelines. Prior to adoptions of this interpretation, the Group recognised cash contributions received from customers as a deduction against the cost of acquisition of the property, plant and equipment.

At end of each reporting period, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(f) Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing net 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 profit or loss.

(g) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

(i) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating leases

(a) Group as lessee

Leasehold land

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

Following the adoption of the improvement to FRS 117 "Leases", leasehold land in which the Group has substantially all the risks and rewards incidental to ownership has been reclassified retrospectively from operating lease to finance lease. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term.

(g) Leases (continued)

(ii) Operating leases (continued)

(b) Group as lessor

Power purchase agreement

Effective 1 January 2011, the Group has adopted IC Int. 4, "Determining whether an Arrangement contains a Lease", which prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific asset and the arrangement conveys a right to use such assets, such a contractual arrangement is accounted for as a finance or operating lease. Payment for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

The adoption of IC Int. 4 has resulted in operating lease accounting being applied to the Group entities as lessors for the Power Purchase Agreements with Tenaga Nasional Berhad.

For operating lease, the lease income is recognised over the term of the lease on the straight-line basis. Refer to Note 4 for the impact of this change in accounting policy.

Prepaid lease payments

Payments made under operating leases are recognised in the profit or loss on the straight-line basis over the term of the 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 interests 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 the straight-line basis over the lease term.

(h) 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 the end of each reporting period until the end of the concession period on 27 June 2026.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(h) 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
Leasehold properties	20 - 101 years
Building and port structures	20 - 50 years
Power plants	6 - 20 years
C-inspection costs	3 years
Plant, machinery, dredges and other mining equipment	3 to 30 years
Pipeline system	30 years

Mining lease properties (freehold) is not depreciated.

Residual values, useful lives and depreciation method of assets are reviewed, and adjusted if appropriate, at the end of each reporting period 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.

(i) 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 the profit or loss in the year in which they arise.

(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, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGU)). 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 discount rate. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(j) Impairment of assets (continued)

The impairment loss is charged to the profit or loss 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 statement of comprehensive income 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 the 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.

On disposal of an investment, the difference between net disposal proceed and its carrying amount is charged/ credited to the profit or loss.

(l) Property development expenditure

Property development expenditure comprise freehold land held for development and 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 statement of comprehensive income 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(l) Property development expenditure (continued)

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

(m) Intangibles

(i) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's shares of their net identifiable assets at the date of acquisition. Goodwill on acquisition of subsidiaries is 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 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.

(ii) 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 accumulated impairment losses. The Rights are amortised from the date that they are available for use. Amortisation of these Rights is charged to profit or loss 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.

(iii) Rights on Water Treatment Business

The 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 rehabilitation of water treatment plants in Johor Darul Takzim, less accumulated amortisation and any accumulated impairment losses. The rights are amortised on the straight line basis over the remaining useful lives of the concession period at the end of each reporting period until the end of concession on 31 May 2014.

(iv) Rights on Airport Business

The Rights on Airport Business represent the right of a subsidiary to provide airport services and to charge users of the services. It encapsulated concession agreement, license and other agreements relating to the usage of the airport as these assets contribute to earnings only in concert with other assets and/or economic factors of the business. The rights are amortised on the straight line basis over the remaining useful lives of the concession period at the end of each reporting period until the end of concession on 30 October 2053.

(m) Intangibles (continued)

(v) Deferred expenditure

The deferred expenditure relates to concession fee paid or 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 the 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 the end of each reporting period.

(n) 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).

(o) 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.

(p) Trade and other receivables

Trade receivables are amounts due from customers arising from billings in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(q) 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.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between inital recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised as finance cost in profit or loss.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(s) Government grants

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

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

(t) 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.

(u) 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. Investment tax allowances are treated as tax credit at inception.

Deferred tax assets are recognised to the extent that it is probable that future 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 end of the reporting period are used to determine deferred tax.

(v) Land lease received in advance

Land lease received in advance relates to deferred income from sub-leased land and is recognised as an income in the profit or loss equally over the period of the lease ranging from 17 to 60 years.

(w) 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 statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(w) 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 end of the reporting period 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 statement of comprehensive income 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 2010 for Malakoff Corporation Berhad (by Towers Watson Malaysia (formerly known as Watson Wyatt (Malaysia) Sdn Bhd)) and 8 December 2010 for Johor Port Berhad (by Mercer Zainal Consulting Sdn Bhd).

(x) 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) 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.

(iii) Capacity payments

Under IC Int. 4 effective beginning 1 January 2011, revenue from capacity payments where the Power Purchase Agreement is considered to be or containing an operating lease, is recognised on the straight-line basis. Previously, capacity payments are progressively billed over the terms of the contract.

(x) Revenue recognition (continued)

(iv) 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.

(v) 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.

(vi) Sales of gas

Revenue from sale of gas represents gas consumption by customers and is measured at the pair value of consideration received and receivable from customers during the year.

(vii) Customer contributions received

Cash contributions from customers are recognised as revenue when the gas pipelines are connected to the customers.

(viii) 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.

(ix) 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 statement of comprehensive income 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.

(x) Airport activity

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(x) Revenue recognition (continued)

(xi) 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.

(xii) Dividend income

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

(xiii) Interest income

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

(xiv) Rental income

Rental income is recognised on an accrual basis.

(y) Accounting for zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of a zakat assessment. The amount of zakat expense shall be assessed when a subsidiary has been in operation for at least 12 months, i.e. for the period known as "haul".

Zakat rates enacted or substantively enacted by the end of each reporting period are used to determine the zakat expense. The rate of zakat on business as determined by Zakat Authority under Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan for 2011 is 2.5% of the zakat base. The zakat base of the Group is determined based on the profit after tax of eligible companies within the Group after deducting dividend income and certain non operating income and expenses. Zakat on business is calculated by multiplying the zakat rate with zakat base. The amount of zakat assessed is recognised as an expense in the year in which it is incurred.

(z) Foreign currencies

(i) 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 presentation currency.

(z) Foreign currencies (continued)

(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 statement of comprehensive income.

(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 statement of comprehensive income as part of the gain or loss on sale.

(aa) 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) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorized as held for trading unless they are designated as hedges.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and bank balances' in the statement of financial position (Note 29 and 32 respectively).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(aa) Financial instruments (continued)

(ii) Classification (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iv) Subsequent measurement - gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

(aa) Financial instruments (continued)

(v) Subsequent measurement – impairment on financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss' event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the assets is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the financial year ended 31 December 2011

(aa) Financial instruments (continued)

(v) Subsequent measurement – impairment on financial assets (continued)

De-recognition (continued)

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(ab) 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.

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.

(ac) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and the working group consisting of Heads of Departments that makes strategic decisions.

(ad) 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 the 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 off 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.

Notes to the Financial Statements

for the financial year ended 31 December 2011

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 46 to the financial statements.

There is no significant change in the nature of these activities during the financial year, except as further disclosed in Note 16 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.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 March 2012.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

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.

(i) 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)

(a) Financial risk factors (continued)

(ii) Interest rate risk

The Group's interest rate risk 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.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

The impact on profit after tax attributable to shareholder of a 0.25% increase in weighted average interest rate of Group's borrowings and deposits would be an increase of RM45 million in finance costs.

(iii) 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.

(iv) 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.

(v) 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.

The Group matches its consistent cash flows from its concession businesses, which are long term in nature, against its borrowings obligations.

In addition, the Group also maintains a certain level of deposits to ensure compliance with its borrowings requirements.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Financial risk factors (continued)

(v) Liquidity and cash flow risk (continued)

The following table analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2011:

Group	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	After 5 years RM'000	Total RM'000
Trade and other payables	**1,871,226**	**4,490**	**2,400**	**11,413**	**1,889,529**
Redeemable preference shares	**–**	**22,810**	**68,431**	**49,379**	**140,620**
Borrowings	**4,391,174**	**4,006,073**	**7,274,462**	**15,849,660**	**31,521,369**

At 31 December 2010:

Group (restated)	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	After 5 years RM'000	Total RM'000
Trade and other payables	1,626,216	6,841	6,400	11,413	1,650,870
Redeemable convertible unsecured loan stock	26,051	–	–	–	26,051
Redeemable preference shares	–	–	68,431	68,036	136,467
Borrowings	4,668,169	3,255,205	10,034,960	16,400,267	34,358,601

Details of borrowings are stated under Note 37.

(b) Capital risk management

The primary objective of the Group's capital management is to ensure that the Group would be able to continue as a going concern while maximising returns to shareholders.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2011 and 31 December 2010.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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) Goodwill impairment assessment

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, Electricity Generation Business and Airport Operations; Cash Generating Units (CGUs) respectively, were determined based on the value in use calculations. The calculations require the use of estimates and judgments as set out in Note 24(A) Port Business, Note 24(B) Electricity Generation Business and Note 24(C)(i) Airport Operations; 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 judgment, selection of variety of methods and assumptions that are normally based on market conditions existing at the end of each reporting period. 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. In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the assets based on Discounted Cash Flow method (DCF). The discounted cash flow are derived 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").

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(b) Residual value of power plants (continued)

(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) 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 24(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.

(c) Estimation of the value-in-use of the cash generating units (CGU)

Prior to 1 January 2011, the value-in-use of the Airport Operations and Property Development Land was estimated based on different business units. The estimation of value-in-use of CGU is revised to that of a single combined business unit (Airport City) during the financial year. The revision is to provide a more accurate description of the overall strategy of the sub-group, whereby all of the activities within various companies within the sub-group are elements of the overall strategic master plan to develop Senai Airport City. The Directors are the opinion that the above revision gives a fairer judgment to the carrying value. No effect of the change in estimate is anticipated on the statement of financial position and statement of comprehensive income as at 31 December 2011.

(d) Gas Supply Agreement

The Group via its subsidiary, Gas Malaysia Berhad's (GMB) 20 year Gas Supply Agreement with Petroliam Nasional Berhad (Petronas) will expire on 31 December 2012. A new Gas Supply Agreement was signed on 23 February 2012 and the tenure is for a period of 10 years, commencing from 1 January 2013 until 31 December 2022 with the option to extend for another 5 years.

GMB's depreciation policy of the pipelines system adopted is on the basis that it will continue to obtain their supply of gas to sell and the gas supply license will be renewed on expiry.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(e) Revenue recognition of selling gas

The Directors of GMB have applied judgment in applying the revenue recognition policy based on the GMB Group's business model and its relationships and contracts with its customers. The judgment includes assessment of the obligation that GMB Group has in dealing with its customers, in which GMB Group is responsible for securing and expanding its customer base and bears the credit risks. The Directors have also taken into account the terms of business which GMB Group has with its gas suppliers where the title and ownership of the gas shall be transferred to GMB Group after delivery to GMB Group's pipeline. The Directors of GMB, having considered the above factors, are of the view that the revenue is recognised from the sale of gas.

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES

The significant accounting policies, method of computation and basis of consolidation applied in the financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2010 except for the adoption of the new and revised Financial Reporting Standards (FRS) and Issues Committee Interpretations (IC Int.) effective for the financial period beginning on 1 January 2011.

The adoptions of the new accounting standard, amendments to existing standard and IC Interpretations that becomes effective during the financial year do not have significant financial impact to the Group except for the adoption of the following standards as set out below:

(a) IC Interpretation 4 (IC Int. 4): Determining Whether an Arrangement contains a Lease

IC Int. 4, *Determining Whether an Arrangement contains a Lease*, prescribes that the determination of whether an arrangement is or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfillment of the arrangement is dependent on the use of specific assets and the arrangements conveys a right to use such assets.

The adoption of IC Int. 4 has resulted in the power purchase agreements of a subsidiary being accounted for as an operating lease. In prior years, these arrangements were accounted for as normal sale and purchase contracts.

Arising from this, revenue from capacity payments where the PPA is considered to be or containing an operating lease, is recognised on the straight-line basis. Previously, capacity payments are progressively billed over the term of the contract. Revenue which had been previously recognised prior to IC Int. 4, has been aligned and adjusted to conform to the straight line method, with the differences between the recognised as deferred income in the statement of financial position (Note 40).

The change in this accounting policy has been applied retrospectively with comparative figures restated accordingly.

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

(b) IC Interpretation 12 (IC Int.12): Service Concession Arrangements

IC Int. 12, *Service Concession Arrangements* applies to operators for public-to-private service concession arrangements. Upon adoption of IC Int. 12, the property, plant and equipment of a subsidiary operating water treatment plants are reclassified as intangible assets and amortised over its concession period on the straight line basis.

The following Notes (i) to (ii) disclose the impacts of such changes on the financial statements of the Group:

(i) Impact on the Group's statements of comprehensive income for the financial year ended 31 December 2011.

Increase / (Decrease)	IC Int. 4 RM'000
Revenue	(297,400)
Gross profit	(297,400)
Profit before zakat and taxation	(297,400)
Tax expenses	74,350
Net profit for the financial year	(223,050)
Profit attributable to:	
- Owners of the Parent	(100,066)
- Non-controlling interest	(122,984)
Total comprehensive income attributable to:	
- Owners of the Parent	(100,066)
- Non-controlling interest	(122,984)
Earnings per ordinary shares (sen):	
- Basic	(3.3)
- Diluted	(3.3)

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

The following Notes (i) to (ii) disclose the impacts of such changes on the financial statements of the Group: (continued)

(ii) Restatement of comparatives

Impact on the Group's statements of financial position

	Balances as at 31 December 2009			
Increase / (Decrease)	As previously reported RM'000	IC Int. 4 RM'000	IC Int. 12 RM'000	As restated RM'000
Property, plant and equipment	17,051,145	–	(7,302)	17,043,843
Intangible assets	8,375,604	–	7,302	8,382,906
Deferred tax assets	542,011	375,502	–	917,513
Reserves	5,994,176	(509,969)	–	5,484,207
Non-controlling interests	3,460,519	(616,538)	–	2,843,981
Deferred income	56,739	1,478,594	–	1,535,333
Trade and other payables				
- current portion of deferred income	2,084,469	23,415	–	2,107,884

	Balances as at 31 December 2010			
Increase / (Decrease)	As previously reported RM'000	IC Int. 4 RM'000	IC Int. 12 RM'000	As restated RM'000
Property, plant and equipment	16,705,775	–	(6,201)	16,699,574
Intangible assets	7,979,958	–	6,201	7,986,159
Deferred tax assets	670,503	450,509	–	1,121,012
Reserves	6,289,766	(611,048)	–	5,678,718
Non-controlling interests	3,808,956	(740,479)	–	3,068,477
Deferred income	99,439	1,769,943	–	1,869,382
Trade and other payables				
- current portion of deferred income	1,594,123	32,093	–	1,626,216

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

The following Notes (i) to (ii) disclose the impacts of such changes on the financial statements of the Group: (continued)

(ii) Restatement of comparatives (continued)

Impact on the Group's statement of comprehensive income

	For the financial year ended 31 December 2010		
Increase / (Decrease)	As previously reported RM'000	IC Int. 4 RM'000	As restated RM'000
Revenue	8,863,649	(300,026)	8,563,623
Gross profit	3,106,914	(300,026)	2,806,888
Profit before zakat and taxation	855,748	(300,026)	555,722
Tax expenses	(52,100)	75,006	22,906
Net profit for the financial year	802,412	(225,020)	577,392
Profit attributable to:			
- Owners of the Parent	344,940	(101,079)	243,861
- Non-controlling interest	457,472	(123,941)	333,531
Total comprehensive income attributable to:			
- Owners of the Parent	155,431	(101,079)	54,352
- Non-controlling interest	457,472	(123,941)	333,531
Earnings per ordinary shares (sen):			
- Basic	11.3	(3.3)	8.0
- Diluted	11.3	(3.3)	8.0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following Notes (i) to (ii) disclose the impacts of such changes on the financial statements of the Group: (continued)

(ii) Restatement of comparatives (continued)

Impact on the Group's statement of changes in equity

	Balances as at 31 December 2009		
Increase / (Decrease)	As previously reported RM'000	IC Int. 4 RM'000	As restated RM'000
Retained earnings	2,282,097	(509,969)	1,772,128
Non-controlling interest	3,460,519	(616,538)	2,843,981

	Balances as at 31 December 2010		
Increase / (Decrease)	As previously reported RM'000	IC Int. 4 RM'000	As restated RM'000
Retained earnings	2,494,671	(611,048)	1,883,623
Non-controlling interest	3,808,956	(740,479)	3,068,477

5 REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Electricity generation	**5,547,077**	5,045,734	**–**	–
Sale of goods and gas	**2,059,102**	1,873,160	**–**	–
Port operations	**1,295,719**	1,214,450	**–**	–
Airport operations	**29,871**	26,874	**–**	–
Contract revenue	**148,282**	115,106	**4,214**	–
Services	**176,711**	197,499	**–**	–
Property lease	**77,257**	87,352	**–**	–
Dividends (Note 8(i))	**2,790**	3,448	**612,655**	580,467
Distributions from jointly controlled entities	**–**	–	**43,000**	113,750
	9,336,809	8,563,623	**659,869**	694,217

6 ANALYSIS OF EXPENSES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost of sales				
Cost of electricity generation	**3,853,180**	3,333,869	**–**	–
Cost of goods and gas sold	**1,736,803**	1,372,116	**–**	–
Cost of port operations	**626,722**	563,581	**–**	–
Cost of airport operations	**384**	1,070	**–**	–
Contract cost recognised as an expense	**106,741**	72,351	**11,455**	–
Cost of services	**208,606**	340,809	**–**	–
Cost of property lease	**–**	72,939	**–**	–
	6,532,436	5,756,735	**11,455**	–
Administrative and other operating expenses				
Consultants and professional fees	**53,131**	43,591	**19,249**	19,148
Depreciation, amortisation and impairment	**356,352**	554,944	**2,043**	1,617
Donations	**–**	100,000	**–**	30,000
Office administrative	**36,931**	65,803	**–**	–
Repair and maintenance	**9,080**	29,503	**–**	–
Rental expenses	**30,871**	11,446	**–**	–
Staff related costs	**176,591**	183,104	**21,494**	16,829
Utilities	**15,536**	6,565	**–**	–
Insurance, Cess fund and licenses	**93,833**	103,116	**225**	188
Write off amount due from a subsidiary	**–**	–	**97,003**	70,000
Others	**134,355**	94,876	**10,959**	8,016
	906,680	1,192,948	**150,973**	145,798
Total	**7,439,116**	6,949,683	**162,428**	145,798

Included in the cost of electricity generation is the amortisation of intangible assets relating to Rights on Power Purchase Agreement and Operation and Maintenance Agreement amounting to RM434 million (2010: RM434 million).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

7 FINANCE COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Al-Istisna Bonds	**30,013**	408,425	**–**	–
Medium Terms Notes	**721,307**	446,307	**–**	–
Term Loans	**287,436**	283,414	**159,805**	146,230
Junior Sukuk	**173,113**	171,256	**–**	–
Bai' Bithaman Ajil Islamic Debt Securities	**37,616**	46,085	**–**	–
Sukuk Ijarah Bonds	**22,194**	34,876	**–**	–
Subordinated Loan Notes	**15,579**	17,954	**–**	–
Commercial Papers	**15,168**	17,144	**–**	–
Islamic Medium Term Notes	**27,928**	7,142	**–**	–
Others	**28,605**	22,733	**22,296**	15,129
	1,358,959	1,455,336	**182,101**	161,359

8 PROFIT BEFORE ZAKAT AND TAXATION

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
(i) Profit before zakat and taxation is arrived at:				
After charging:				
Auditors' remuneration				
- Statutory audit				
- current year	**543**	561	**110**	110
- Other audit related services	**443**	443	**366**	366
- Non-audit services	**432**	–	**109**	–
Other auditors' remuneration				
- Statutory audit	**609**	565	**–**	–
- Non-audit services	**1,609**	1,511	**–**	–
Directors' fees (Note 8(ii))	**662**	937	**425**	482
Depreciation of:				
- property, plant and equipment (Note 13)	**745,847**	786,125	**2,043**	1,617
- investment properties	**562**	504	**–**	–
Amortisation of:				
- prepaid lease payments	**403**	403	**–**	–
- Rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
- subsidiaries (Note 24)	**398,655**	395,327	**–**	–
- associate	**35,193**	38,746	**–**	–
- development expenditure and intellectual property (Note 24)	**–**	267	**–**	–
- rights for water treatment business (Note 24)	**5,825**	5,936	**–**	–
- rights for airport business (Note 24)	**4,196**	4,196	**–**	–
- Redeemable Convertible Unsecured Loan Stocks (Note 36(b))	**980**	486	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

8 PROFIT BEFORE ZAKAT AND TAXATION (Continued)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
After charging: (continued)				
Impairment of receivables	**17,560**	19,933	**–**	–
Impairment of receivables of amount due from subsidiaries	**–**	–	**–**	38
Write off amount due from a subsidiary	**–**	–	**97,003**	70,000
Realised loss on foreign exchange	**32**	8	**–**	3
Unrealised loss on foreign exchange	**42**	2,927	**7**	457
Impairment loss on:				
- property, plant and equipment	**30,000**	60,143	**–**	–
- on intellectual property	**–**	6,399	**–**	–
- goodwill on consolidation	**–**	3,458	**–**	–
- marketable securities	**–**	31	**–**	–
- investment in associates	**48,882**	202,282	**–**	–
- investment in jointly controlled entity	**2,170**	–	**–**	–
Provision for retirement benefits (Note 39(c))	**10,419**	8,565	**–**	–
Hire of plant and machinery	**87,364**	83,691	**–**	–
Rent of land and buildings	**74,651**	67,044	**2,035**	1,653
Write-off of property, plant and equipment	**3,815**	223	**–**	–
Write back of project cost	**–**	–	**6,012**	–
Management fees paid to a subsidiary	**–**	–	**480**	480
Contribution for Albukhary International University	**–**	100,000	**–**	30,000
Loss on disposal of subsidiaries (Notes 16(e)&(f))	**–**	1,764	**90,000**	–
Staff costs (including Executive Directors' remuneration (Note 8(ii)):				
- Wages, salaries and bonus	**332,665**	332,652	**12,706**	10,356
- Defined contribution plan	**34,424**	36,046	**1,483**	1,345
- Other employee benefits	**30,630**	29,861	**1,117**	1,084

8 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

		Group		Company	
		2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
(i)	Profit before zakat and taxation is arrived at: (continued)				
	After crediting:				
	Realised gain on foreign exchange	**185**	197	**–**	–
	Unrealised gain on foreign exchange	**126**	193	**–**	–
	Amortisation of:				
	- land lease received in advance (Note 38)	**12,446**	11,400	**–**	–
	- deferred income (grant) (Note 40)	**63,549**	56,692	**–**	–
	Gain on disposal of:				
	- property, plant and equipment	**4,777**	781	**233**	51
	- available-for-sale financial assets	**–**	181,227	**–**	–
	- other non-current assets	**3,466**	15,432	**–**	–
	Rental income	**1,954**	1,817	**74**	85
	Write-back of allowance for impaired receivables (Note 29)	**70,409**	45,657	**–**	–
	Impaired receivables recovered	**1,137**	715	**–**	–
	Interest income	**201,456**	172,836	**3,060**	3,448
	Gain on disposal of:				
	- subsidiaries (Note 16(b))	**6,622**	–	**–**	714
	- associate	**–**	45,891	**–**	38,832
	Gain on liquidation of a subsidiary (Note 16(d))	**87**	–	**–**	–
	Gross dividend income:				
	- Subsidiaries: Unquoted in Malaysia	**–**	–	**598,608**	534,197
	- Subsidiaries: Quoted in Malaysia	**–**	–	**14,047**	46,270
	- Other investments: Quoted in Malaysia	**2,790**	3,448	**–**	–
	Distributions from jointly controlled entities	**–**	–	**43,000**	113,750

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

8 PROFIT BEFORE ZAKAT AND 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	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Directors of the Company				
Non-Executive Directors:				
- fees	**662**	937	**425**	482
- other emoluments	**1,843**	4,757	**471**	411
- defined contribution plan	**246**	347	**7**	7
- estimated money value of benefits-in-kind	**179**	126	**173**	125
Executive Directors:				
- salaries and other emoluments	**3,214**	4,883	**3,102**	4,689
- defined contribution plan	**533**	785	**527**	780
- estimated money value of benefits-in-kind	**288**	192	**168**	165
	6,965	12,027	**4,873**	6,659

Included in the Non-Executive Directors' other emoluments are amounts received by Non-Executive Directors in their capacity as Executive Directors in subsidiaries.

9 ZAKAT EXPENSES

	Group and Company	
	2011 RM'000	2010 RM'000
Movement in zakat liability:		
At the beginning of the financial year	**–**	–
Current financial year's expense	**2,047**	1,236
Paid during the financial year	**(2,047)**	(1,236)
At end of financial year	**–**	–

10 TAX EXPENSE

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Current tax:				
- Current year Malaysian tax	**221,043**	209,288	**17,248**	1,971
- (Over)/Under accrual in prior years (net)	**(6,517)**	9,049	**(6,787)**	12,032
	214,526	218,337	**10,461**	14,003
Deferred tax (Note 26):				
- Origination and reversal of temporary differences	**(4,974)**	(181,518)	**–**	–
- Over accrual in prior years	**(42,291)**	(59,725)	**–**	–
	(47,265)	(241,243)	**–**	–
	167,261	(22,906)	**10,461**	14,003

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

10 TAX EXPENSE (CONTINUED)

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

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation and after zakat	**1,000,284**	554,486	**233,716**	429,001
Tax calculated at the Malaysian tax rate of 25%	**250,071**	138,622	**58,429**	107,250
Tax effects of:				
- expenses not deductible for tax purposes	**222,509**	128,167	**66,693**	35,628
- income exempted from tax	**–**	–	**(131,904)**	(143,412)
- income not subject to tax	**(176,289)**	(198,115)	**–**	(9,886)
- differences in SME tax rate of 20% and corporate tax rate of 25%	**–**	74	**–**	–
- recognition of previously unrecognised deferred tax asset	**(3,912)**	–	**–**	–
- temporary differences not recognised	**–**	7,992	**443**	521
- utilisation of previously unrecognised temporary differences and tax losses	**(6,456)**	(1,864)	**–**	–
- investment tax allowance	**(21,891)**	(72,060)	**–**	–
- share of results of associates and jointly controlled entities net of tax	**(47,963)**	24,954	**–**	–
- share of tax in an unincorporated jointly controlled entity	**–**	–	**23,587**	11,870
(Over)/Under accrual in prior years (net)	**(48,808)**	(50,676)	**(6,787)**	12,032
Tax expense	**167,261**	(22,906)	**10,461**	14,003

11 EARNINGS PER ORDINARY SHARE

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

	Group	
	2011	2010 (Restated)
Net profit for the financial year attributable to ordinary equity holders of the Company (RM'000)	334,485	243,861
Weighted average number of ordinary shares ('000)	3,045,058	3,045,058
Basic earnings per share (sen)	11.0	8.0
Diluted earnings per share (sen)	11.0	8.0

12 DIVIDENDS

	Group and Company	
	2011 RM'000	2010 RM'000
Final proposed:		
4.0 sen (2010: 3.5 sen) per ordinary share, single-tier	121,802	106,577

At the forthcoming Annual General Meeting, a final single-tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2011 on 3,045,058,552 ordinary shares, amounting to RM121,802,342 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 earnings in the financial year ending 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties	Leasehold properties	Building and Port structures	Mining leases properties
	RM'000	RM'000	RM'000	RM'000
Cost/valuation				
At 1 January 2010				
- Cost	53,005	951,300	3,413,300	347
- Valuation	25,981	–	280	–
As previously stated	78,986	951,300	3,413,580	347
Effect of change in accounting policies:				
- IC Int. 12	–	–	–	–
	78,986	951,300	3,413,580	347
As restated				
- Cost	53,005	951,300	3,413,300	347
- Valuation	25,981	–	280	–
	78,986	951,300	3,413,580	347
Disposal of a subsidiary	–	–	–	–
Disposals	–	–	–	–
Additions	2,234	–	122,963	–
Reclassification	–	–	339,887	–
Write-offs	–	–	–	–
#Adjustments	–	–	–	–
At 31 December 2010 / 1 January 2011	**81,220**	**951,300**	**3,876,430**	**347**
Disposal of a subsidiary	**–**	**–**	**–**	**–**
Disposals	**–**	**(1,498)**	**(689)**	**–**
Additions	**4,372**	**–**	**16,114**	**–**
Reclassification	**–**	**–**	**8,520**	**–**
Write-offs	**–**	**–**	**–**	**–**
#Adjustments	**–**	**–**	**(35,160)**	**–**
At 31 December 2011	**85,592**	**949,802**	**3,865,215**	**347**

Note:

#Trade discounts granted by vendors of a subsidiary subsequent to completion of projects.

Power plants	Plant, machinery, dredges and other mining equipment	Pipeline system	Capital work in progress	C-inspection cost	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
10,639,250	2,682,975	1,079,965	627,225	388,124	19,835,491
–	–	–	–	–	26,261
10,639,250	2,682,975	1,079,965	627,225	388,124	19,861,752
–	(7,302)	–	–	–	(7,302)
10,639,250	2,675,673	1,079,965	627,225	388,124	19,854,450
10,639,250	2,675,673	1,079,965	627,225	388,124	19,828,189
–	–	–	–	–	26,261
10,639,250	2,675,673	1,079,965	627,225	388,124	19,854,450
–	(3,523)	–	–	–	(3,523)
–	(12,925)	–	–	–	(12,925)
11,508	37,567	4,407	221,301	112,001	511,981
1,985	67,816	60,167	(469,855)	–	–
–	(2,765)	–	–	–	(2,765)
–	(8,600)	–	(496)	–	(9,096)
10,652,743	**2,753,243**	**1,144,539**	**378,175**	**500,125**	**20,338,122**
–	**(149,473)**	**–**	**(4,764)**	**–**	**(154,237)**
–	**(17,842)**	**–**	**–**	**–**	**(20,029)**
6,645	**50,253**	**1,495**	**77,823**	**41,967**	**198,669**
–	**76,238**	**59,628**	**(144,386)**	**–**	**–**
–	**(63,293)**	**–**	**(866)**	**–**	**(64,159)**
–	**(598)**	**–**	**(5,018)**	**–**	**(40,776)**
10,659,388	**2,648,528**	**1,205,662**	**300,964**	**542,092**	**20,257,590**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Freehold properties	Leasehold properties	Building and Port structures	Mining leases properties
	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation				
At 1 January 2010	(5,740)	(31,327)	(413,353)	–
Disposal of a subsidiary	–	–	–	–
Depreciation (Note 8(i))	(3,109)	(16,869)	(88,751)	–
Disposals	–	–	–	–
Write-offs	–	–	–	–
At 31 December 2010 / 1 January 2011	**(8,849)**	**(48,196)**	**(502,104)**	**–**
Disposal of a subsidiary	**–**	**–**	**–**	**–**
Depreciation (Note 8(i))	**(2,089)**	**(16,716)**	**(79,426)**	**–**
Disposals	**–**	**180**	**18**	**–**
Write-offs	**–**	**–**	**–**	**–**
At 31 December 2011	**(10,938)**	**(64,732)**	**(581,512)**	**–**
Accumulated impairment losses				
At 1 January 2010	(11,257)	–	(1,348)	–
Impairment loss	–	–	–	–
At 31 December 2010 / 1 January 2011	**(11,257)**	**–**	**(1,348)**	**–**
Impairment loss	**–**	**–**	**–**	**–**
Disposal of a subsidiary	**–**	**–**	**–**	**–**
At 31 December 2011	**(11,257)**	**–**	**(1,348)**	**–**
Net book value				
At 31 December 2009	61,989	919,973	2,998,879	347
At 31 December 2010	61,114	903,104	3,372,978	347
At 31 December 2011	**63,397**	**885,070**	**3,282,355**	**347**

Power plants	Plant, machinery, dredges and other mining equipment	Pipeline system	Capital work in progress	C-inspection cost	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(960,992)	(830,265)	(278,258)	–	(272,108)	(2,792,043)
–	3,308	–	–	–	3,308
(352,266)	(186,768)	(37,927)	–	(100,435)	(786,125)
–	12,477	–	–	–	12,477
–	2,542	–	–	–	2,542
(1,313,258)	**(998,706)**	**(316,185)**	**–**	**(372,543)**	**(3,559,841)**
–	**18,641**	**–**	**–**	**–**	**18,641**
(348,631)	**(182,704)**	**(40,656)**	**–**	**(75,625)**	**(745,847)**
–	**17,344**	**–**	**–**	**–**	**17,542**
–	**60,344**	**–**	**–**	**–**	**60,344**
(1,661,889)	**(1,085,081)**	**(356,841)**	**–**	**(448,168)**	**(4,209,161)**
–	(3,633)	(2,326)	–	–	(18,564)
–	(60,143)	–	–	–	(60,143)
–	**(63,776)**	**(2,326)**	**–**	**–**	**(78,707)**
–	**(30,000)**	**–**	**–**	**–**	**(30,000)**
–	**90,143**	**–**	**–**	**–**	**90,143**
–	**(3,633)**	**(2,326)**	**–**	**–**	**(18,564)**
9,678,258	1,841,775	799,381	627,225	116,016	17,043,843
9,339,485	1,690,761	826,028	378,175	127,582	16,699,574
8,997,499	**1,559,814**	**846,495**	**300,964**	**93,924**	**16,029,865**

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Freehold properties	Leasehold properties	Mining leases properties	Plant, machinery and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Cost					
At 1 January 2010	826	5,620	347	23,255	30,048
Additions	–	–	–	1,441	1,441
Disposals	–	–	–	(5,961)	(5,961)
At 31 December 2010 / 1 January 2011	**826**	**5,620**	**347**	**18,735**	**25,528**
Additions	**–**	**–**	**–**	**2,454**	**2,454**
Disposals	**–**	**–**	**–**	**(1,346)**	**(1,346)**
At 31 December 2011	**826**	**5,620**	**347**	**19,843**	**26,636**
Accumulated depreciation					
At 1 January 2010	–	(1,121)	–	(20,458)	(21,579)
Depreciation (Note 8(i))	–	(57)	–	(1,560)	(1,617)
Disposals	–	–	–	5,928	5,928
At 31 December 2010 / 1 January 2011	**–**	**(1,178)**	**–**	**(16,090)**	**(17,268)**
Depreciation (Note 8(i))	**–**	**(57)**	**–**	**(1,986)**	**(2,043)**
Disposals	**–**	**–**	**–**	**1,344**	**1,344**
At 31 December 2011	**–**	**(1,235)**	**–**	**(16,732)**	**(17,967)**
Net book value					
At 31 December 2010	826	4,442	347	2,645	8,260
At 31 December 2011	**826**	**4,385**	**347**	**3,111**	**8,669**

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group	
	2011 RM'000	2010 RM'000
Net book value of property, plant and equipment pledged as security for borrowings (Note 37)	**13,483,262**	14,141,555

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 RM6.9 million (2010: RM21.2 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.

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	
	2011 RM'000	2010 RM'000
Freehold properties	**9,383**	9,943

The impairment in 2011 of RM30.0 million in property, plant and equipment (PPE) relates to the Refuse Derived Fuel (RDF) plant of a subsidiary which was disposed off during the year (Note 16(b)). The recoverable amount or value in use of the PPE was determined by discounting the future cash flows to be generated from the continuing use of the RDF plant. The projected cash flows prepared by management cover a period of 25 years, over the remaining useful life of the RDF plant.

Key assumptions used in the value in use calculations are as follows:

(i) Inflationary rate is 3.5% per annum and salary increment rate is 5% per annum.
(ii) Tipping fees of RM46 per tonne for the first 15 years and expected to increase to RM60 per tonne subsequently.
(iii) Recyclables extraction rate is at 2% in 2010 and expected to increase to 3% from 2014 and 5% from 2028.
(iv) The average recyclables selling price per tonne increase at 3.5% per annum.
(v) Electricity tariff charged to customers is at RM0.21/kwh in 2010 and is projected to increase to RM0.42/kwh from 2013 onwards.
(vi) MSW disposal rate is assumed at 25% of incoming waste.
(vii) Daily gas usage is estimated at 240 mmBtu.
(viii) Power plant capacity factor is at 90% from 2014 onwards.
(ix) Pre-tax discount rate of 10.4%.

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14 PREPAID LEASE PAYMENTS

	Group	
	2011 RM'000	2010 RM'000
At 1 January	**19,238**	19,638
Additions	**–**	3
Amortisation for the financial year	**(403)**	(403)
	18,835	19,238

15 INVESTMENT PROPERTIES

	Group	
	2011 RM'000	2010 RM'000
Cost		
At 1 January	**35,411**	35,477
Additions	**2,307**	66
Disposals	**(257)**	–
Transfer to non-current assets held for sale (Note 28)	**–**	(132)
At 31 December	**37,461**	35,411
Accumulated depreciation		
At 1 January	**(3,745)**	(3,270)
Depreciation (Note 8(i))	**(562)**	(504)
Disposals	**63**	–
Transfer to non-current assets held for sale (Note 28)	**–**	29
At 31 December	**(4,244)**	(3,745)
Accumulated impairment losses		
At 1 January / 31 December	**(888)**	(888)
Net book value	**32,329**	30,778
Fair value	**133,932**	129,889

All investment properties are freehold properties.

15 INVESTMENT PROPERTIES (CONTINUED)

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

	Group	
	2011 RM'000	2010 RM'000
Rental income	**1,837**	1,660
Direct operating expenses	**1,520**	1,332

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Shares quoted in Malaysia	**150,774**	150,774
Unquoted shares	**7,126,771**	7,177,475
	7,277,545	7,328,249
Add : Conversion of Redeemable Convertible Subordinated Loans to unquoted shares	**–**	264,445
Less: Accumulated impairment losses of unquoted shares	**(11,230)**	(11,291)
	7,266,315	7,581,403
Market value of quoted investments:		
Quoted in Malaysia	**272,668**	289,194

(a) On 25 April 2011, Teknik Janakuasa Sdn Bhd, a wholly-owned subsidiary of Malakoff Corporation Berhad, a 51.0% owned subsidiary, incorporated TJSB Services Sdn Bhd with an issued and paid-up capital of RM2.00, representing 2 ordinary shares of RM1.00 each.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

16 INVESTMENTS IN SUBSIDIARIES (Continued)

(b) On 24 May 2011, the Company disposed off 1,400,000 ordinary shares of RM1.00 each and 1,000 redeemable preference shares with a nominal value of RM1.00 each, representing 77.23% of the equity interest in Recycle Energy Sdn Bhd for a cash consideration of RM1.00 resulting in a gain of RM6.6 million.

The disposals had the following effects on the financial position of the Group as at the end of the year:

	2011 RM'000
Property, plant & equipment	**45,453**
Trade and other receivables	**5,105**
Cash and cash equivalents	**(329)**
Trade and other payables	**(16,770)**
Borrowings	**(34,139)**
Redeemable preference shares	**(7,894)**
Carrying value of net assets disposed	**(8,574)**
Add: Non-controlling interest	**1,952**
	(6,622)
Total disposal proceed	**–***
Gain on disposal to the Group (Note 8(i))	**6,622**
Cash outflow on disposal:	
Cash consideration	**–***
Cash and cash equivalents of subsidiary disposed	**329**
Net cash inflow of the Group	**329**

*Amount is less than RM1,000.

(c) During the year, upon maturity of its RCULS in November 2011, Aliran Ihsan Resources Berhad, a subsidiary, completed the final conversion of its RCULS into share capital. This exercise resulted in dilution of shareholding of the Company in AIRB, which currently, stands at 62.82% from 74.36% at the point of acquisition.

(d) Effective 23 August 2010, PTP-MISC Terminal Sdn Bhd (PTP-MISC), a 49.0% owned semi-dormant subsidiary through Pelabuhan Tanjung Pelepas Sdn Bhd (PTP), has been put under liquidation. PTP-MISC has therefore ceased its business operations.

On 12 December 2011, PTP received the proceeds being the final distribution by the liquidator and based on the Section 272(5) of the Companies Act, 1965, PTP-MISC shall be dissolved on the expiration of three months from the date of the lodgement of the Form 69, i.e. on 5 March 2012. The gain resulting from the liquidation is RM87,000 to the Group.

16 INVESTMENTS IN SUBSIDIARIES (Continued)

(e) On 31 May 2010, Johor Port Berhad, a 100.0% owned subsidiary, disposed of 12,000,000 ordinary shares of RM1.00 each in Bernas Logistics Sdn Bhd (Bernas Logistics), representing 75.0% of the equity interest in Bernas Logistics for a total cash consideration of RM11.8 million resulting in a loss of RM1.8 million.

The disposal had the following effects on the financial position of the Group as at the end of the year:

	2010 RM'000
Property, plant and equipment	215
Trade and other receivables	30,273
Cash and cash equivalents	345
Deferred taxation	47
Trade and other payables	(13,950)
Fair value of net assets disposed	16,930
Less: Non-controlling interest	(3,410)
	13,520
Total disposal proceeds	(11,760)
Loss on disposal to the Group (Note 8(i))	(1,760)
Cash inflow arising from disposal:	
Cash consideration	11,760
Cash and cash equivalents of subsidiary disposed	(345)
Net cash inflow of the Group	11,415

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16 INVESTMENTS IN SUBSIDIARIES (Continued)

(f) On 27 December 2010, the Company disposed of 4,000,000 ordinary shares of RM1.00 each in Timah Dermawan Sdn Bhd (TDSB), representing 51.8% of the equity interest in TDSB for a total cash consideration of RM822,063 resulting in a loss of RM3,582.

The disposals had the following effects on the financial position of the Group as at the end of the year:

	2010 RM'000
Trade and other receivables	18
Cash and cash equivalents	2,111
Trade and other payables	(65)
Fair value of net assets disposed	2,064
Less: Non-controlling interest	(1,238)
	826
Total disposal proceeds	(822)
Loss on disposal to the Group (Note 8(i))	(4)
Cash outflow on disposal:	
Cash consideration	822
Cash and cash equivalents of subsidiary disposed	(2,111)
Net cash outflow of the Group	(1,289)

Details of subsidiaries are shown in Note 46

17 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Shares quoted in Malaysia, at cost	**139,037**	139,037	**139,037**	139,037
Unquoted shares, at cost	**1,835,842**	1,582,392	**–**	–
Share of post-acquisition loss	**(106,951)**	(102,339)	**–**	–
	1,867,928	1,619,090	**139,037**	139,037
Less: Accumulated impairment losses	**(504,932)**	(456,050)	**–**	–
	1,362,996	1,163,040	**139,037**	139,037

	Group	
	2011 RM'000	2010 RM'000
Represented by:		
Group's share of net assets other than goodwill	**1,074,525**	795,253
Group's share of goodwill in associates' own consolidated financial statements	**18,561**	18,561
Intangible assets arising from acquisition through business combinations	**269,910**	349,226
	1,362,996	1,163,040

	Group and Company	
	2011 RM'000	2010 RM'000
Market value of quoted associates:		
Shares quoted in Malaysia	**81,790**	132,632

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.

An impairment test was carried out to determine the recoverable value of the Group's investment in Kapar Energy Ventures Sdn Bhd (KEV), as a single cash generating unit based on the expected cash flows discounted to its present value based on the key assumptions as set out in Note 24(B). The recoverable amount is estimated to be below the carrying amount of investment in KEV, and accordingly, an allowance for impairment of RM44 million (2010: RM198 million) was recognised during the financial year.

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17 INVESTMENTS IN ASSOCIATES (Continued)

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

	Group	
	2011 RM'000	2010 RM'000
Revenue	**3,070,232**	1,839,929
Gain/(Loss) for the financial year	**91,217**	(119,264)
Total assets	**5,482,015**	5,057,767
Total liabilities	**(4,119,019)**	(3,894,727)
	1,362,996	1,163,040

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 46.

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 financial year and cumulatively were immaterial to the Group. The details of inactive associates are disclosed in Note 46.

18 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Company	
	2011 RM'000	2010 RM'000
At cost:		
Unquoted shares	**5,126**	5,001

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

	Group	
	2011 RM'000	2010 RM'000
Income	**1,806,489**	1,041,343
Expenses	**(1,738,220)**	(974,420)
	68,269	66,923
Non-current assets	**528,432**	677,415
Current assets	**1,083,984**	794,781
Current liabilities	**(1,366,167)**	(1,252,915)
Net assets	**246,249**	219,281

18 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Group's share of capital commitment and contingent liabilities in the jointly controlled entities are as set out below:

	Group	
	2011 RM'000	**2010 RM'000**
Capital commitment:		
Property plant and equipment		
Authorised and contracted for	**1,081**	3,534
Contingent liabilities:		
Performance bond to Government of Malaysia		
in relation to the double tracking project	**312,125**	312,125

Details of the Group's jointly controlled entities are shown in Note 46.

19 OTHER INVESTMENTS

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
At cost:				
- Shares quoted outside Malaysia	**–**	13,172	**–**	–
- Unquoted shares	**2,000**	2,000	**2,000**	2,000
- Transfer to available-for-sale financial assets (Note 20)	**–**	(13,172)	**–**	–
	2,000	2,000	**2,000**	2,000
Less: Accumulated impairment losses				
- Shares quoted outside Malaysia	**–**	(13,172)	**–**	–
- Unquoted shares	**(2,000)**	(2,000)	**(2,000)**	(2,000)
- Transfer to available-for-sale financial assets (Note 20)	**–**	13,172	**–**	–
	–	–	**–**	–

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for the financial year ended 31 December 2011

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Fair value of financial instruments

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted price included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, observable inputs)

A reconciliation from opening balances to fair value measurement on level 1 of the fair value hierarchy is as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
At 1 January	**90,280**	–
Transfer from marketable securities (Note 31)	**–**	61,237
Effect of FRS 139	**–**	264,440
Disposals	**–**	(227,358)
Net gains/(losses) transferred to equity	**3,881**	(8,039)
At 31 December	**94,161**	90,280
Less: Non-current portion	**(8,573)**	(8,412)
Current portion	**85,588**	81,868

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

	Group	
	2011 RM'000	2010 RM'000
Available-for-sale financial assets comprise the following:		
Listed equity securities:		
- In Malaysia	**85,552**	81,832
- Outside Malaysia	**8,573**	8,412
	94,125	90,244
Unlisted equity securities		
- In Malaysia	**36**	36
	94,161	90,280
Available-for-sale financial assets are denominated in the following currencies:		
Malaysian Ringgit	**85,588**	81,868
Australian Dollar	**8,573**	8,412
	94,161	90,280

21 PROPERTY DEVELOPMENT EXPENDITURE

	Group		
	Freehold land RM'000	Development expenditure RM'000	Total RM'000
At 1 January 2010	1,883,000	57,028	1,940,028
Additions	–	46,180	46,180
Disposals	(69,012)	–	(69,012)
At 31 December 2010/1 January 2011	**1,813,988**	**103,208**	**1,917,196**
Additions	**–**	**211,212**	**211,212**
At 31 December 2011	**1,813,988**	**314,420**	**2,128,408**

Freehold Land

Freehold land comprise several contiguous pieces of land with a total area of approximately 2,633.96 acres, earmarked for the development of a cargo and logistics hub, high-tech industries park and mixed development.

Development Expenditure

Development expenditure includes the cost incurred in relation to the development in a subsidiary's leasehold properties.

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22 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.

	Company	
	2011 RM'000	2010 RM'000
Fair values of amounts due from/to subsidiaries are as follows:		
Amounts due from subsidiaries	**1,057,845**	1,089,347
Amounts due to subsidiaries	**267,615**	535,668

23 OTHER RECEIVABLES

	Group	
	2011 RM'000	2010 RM'000
Staff loans to eligible staff	**4,021**	4,868
Repayments due within the next twelve months	**(714)**	(654)
	3,307	4,214
Analysis of repayment schedule:		
Within 1 year	**714**	654
From 1 to 2 years	**558**	496
From 2 to 5 years	**514**	882
After 5 years	**2,235**	2,836
	4,021	4,868

	Group and Company	
	2011 RM'000	2010 RM'000
Mining exploration expenditure, at cost	**9,962**	9,962
Less : Accumulated impairment losses		
At 1 January / 31 December	**(9,962)**	(9,962)
Carrying value	**–**	–

24 INTANGIBLE ASSETS

Group	Rights on Power Purchase Agreement and Operations Maintenance Agreement	Goodwill on consolidation	Intellectual property	Rights on water treatment business	Rights on airport business	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
At 1 January 2010	7,103,796	2,046,721	8,000	21,193	168,909	9,348,619
Effect of IC Int. 12	–	–	–	7,302	–	7,302
Additions	–	–	–	1,303	–	1,303
Write-off	–	–	–	(3)	–	(3)
Reclassification from deferred expenditure (Note 25)	–	–	–	–	20,000	20,000
At 31 December 2010/ 1 January 2011	**7,103,796**	**2,046,721**	**8,000**	**29,795**	**188,909**	**9,377,221**
Additions	**–**	**–**	**–**	**359**	**–**	**359**
Write-off	**–**	**–**	**–**	**(122)**	**–**	**(122)**
Disposal of a subsidiary	**–**	**(3,458)**	**(8,000)**	**–**	**–**	**(11,458)**
At 31 December 2011	**7,103,796**	**2,043,263**	**–**	**30,032**	**188,909**	**9,366,000**
Amortisation/Impairment losses						
At 1 January 2010	(965,619)	–	(1,334)	(3,532)	(2,530)	(973,015)
Amortisation charge (Note 8(i))	(395,327)	–	(267)	(5,936)	(4,196)	(405,726)
Impairment (Note 8(i))	–	(3,458)	(6,399)	–	–	(9,857)
Write-off	–	–	–	3	–	3
Reclassification from deferred expenditure (Note 25)	–	–	–	–	(2,467)	(2,467)
At 31 December 2010/ 1 January 2011	**(1,360,946)**	**(3,458)**	**(8,000)**	**(9,465)**	**(9,193)**	**(1,391,062)**
Amortisation charge (Note 8(i))	**(398,655)**	**–**	**–**	**(5,825)**	**(4,196)**	**(408,676)**
Write-off	**–**	**–**	**–**	**122**	**–**	**122**
Disposal of a subsidiary	**–**	**3,458**	**8,000**	**–**	**–**	**11,458**
At 31 December 2011	**(1,759,601)**	**–**	**–**	**(15,168)**	**(13,389)**	**(1,788,158)**
Net book value						
At 31 December 2009 - restated	6,138,177	2,046,721	6,666	24,963	166,379	8,382,906
At 31 December 2010 - restated	5,742,850	2,043,263	–	20,330	179,716	7,986,159
At 31 December 2011	**5,344,195**	**2,043,263**	**–**	**14,864**	**175,520**	**7,577,842**

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24 INTANGIBLE ASSETS (Continued)

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:

	2011 RM'000	2010 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
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 and property development	**190,505**	190,505
	2,043,263	2,043,263

(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 RM960 million.

The "value in use" is derived based on management's cash flow projections for 5 financial years from 2012 to 2016 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 2012 to 2016, will be in the region of 7.4 million to 8.5 million TEU;

(b) The cash flow projections after 2016 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 9.0% per annum.

Management's judgment 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.

24 INTANGIBLE ASSETS (CONTINUED)

(A) Port Business (continued)

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 8.0% 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 2.3% per annum; or
(iii) Pre-tax discount rate is higher than 9.9%.

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 8.5% per annum in the total projected annual TEU in each financial year over the projection period), the impairment charge would approximately be RM31.6 million.

Had the pre-tax discount rate been 0.1% higher from the breakeven point as mentioned in note (iii) above (discount rate of 10.0%), the impairment charge would be approximately RM2.3 million.

(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 up to 20 financial years from 2012 to 2031.

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	6 – 20 years
(c)	Dependable capacity	350MW – 2,420MW
(d)	Capacity factor	25% to 82% of dependable capacity
(e)	Net electrical output (million kW/hour)	1,598 – 15,805
(f)	Capacity Rate (RM/kW/month)	16.98 – 50.00
(g)	Fixed Operating Rate under Revenue (RM/kW/month)	4.40 – 9.49
(h)	Variable Operating Rate under Revenue (RM/kW/month)	0.005 – 0.031
(i)	Fuel price (RM/MMBtu)	6.06 – 18.88
(j)	Variable Operating Rate under Cost (RM/kWh)	0.013 – 0.031
(k)	Fixed Operating Rate under Cost (RM/kW/month)	2.16 – 6.84
(l)	It is assumed that the residual value of the respective power plants is based on a five (5) years extension discounted cash flows as described in Note 3(b) Critical Accounting Estimate and Judgments.	
(m)	Discount rate	7.5%

24 INTANGIBLE ASSETS (CONTINUED)

(B) Electricity Generation Business (continued)

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 6 to 20 years.

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

(C) Airport City

Prior to 1 January 2011, the value-in-use of the CGU was estimated based on the Airport Operations and Property Development Land business units. The estimation of value-in-use of CGU is revised to that of a single combined Airport City business unit during the financial year. This revision is to provide a more accurate description of the overall strategy of the group, whereby all of the activities within various companies within the group are elements of the overall strategic master plan to develop Senai Airport City. The Directors are of the opinion that the above revision gives a fairer judgment to the carrying value.

(i) Airport Operations

The recoverable amount of the Airport Operations is determined based on a "value in use" (VIU) approach. The VIU of the Airport Operations was determined by discounting the future cash flows to be generated from the continuing use of the unit.

The VIU is derived based on management's cash flow projections for the concession period from 2012 to 2057 and the key assumptions used in the calculation of the VIU are as follows:

(a) Discount rate of 9.5% per annum;
(b) Total passengers are forecasted to grow with a 20 years Compound Annual Average Growth Rate (CAAGR) of 7.7% and beyond that approximately 5% growth is estimated year-on-year; and
(c) Cargo tonnage is forecasted to grow with a 20 years CAAGR of 16.1% and beyond that approximately 5% growth is estimated year-on-year.

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 Concession Agreement which has a remaining useful life of 42 years.

(ii) Property Development Land

The recoverable amount of the property development land is determined based on the market value of the land which as of June 2010, has been valued at a price higher than the fair value upon acquisition.

Should the discount rate increase to 10% or market value of the property development land reduce by 5% there will be no impairment to the CGU.

25 DEFERRED EXPENDITURE

	Group	
	2011 RM'000	2010 RM'000
Cost		
At 1 January	–	20,000
Reclassification to intangible assets (Note 24)	–	(20,000)
At 31 December	–	–
Amortisation		
At 1 January	–	(2,467)
Reclassification to intangible assets (Note 24)	–	2,467
At 31 December	–	–
Net book value	–	–

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.

26 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 statement of financial position:

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Deferred tax assets	**1,188,910**	1,121,012	–	–
Deferred tax liabilities:				
- subject to income tax	**(3,532,379)**	(3,511,746)	–	–
	(2,343,469)	(2,390,734)	–	–

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26 DEFERRED TAXATION (Continued)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
At 1 January	**(2,390,734)**	(2,620,327)	**–**	–
(Charged)/credited to profit or loss (Note 10):				
- property, plant and equipment	**(202,207)**	(129,858)	**(35)**	(9)
- payables	**900**	11,849	**–**	–
- tax losses	**–**	24,080	**–**	–
- deferred income	**74,351**	75,007	**–**	–
- provisions	**18,445**	10,532	**39**	6
- intangibles	**122,769**	160,883	**–**	–
- investment tax allowance	**6,259**	91,047	**–**	–
- others	**26,748**	(2,297)	**(4)**	3
	47,265	241,243	**–**	–
Recognised in equity upon conversion of RCULS	**–**	199	**–**	–
Effects on the adoption of FRS 139	**–**	(11,849)	**–**	–
At 31 December	**(2,343,469)**	(2,390,734)	**–**	–
Subject to income tax:				
Deferred tax assets (before offsetting)				
Property, plant and equipment	**120,236**	119,661	**–**	–
Payables	**900**	–	**–**	–
Tax losses	**24,080**	24,080	**–**	–
Provisions	**60,860**	42,416	**130**	91
Deferred income	**524,860**	450,509	**–**	–
Investment tax allowances	**642,350**	636,091	**–**	–
Others	**27,262**	759	**2**	6
	1,400,548	1,273,516	**132**	97
Offsetting	**(211,638)**	(152,504)	**(132)**	(97)
Deferred tax assets (after offsetting)	**1,188,910**	1,121,012	**–**	–
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(2,347,655)**	(2,144,873)	**(132)**	(97)
Intangibles	**(1,396,362)**	(1,519,131)	**–**	–
Provisions	**–**	–	**–**	–
Others	**–**	(246)	**–**	–
	(3,744,017)	(3,664,250)	**(132)**	(97)
Offsetting	**211,638**	152,504	**132**	97
Deferred tax liabilities (after offsetting)	**(3,532,379)**	(3,511,746)	**–**	–

26 DEFERRED TAXATION (Continued)

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 statement of financial position are as follows:

	Group	
	2011 RM'000	**2010 RM'000**
Deductible temporary differences	**39,007**	113,367
Tax losses	**281,780**	321,463
	320,787	434,830

27 INVENTORIES

	Group	
	2011 RM'000	**2010 RM'000**
Spares, consumables and container repair materials	**467,312**	450,276
Diesels and Fuels	**182,373**	44,875
Coals	**67,640**	89,472
Chemicals	**712**	527
Work in progress	**1,714**	–
Raw materials	**155**	139
	719,906	585,289

Inventories of the Group of RM32.4 million (2010: RM39.1 million) comprising spare parts, consumables and container repair materials are pledged as security for borrowings as disclosed in Note 37.

28 NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2011 RM'000	**2010 RM'000**
Investment properties (Note 15)	**–**	103

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

29 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	**1,582,994**	1,515,868	**8**	8
Less: Impairment of receivables	**(84,287)**	(138,995)	**(8)**	(8)
	1,498,707	1,376,873	**–**	–
Other receivables	**456,875**	358,290	**36,135**	34,770
Less: Impairment of receivables	**(2,440)**	(1,809)	**(505)**	(505)
	454,435	356,481	**35,630**	34,265
Deposits	**46,201**	39,129	**1,139**	4,624
Prepayments	**42,437**	110,379	**–**	–
	543,073	505,989	**36,769**	38,889
Amounts due from contract customers (Note 41)	**35,440**	20,548	**–**	–
Amounts due from associates	**209,152**	272,763	**–**	41
Amounts due from jointly controlled entities	**41,586**	51,641	**41,586**	51,641
	2,327,958	2,227,814	**78,355**	90,571

Credit terms of trade receivables of the Group and Company vary from 30 to 60 days (2010: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

As at 31 December 2011, trade and other receivables of RM600.6 million (2010: RM433.6 million) for the Group were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of trade and other receivables (excluding deposits and prepayments) are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Neither past due nor impaired	**1,638,705**	1,644,740	**77,216**	85,947
Past due not impaired:				
Up to 3 months	**533,622**	405,670	**–**	–
3 to 6 months	**2,948**	9,472	**–**	–
More than 6 months	**64,045**	18,424	**–**	–
	600,615	433,566	**–**	–
Impaired	**86,727**	140,804	**513**	513
	2,326,047	2,219,110	**77,729**	86,460

29 TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2011, trade and other receivables amounting to RM86.7 million (2010: RM140.8 million) for the Group and RM513,000 (2010: RM513,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate to customers, which have defaulted in payment. The aging analysis of these trade and other receivables are as follows:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Up to 3 months	**2**	4,013	**–**	–
3 to 6 months	**2,936**	463	**–**	–
More than 6 months	**83,789**	136,328	**513**	513
	86,727	140,804	**513**	513

The currency exposure profile of trade and other receivables (excluding deposits and prepayments) are as follows:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Functional currency (RM)				
- US Dollar	**226,526**	205,322	**–**	–
- Australian Dollar	**3**	3	**–**	–
- Others	**59**	130	**–**	–
	226,588	205,455	**–**	–

The Group's three main customers comprise approximately 75% of the Group's trade receivables at reporting date, all which either have strong financial position and/or are utility providers.

The Group's historical experience shows that the allowances for impaired receivables 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

29 TRADE AND OTHER RECEIVABLES (Continued)

Movements on the allowance for impaired trade and other receivables are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	**140,804**	170,787	**513**	513
Impairment of trade and other receivables during the financial year	**17,560**	19,933	**–**	–
Write-off	**(1,228)**	(4,259)	**–**	–
Impairment of trade and other receivables no longer required (Note 8(i))	**(70,409)**	(45,657)	**–**	–
At 31 December	**86,727**	140,804	**513**	513

The allowance and the release of allowance for impaired trade and other receivables have been included in "administrative expenses" in the statement of comprehensive income.

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

30 AMOUNT DUE FROM HOLDING COMPANY

	Group and Company	
	2011 RM'000	2010 RM'000
Amount due from holding company	**5,518**	5,518

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.

31 MARKETABLE SECURITIES

	Group	
	2011 RM'000	2010 RM'000
Shares in a corporation quoted in Malaysia, at cost	**–**	62,151
Less: Accumulated impairment losses	**–**	(914)
Transfer to available-for-sale financial assets (Note 20)	**–**	(61,237)
	–	–

32 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with:				
Licensed banks	**3,247,107**	2,462,125	**46,587**	93,235
Investment banks	**882,549**	804,988	**31,552**	–
Other financial institutions	**251,143**	604,361	**500**	–
	4,380,799	3,871,474	**78,639**	93,235
Cash and bank balances	**198,757**	191,069	**1,438**	2,170
	4,579,556	4,062,543	**80,077**	95,405
The currency exposure profile of the deposits, bank and cash balances are as follows:				
Functional currency (RM)				
- US Dollar	**18,637**	21,855	**–**	–
- Australian Dollar	**2,587**	1,951	**2,587**	1,951
- Pound Sterling	**–**	538	**–**	538
- IRD Indonesian	**1**	–	**–**	–
	21,225	24,344	**2,587**	2,489

The weighted average interest rates of deposits, bank and cash balances that were effective as at end of reporting period are as follows:

	Group		Company	
	2011 % per annum	2010 % per annum	2011 % per annum	2010 % per annum
Deposits placed with:				
Licensed banks	**3.26**	3.00	**3.51**	2.84
Investment banks	**3.31**	3.09	**3.30**	–
Other financial institutions	**3.40**	3.26	**3.24**	–

Deposits of the Group have an average maturity of 65 days (2010: 159 days).

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33 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised:				
Ordinary shares of RM0.10 each:				
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 31 December	**3,045,058**	3,045,058	**304,506**	304,506

34 RESERVES

As at 31 December 2011, 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 2009, 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	
	2011 RM'000	2010 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
	114,051	114,051
Dividend on redeemable preference shares	**26,569**	22,416
Classified as liabilities	**140,620**	136,467

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 three 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 UNSECURED LOAN STOCKS (RCULS)

(a) The movement of the RCULS during the financial year are as follows:

	Balance at 1.1.2011	Redemption	Conversion	Balance at 31.12.2011
	RM'000	RM'000	RM'000	RM'000
Principal amount of RCULS of RM1.00 each	**28,254**	(397)	(27,857)	**–**

(b) The RCULS is accounted for in the statement of financial position of the Group as follows:

	Group	
	2011	2010
	RM'000	RM'000
The movement of the liability component of RCULS during the year is as follows:		
At 1 January	**26,051**	36,930
Converted to ordinary shares in a subsidiary	**(27,031)**	(11,365)
Interest recognised in the profit or loss (Note 8(i))	**980**	486
At 31 December	**–**	26,051

(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.

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for the financial year ended 31 December 2011

37 BORROWINGS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Secured:				
Al-Murabahah:				
- Commercial Papers	**398,840**	494,140	**–**	–
Term loans	**1,457,043**	1,968,503	**960,500**	1,557,788
Sukuk Ijarah Bonds	**269,051**	256,389	**–**	–
Al-Bai' Bithaman Ajil Bonds	**120,000**	120,000	**–**	–
Al-Istisna Bonds	**63,549**	65,466	**–**	–
Istisna Medium Term Notes	**590,000**	560,000	**–**	–
Islamic Medium Term Notes	**15,320**	3,462	**–**	–
Unsecured:				
Term loans	**–**	2,625	**–**	–
Revolving Credits	**492,000**	492,000	**455,000**	455,000
Bank overdrafts	**108**	7,487	**–**	–
Multi-option line	**4,476**	–	**–**	–
Subordinated Loan Notes	**1,362**	–	**–**	–
Government Loan	**31,666**	21,667	**–**	–
	3,443,415	3,991,739	**1,415,500**	2,012,788
Non-current				
Secured:				
Term loans	**3,796,291**	3,629,090	**1,856,250**	1,496,750
Sukuk Ijarah Bonds	**–**	239,245	**–**	–
Al-Bai' Bithaman Ajil Bonds	**250,000**	370,000	**–**	–
Al-Istisna Bonds	**256,871**	320,420	**–**	–
Istisna Medium Term Notes	**3,140,000**	3,730,000	**–**	–
Sukuk Medium Term Notes	**5,300,173**	5,258,089	**–**	–
Islamic Medium Term Notes	**853,852**	450,626	**–**	–
Junior Sukuk	**1,749,111**	1,749,111	**–**	–
Unsecured:				
Subordinated Loan Notes	**118,917**	149,762	**–**	–
Government Loan	**68,334**	78,333	**–**	–
	15,533,549	15,974,676	**1,856,250**	1,496,750
Total	**18,976,964**	19,966,415	**3,271,750**	3,509,538
Fair values of borrowings	**19,827,200**	21,803,701	**3,271,750**	3,509,538

37 BORROWINGS (Continued)

Analysis of repayment schedule:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Within 1 year	**3,443,415**	3,991,739	**1,415,500**	2,012,788
From 1 to 2 years	**3,153,466**	2,328,202	**1,364,500**	770,500
From 2 to 5 years	**5,516,793**	5,874,128	**491,750**	726,250
After 5 years	**6,863,290**	7,772,346	**–**	–
	18,976,964	19,966,415	**3,271,750**	3,509,538

(i) A term loan of a subsidiary is secured by certain assets of the subsidiary with an average interest rate of 4.80% per annum. The tenure of the loans is 5 years with repayments on maturity in 7 equal installments.

(ii) Interest on term loans of a subsidiary are charged at a fixed rate which ranges from 4.0% to 6.25% (2010: 4.0% to 6.5%) 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 1.0% 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 1.0% 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.

The unsecured term loan facility obtained by a subsidiary carries a fixed interest rate of 7.0% per annum. The loan is repayable in five equal quarterly instalments of RM350,000 and the remaining four quarterly instalments of RM1,313,000.

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.

37 BORROWINGS (Continued)

(iii) The secured long term loan on Syariah principles carries a profit rate of 4.6% (2010: 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 property, plant and equipment.

The Commodity Murabahah loan carries effective islamic cost of funds rate plus 1.30% per annum and is repayable in 10 instalments commencing from the end of the fourth year from the first disbursement date. This facility is secured by way of a negative pledge over the subsidiary's property, plant and equipment. In addition, the subsidiary shall remain as the subsidiary of the Company and the value of their shareholders' funds shall not be less than RM500 million at all times.

(iv) The secured long term loan on Al-Ijarah Muntahiah Bilamik of a subsidiary carries a profit rate of 5.95% to 8.55% (2010: 5.10% to 8.50%) per annum and is repayable in 18 quarterly instalments from 20 June 2012. It carries Effective Islamic Cost of Funds rate plus 2.25% 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 extent 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 of 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 Debt/Equity Ratio of no higher than 80:20.

The Ijarah facility 2 is secured by first party legal charge over certain property development land, carries a profit rate of 5.4% to 6.5% (2010: 5.4%) per annum and is repayable within six months from its first drawdown. During the financial year, the repayment of the facility had been extended further and was fully repaid on 18 November 2011. It carries Effective Islamic Cost of Funds rate plus 2.00% per annum.

(v) The government loan is repayable starting on the sixth concession year from 2009 in ten equal instalments and each payment shall be made within the first month of the particular concession year.

37 BORROWINGS (Continued)

(vi) The Islamic Medium Term Notes (IMTN) is constituted by a Trust Deed dated 18 November 2011 entered into by a subsidiary and the Trustee for the holders of the IMTN.

On 30 November 2011, the subsidiary completed the issuance of the first tranche comprising RM250 million nominal value IMTN pursuant to the IMTN Programme under the Shahriah principle of Ijarah. The IMTN issued under the first tranche have a tenure of 13 years from the date of issuance with a periodic distribution (coupon) rate of 4.218% per annum and is due semi-annually.

The IMTN entitle the holders to a one-off payment of the maturing amount of RM250 million on 29 November 2024. The terms of the Trust Deed prescribes that in the event of default, the nominal amount outstanding will become immediately due and payable.

(vii) 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 4.40% to 6.04% (2010: 4.11% to 6.10%) per annum. The tenure of the loans ranges from 1 - 5 years with bullet repayments on maturity from the dates of drawdown and 7 semi-annual instalments. The revolving credit facility of the Company is unsecured and bears interest ranging from 4.05% to 5.54% (2010: 3.95% to 5.25%) per annum.

(viii) 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 RM9,150 million (2010: RM9,488 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 times 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 3.45% to 9.62% (2010: 2.61% to 9.62%) and from 12.0% to 16.0% (2010: from 12.0% to 16.0%) respectively.

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38 LAND LEASE RECEIVED IN ADVANCE

	Group	
	2011 RM'000	2010 RM'000
At cost:		
At 1 January	**162,264**	171,851
Additions during the financial year	**19,309**	13,218
Recognised as income during the financial year (Note 8(i))	**(12,446)**	(11,400)
Recognisable within next 12 months (included under other payables)	**(10,694)**	(11,405)
At 31 December	**158,433**	162,264

39 TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
Current				
Trade payables	**803,408**	581,496	**1,121**	4,363
Other payables	**306,377**	368,463	**3,577**	10,726
Accruals	**649,419**	586,088	**6,544**	6,852
Land lease liabilities (Note 39(a))	**4,263**	4,165	**–**	–
Concession fee payable (Note 39(b))	**16,000**	12,000	**–**	–
Amount due to former corporate shareholders	**223**	223	**–**	–
Advances received on contracts (Note 41)	**5,914**	13,016	**–**	–
Amounts due to contract customers (Note 41)	**28,607**	7,651	**–**	–
Amounts due to associated company	**–**	11,290	**–**	–
Provision for retirement benefits (Note 39(c))	**1,373**	1,072	**–**	–
Deferred income	**55,642**	40,752	**–**	–
	1,871,226	1,626,216	**11,242**	21,941
Non-current				
Other payables	**105**	2,156	**–**	–
Concession fee payable (Note 39(b))	**4,000**	8,000	**–**	–
Land lease liabilities (Note 39(a))	**14,198**	14,498	**–**	–
	18,303	24,654	**–**	–
Total	**1,889,529**	1,650,870	**11,242**	21,941

39 TRADE AND OTHER PAYABLES (Continued)

	Group		Company	
	2011 RM'000	2010 RM'000 (Restated)	2011 RM'000	2010 RM'000
The currency exposure profile of the trade and other payables are as follows:				
Functional currency (RM)				
- US Dollar	**46,922**	22,319	**–**	–
- Others	**4,696**	1,461	**–**	–
	51,618	23,780	**–**	–

Credit terms of trade payables granted to the Group and Company vary from immediate payment to 90 days (2010: immediate payment to 90 days).

(a) Land lease liabilities

	Group	
	2011 RM'000	2010 RM'000
Minimum lease payments:		
Not later than 1 year	**5,425**	5,351
Later than 1 year and not later than 5 years	**7,004**	6,639
Later than 5 years	**15,096**	16,923
	27,525	28,913
Less: Unexpired term charges	**(9,064)**	(10,250)
	18,461	18,663
Present value of finance lease obligations:		
Not later than 1 year	**4,263**	4,165
Later than 1 year and not later than 5 years	**2,785**	2,220
Later than 5 years	**11,413**	12,278
	18,461	18,663

Land lease liabilities are in respect of the airport land which was leased by a subsidiary 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 maybe mutually agreed.

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39 TRADE AND OTHER PAYABLES (Continued)

(b) Concession fee payable

	Group	
	2011 RM'000	2010 RM'000
Not later than 1 year	**16,000**	12,000
Later than 1 year and not later than 5 years	**4,000**	8,000
	20,000	20,000

A Concession Agreement was entered by a subsidiary company with the Federal 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 Federal 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 maybe mutually agreed.

(c) Provision for retirement benefits

	Group	
	2011 RM'000	2010 RM'000
At 1 January	**54,820**	49,364
Disposal of a subsidiary	**–**	(7)
Charged to profit or loss (Note 8(i))	**10,419**	8,565
Overprovision in prior year	**(686)**	–
Utilised during the financial year	**(4,467)**	(3,102)
At 31 December	**60,086**	54,820
Analysed as:		
Current	**1,373**	1,072
Non-current	**58,713**	53,748
	60,086	54,820
Non-current		
Present value of unfunded obligations	**67,012**	60,431

The amount recognised in the statement of financial position may be analysed as follows:

Present value of unfunded obligations	**67,012**	60,431
Unrealised actuarial losses	**(6,926)**	(5,611)
Net liability recognised in the statement of financial position	**60,086**	54,820

39 TRADE AND OTHER PAYABLES (Continued)

(c) Provision for retirement benefits (Continued)

	Group	
	2011 RM'000	2010 RM'000
The expense recognised in the profit or loss is analysed as follows:		
Current service cost	**5,717**	5,914
Realised actuarial loss	**1,289**	96
Interest cost	**3,389**	2,555
Expected return on plan assets	**24**	–
Expense recognised in the profit or loss	**10,419**	8,565

The principal actuarial assumptions used in respect of the subsidiaries' defined benefit plan are as follows:

	2011 %	2010 %
Discount rates	**6.5 to 6.6**	5.3 to 5.8
Interest costs	**5.0 to 7.8**	5.0 to 6.7

40 DEFERRED INCOME

	Group	
	2011 RM'000	2010 RM'000 (Restated)
At 1 January	**1,869,382**	56,739
Impact of IC Int. 4	**–**	1,478,594
Funds received during the financial year	**54,990**	84,635
Deferred income received during the financial year	**329,493**	323,442
Fair value adjustment	**70,146**	–
Recognised as income during the financial year (Note 8(i))	**(63,549)**	(56,692)
Recognisable within next 12 months (included under other payables)	**(14,890)**	(17,336)
At 31 December	**2,245,572**	1,869,382

Deferred income is in respect of grants/funds received by subsidiaries to promote the development of the Group's logistics business and the portion of unearned revenue from capacity payments upon adoption of IC Int. 4 (Note 4(a)).

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41 CONSTRUCTION CONTRACTS

	Group	
	2011 RM'000	2010 RM'000
Aggregate costs incurred and recognised profits (less losses) to date	**906,248**	871,040
Progress billings	**(899,415)**	(858,143)
	6,833	12,897
Amounts due from contract customers (Note 29)	**35,440**	20,548
Amounts due to contract customers (Note 39)	**(28,607)**	(7,651)
	6,833	12,897
Advances received on contracts (Note 39)	**(5,914)**	(13,016)
Retentions on contracts	**14,209**	8,674

The following costs are part of contract costs incurred during the financial year:

	Group	
	2011 RM'000	2010 RM'000
Office rental	**673**	934
Hire of plant and machinery	**93**	351
Staff costs	**21,012**	50,725
Staff costs consist of the following:		
Salaries, wages and bonuses	**20,747**	49,619
Defined contribution plan	**213**	885
Other employee benefits	**52**	221
	21,012	50,725

The amounts due from and to contract customers are denominated in Ringgit Malaysia.

42 SEGMENTAL INFORMATION

Management has determined the operating segments based on reports reviewed by the Board of Directors and the working group consisting of Heads of Departments that makes strategic decisions.

The reportable segments of transport and logistics mainly derive their revenue from ports while energy and utilities derive their revenue mainly from electricity generation (Energy), supply of natural gas (Gas) and water treatment business (Utilities); engineering and construction segment derive their revenue from infrastructure and construction projects. Although the Utilities segment does not meet the quantitative thresholds required by FRS 8, management monitored this segment as it forms an integral part of the Group's overall key business objectives. Included in "Others" are mainly investment holding and airport operations, which individually does not meet the quantitative thresholds required by FRS 8.

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

	Transport and Logistics	Energy and Utilities			Engineering and Construction	Others	Total
		Gas	Energy	Utilities			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011							
Revenue							
Total	**1,399,960**	**2,113,026**	**5,695,031**	**116,999**	**146,435**	**34,762**	**9,506,213**
Inter-segment	**(21,071)**	**(3,428)**	**–**	**–**	**(144,905)**	**–**	**(169,404)**
External	**1,378,889**	**2,109,598**	**5,695,031**	**116,999**	**1,530**	**34,762**	**9,336,809**
Results							
Profit/(Loss) before zakat and taxation	**297,529**	**294,337**	**596,526**	**52,777**	**54,575**	**(293,413)**	**1,002,331**
Finance costs	**129,938**	**410**	**1,016,198**	**1,039**	**(32)**	**211,406**	**1,358,959**
Depreciation and amortisation	**222,003**	**45,345**	**850,163**	**7,134**	**309**	**30,534**	**1,155,488**
EBITDA*	**649,470**	**340,092**	**2,462,887**	**60,950**	**54,852**	**(51,473)**	**3,516,778**

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

42 SEGMENTAL INFORMATION (Continued)

	Transport and Logistics	Energy and Utilities			Engineering and Construction	Others	Total
		Gas	Energy	Utilities			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2011							
Other information							
Segment assets	**7,209,737**	**1,192,276**	**17,956,983**	**69,297**	**32,779**	**3,854,007**	**30,315,079**
Jointly controlled entities	**–**	**–**	**45,504**	**–**	**207,611**	**(6,866)**	**246,249**
Associates	**–**	**–**	**1,093,663**	**79,367**	**104,640**	**85,326**	**1,362,996**
Interest-bearing instruments	**654,831**	**343,414**	**3,102,094**	**249,741**	**11,357**	**218,119**	**4,579,556**
Total assets							**36,503,880**
Segment liabilities	**763,577**	**511,762**	**5,816,314**	**24,005**	**39,814**	**760,859**	**7,916,331**
Interest-bearing instruments	**2,821,522**	**3,108**	**12,262,350**	**–**	**19,000**	**4,011,604**	**19,117,584**
Total liabilities							**27,033,915**
Other disclosures							
Capital expenditure	**66,875**	**35,676**	**89,152**	**1,269**	**530**	**7,474**	**200,976**
Depreciation	**222,003**	**44,942**	**451,508**	**1,299**	**309**	**25,786**	**745,847**
Amortisation of:							
- Rights on Power Purchase Agreement and Operations and Maintenance Agreement	**–**	**–**	**398,655**	**–**	**–**	**–**	**398,655**
- Prepaid lease payments	**–**	**403**	**–**	**–**	**–**	**–**	**403**
- Investment properties	**–**	**–**	**–**	**10**	**–**	**552**	**562**
- Rights on water treatment business	**–**	**–**	**–**	**5,825**	**–**	**–**	**5,825**
- Rights on airport business	**–**	**–**	**–**	**–**	**–**	**4,196**	**4,196**
- Impairment loss	**–**	**–**	**30,000**	**–**	**–**	**–**	**30,000**

42 SEGMENTAL INFORMATION (Continued)

	Transport and Logistics	Energy and Utilities			Engineering and Construction	Others	Total
		Gas	Energy	Utilities			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2010 (Restated)							
Revenue							
Total	1,278,007	1,923,401	5,181,966	94,954	49,881	119,277	8,647,486
Inter-segment	(8,727)	(28,378)	–	–	(46,758)	–	(83,863)
External	1,269,280	1,895,023	5,181,966	94,954	3,123	119,277	8,563,623
Results							
Profit/(Loss) before Zakat and taxation	206,887	375,360	44,595	41,642	(67,833)	(44,929)	555,722
Finance costs	130,492	459	1,145,564	2,046	75	176,700	1,455,336
Depreciation and amortisation	230,087	42,276	881,329	7,113	241	31,712	1,192,758
EBITDA*	567,466	418,095	2,071,488	50,801	(67,517)	163,483	3,203,816
Other information							
Segment assets	7,222,202	1,182,335	18,690,634	48,639	20,006	3,860,373	31,024,189
Jointly controlled entities	2,170	–	64,118	–	157,621	(4,628)	219,281
Associates	–	–	843,355	95,564	139,965	84,156	1,163,040
Interest-bearing instruments	355,480	485,485	2,865,805	213,441	4,842	137,490	4,062,543
Total assets							36,469,053
Segment liabilities	727,582	499,196	5,288,662	32,756	25,120	715,103	7,288,419
Interest-bearing instruments	2,730,596	3,298	13,312,622	93,590	19,000	3,969,827	20,128,933
Total liabilities							27,417,352

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

42 SEGMENTAL INFORMATION (Continued)

	Transport and Logistics	Energy and Utilities			Engineering and Construction	Others	Total
		Gas	Energy	Utilities			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other disclosures							
Capital expenditure	151,624	74,342	142,396	4,571	125	138,989	512,047
Depreciation	230,087	41,873	485,735	1,166	241	27,023	786,125
Amortisation of:							
- Rights on Power Purchase Agreement and Operations and Maintenance Agreement	–	–	395,327	–	–	–	395,327
- Prepaid lease payments	–	403	–	–	–	–	403
- Investment properties	–	–	–	11	–	493	504
- Development expenditure and intellectual property	–	–	267	–	–	–	267
- Rights on water treatment business	–	–	–	5,936	–	–	5,936
- Rights on airport business	–	–	–	–	–	4,196	4,196
- Impairment loss	–	70,031	–	–	–	–	70,031

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.

43 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.

On 22 December 2011, the High Court delivered its decision and dismissed the Daya Group's claim against the Company and allowed the Company's counterclaim. The High Court however, allowed the Daya Group's claim against Pelita and dismissed Pelita's counterclaim. Costs and damages in the legal proceedings shall be taxed and/or assessed by the Registrar of the High Court.

Both the Daya Group and Pelita appealed against the High Court's decision on 9 January 2012 and 19 January 2012 respectively. Based on the advice by the solicitors acting for the Company and Pelita, the Directors are of the view that both the Company and Pelita have good chances to have the decision in their favour during appeal.

(b) 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

43 SIGNIFICANT CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Continued)

(c) Further to item (b) 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 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 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.

(d) On 3 November 2010, Prai Power Sdn Bhd (PPSB), a wholly-owned subsidiary of Malakoff Corporation Berhad, the Company's 51% owned subsidiary, commenced 2 legal proceedings in the High Court against GE Energy Parts Inc (GE Inc), GE Power Systems (M) Sdn Bhd (GE Power System) and General Electric International, Inc. (GEII) (collectively referred to as "GE"), for GE's breach of duty of care owed towards PPSB, in its capacity as the designers/manufacturers/suppliers of power plant equipment.

In the first legal suit, PPSB is claiming the sum of RM83,608,019 from GE, being the costs for the replacement of damaged rotor and the commercial losses arising from the reduction in capacity payments.

In the second legal suit, PPSB is claiming the sum of RM29,740,009 being the costs of the replacement of another damaged rotor and other consequential losses.

Based on solicitors' advice, PPSB believes that it has relatively strong grounds for both claims.

(e) At 31 December 2011, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Bank guarantees issued to third parties for performance (secured/unsecured)	**1,018,304**	406,775	**23**	23

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 are 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.

44 COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

		Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a)	**Capital commitments:**				
	Property, plant and equipment				
	Authorised but not contracted for	**269,094**	190,256	**598**	102
	Authorised and contracted for	**229,393**	418,753	**–**	–
	Total	**498,487**	609,009	**598**	102

(b) Non-cancellable operating lease commitments

		Group	
		2011 RM'000	2010 RM'000
(i)	For computer hardware		
	Not later than 1 year	**3,896**	3,560
	Later than 1 year and not later than 5 years	**2,781**	2,441
		6,677	6,001
(ii)	For the port area		
	Not later than 1 year	**30,201**	28,455
	Later than 1 year and not later than 5 years	**123,004**	121,904
	Later than 5 years	**1,736,667**	1,767,968
		1,889,872	1,918,327
(iii)	For rental of office building and equipment		
	Not later than 1 year	**4,867**	3,826
	Later than 1 year and not later than 5 years	**8,073**	1,102
		12,940	4,928
(iv)	For rental of aircraft		
	Not later than 1 year	**14,106**	6,996
	Later than 1 year and not later than 5 years	**3,526**	–
		17,632	6,996
Total		**1,927,121**	1,936,252

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45 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions and year end balances other than those disclosed elsewhere in the financial statements are as follows:

		Group			
		Transaction		Balance	
	Dr/(Cr)	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a)	**Transactions and year end balances:**				
	Subsidiaries:				
	Purchase of natural gas from the holding company of a subsidiary's shareholder, Petroliam Nasional Berhad (PETRONAS)	**1,606,509**	1,304,406	**–**	–
	Purchase of LPG from a company which shares a common holding company with one of the subsidiary's shareholder - Petronas Dagangan Berhad	**18,484**	15,372	**–**	–
	Associated companies:				
	Interest income on unsecured subordinated loan notes	**(68,159)**	(67,943)	**465,885**	402,780
	Companies subject to common significant influence:				
	Operation and maintenance fee expense	**306,990**	277,258	**(1,582)**	(44,244)
	Operation and maintenance subcontract fee income	**(127,093)**	(128,188)	**(1,520)**	11,630
	Rental expense	**1,883**	1,610	**–**	–

45 SIGNIFICANT RELATED PARTY DISCLOSURES (Continued)

Significant related party transactions and year end balances other than those disclosed elsewhere in the financial statements are as follows:

	Company			
	Transaction		Balance	
Dr/(Cr)	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) Transactions and year end balances:				
Subsidiaries:				
Transfer of equity interest in a subsidiary company	**253,689**	315,089	**874,479**	620,790
Management fees paid to a subsidiary	**480**	480	**(1,920)**	(1,440)
Companies subject to common significant influence:				
Rental expense	**1,883**	1,610	**–**	–

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

(b) Key management compensation

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Fees	**719**	999	**425**	482
Salaries and bonus	**7,432**	8,608	**7,320**	8,414
Defined contribution plan	**1,415**	1,629	**1,170**	1,284
Other employee benefits	**2,438**	5,201	**940**	827
	12,004	16,437	**9,855**	11,007

Key management includes Directors (executive and non-executive) and head of departments of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

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46 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		Principal activities
		2011 %	2010 %	
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	Provision of management services to holding company and fellow subsidiaries
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**	100.0	Engineering, management services and investment holding
MMC Engineering & Construction Sdn Bhd	Malaysia	**100.0**	100.0	Civil engineering construction works

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
MMC Engineering Services Sdn Bhd	Malaysia	**100.0**	100.0	Specialised engineering construction works
MMC Oil & Gas Engineering Sdn Bhd	Malaysia	**100.0**	100.0	Specialised engineering design services
MMC Transport Engineering Sdn Bhd	Malaysia	**100.0**	100.0	Specialised engineering works
MMC-GTM Bina Sama Sdn Bhd	Malaysia	**100.0**	100.0	Contractor for civil engineering and construction works
MMC-Shapadu (Holdings) Sdn Berhad	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**	70.0	Construction and fabrication
Tepat Teknik (Kejuruteraan) Sdn Bhd	Malaysia	**70.0**	70.0	Construction and fabrication
Pelabuhan Tanjung Pelepas Sdn Bhd	Malaysia	**70.0**	70.0	Port operations
Gas Malaysia Berhad (formerly known as Gas Malaysia Sdn Bhd)	Malaysia	**41.8**	41.8	Construction and operation of natural gas distribution system

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
*	Johor Port Berhad	Malaysia	**100.0**	100.0	Port operations
*	MMC Zelan Sdn Bhd	Malaysia	**60.0**	60.0	Undertake, construct, maintain, manage/execute any Light Rail Transit (LRT) project in Malaysia or elsewhere and to carry out all related works thereto
	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	Conversion of municipal solid waste to energy
*	JP Logistics Sdn Bhd	Malaysia	**100.0**	100.0	Providing logistics services
*	JP Logistics Pte Ltd	Singapore	**100.0**	100.0	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

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
#	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
*	Malakoff Power Berhad	Malaysia	**51.0**	51.0	Operation and maintenance of power plants
*	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

NOTES TO THE FINANCIAL STATEMENTS

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46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	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

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
*	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
*	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
*	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
*	TJSB Services Sdn Bhd	Malaysia	**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
*	Tlemcen Desalination Investment Company SAS	France	**35.7**	35.7	Investment holding
#	TJSB International Limited	Cayman Islands	**51.0**	51.0	Investment holding

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
#	TJSB International (Shoaiba) Limited	British Virgin Islands	**51.0**	51.0	Investment holding
#	TJSB Middle East Limited	British Virgin Islands	**51.0**	51.0	Operation and maintenance of power plant
	MMC AMEC Sdn Bhd	Malaysia	**51.0**	51.0	Provide professional engineering services to oil and gas industry
++ *	Aliran Ihsan Resources Berhad	Malaysia	**62.8**	69.8	Investment holding
*	Southern Water Corporation Sdn Bhd	Malaysia	**62.8**	69.8	Investment holding, water treatment and rehabilitation of water treatment plants, construction of water works
*	Southern Water Technology Sdn Bhd	Malaysia	**62.8**	69.8	Construction of water work and water treatment plant
*	Southern Water Engineering Sdn Bhd	Malaysia	**62.8**	69.8	Water treatment specialist and the operation, maintenance and provision of services related to water treatment and equipment

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

46 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Principal activities
*	Aliran Utara Sdn Bhd (formerly known as Regal Goldhill Sdn Bhd)	Malaysia	**62.8**	–	Operation, maintenance, and management of water treatment plant
*	Senai Airport Terminal Services Sdn Bhd	Malaysia	**100.0**	100.0	Development, operation and maintenance of Senai Airport and provision of airport aviation services
*	Senai High Tech Park Sdn Bhd	Malaysia	**100.0**	100.0	Development, marketing and management of Senai High Technology Park, Johor
*	MMC Petroleum & Resources Sdn Bhd (formerly known as PRENTIS Sdn Bhd)	Malaysia	**100.0**	100.0	Investment holding company and to provide professional services to the oil & gas and resources industries
*	Malakoff R&D Sdn Bhd	Malaysia	**51.0**	–	Research & development activities in the fields of energy, water and green technology / renewable energy
*	Enigma Harmoni Sdn Bhd	Malaysia	**100.0**	100.0	Property development

46 COMPANIES IN THE GROUP (Continued)

Inactive subsidiaries

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %
*	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 (under members' voluntary liquidation)	Belgium	**100.0**	100.0
*	MMC Exploration & Production (BV)	Netherlands	**–**	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**	100.0
	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
	MMC Gas Sdn Bhd	Malaysia	**–**	55.0
*	Tepat Teknik (Labuan) Ltd	Malaysia	**70.0**	70.0
	Tepat Teknik (Sarawak) Sdn Bhd	Malaysia	**70.0**	70.0
#	MMC Ports Limited	British Virgin Islands	**100.0**	100.0
*	Tanjung Bin Energy Sdn Bhd (formerly known as Transpool Sdn Bhd)	Malaysia	**51.0**	51.0
*	Tanjung Bin Energy Issuer Berhad (formerly known as Powerfield Sdn Bhd)	Malaysia	**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 creditors' liquidation)	Malaysia	**73.5**	73.5
*	Aturan Jernih Sdn Bhd	Malaysia	**100.0**	100.0
*	Senai Airport Sdn Bhd	Malaysia	**100.0**	100.0
	PTP – MISC Terminal Sdn Bhd (under members' voluntary liquidation)	Malaysia	**49.0**	49.0
*	SPJ Corporation Berhad	Malaysia	**100.0**	100.0
	MMC Power Sdn Berhad (under voluntary liquidation)	Malaysia	**100.0**	100.0
	MMC-VME Sdn Bhd (winding-up)	Malaysia	**61.0**	61.0

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

46 COMPANIES IN THE GROUP (Continued)

Associates

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Accounting date for inclusion of company results	Principal activities
++	Zelan Berhad	Malaysia	**39.2**	39.2	31.12.2011	Investment holding, civil engineering and construction of power plant and buildings
	Kapar Energy Ventures Sdn Bhd	Malaysia	**20.4**	20.4	31.08.2011	Generation and sale of electricity
	Port Dickson Power Berhad	Malaysia	**12.8**	12.8	30.06.2011	Generation and sale of electricity
*	Lekir Bulk Terminal Sdn Bhd	Malaysia	**10.2**	10.2	31.12.2011	Bulk terminal jetty and coal handling services
*	Malaysian Shoaiba Consortium Sdn Bhd	Malaysia	**20.4**	20.4	31.12.2011	Investment holding
*	Saudi-Malaysia Water & Electricity Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2011	Investment holding

46 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Accounting date for inclusion of company results	Principal activities
*	Shuaibah Water & Electricity Company Limited	Kingdom of Saudi Arabia	**6.1**	6.1	31.12.2011	Design, construction, commissioning, testing, ownership, operation and maintenance of oil fired power generation and water desalination plant
*	Shuaibah Expansion Holding Company Limited	Kingdom of Saudi Arabia	**6.1**	6.1	31.12.2011	Drinking water production
*	Shuaibah Expansion Project Company Limited	Kingdom of Saudi Arabia	**6.0**	6.0	31.12.2011	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	31.12.2011	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

46 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Accounting date for inclusion of company results	Principal activities
#	Salalah Power Holdings Limited	Bermuda	**22.1**	22.1	31.12.2011	Investment holding
*	Enara Energy Investment Company	Jordan	**12.7**	12.7	31.12.2011	Investment holding
*	Central Electricity Generating Company Limited	Jordan	**6.5**	6.5	31.12.2011	Generate electrical energy in different regions of Jordan
*	Al-Imtiaz Operation and Maintenance Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2011	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	31.12.2011	Operation and maintenance of power and water desalination plant
*	Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	**20.0**	20.0	31.12.2011	Operation and maintenance of container terminals

46 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %	Accounting date for inclusion of company results	Principal activities
*	Red Sea Ports Development Company	Kingdom of Saudi Arabia	**20.0**	20.0	31.12.2011	Operation and maintenance of container terminals
*	Jazan Economic City Land Company	Kingdom of Saudi Arabia	**50.0**	50.0	31.12.2011	Development of Jazan Economic City in the Kingdom of Saudi Arabia
*	Equiventures Sdn Bhd	Malaysia	**30.8**	34.2	31.12.2011	Operation and maintenance of water treatment and supply facilities as well as the construction, operation and maintenance of new water treatment plants
*	Strategi Tegas (M) Sdn Bhd	Malaysia	**18.8**	20.9	31.12.2011	Operation, maintenance and management of water treatment plants
*	Hyflux-TJSB Algeria SPA	Algeria	**24.9**	24.9	31.12.2011	Operation and maintenance of water desalination plant

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

46 COMPANIES IN THE GROUP (Continued)

Inactive associates

	Name of company	Country of incorporation	Group's effective interest 2011 %	Group's effective interest 2010 %
*	Ajil Minerals Sdn Bhd	Malaysia	**49.0**	49.0
*	Tepat Teknik-VME Sdn Bhd	Malaysia	**34.9**	34.9
	MMC Metrail Sdn Bhd	Malaysia	**–**	20.0
*	M.O.S.T. Power JV Sdn Bhd	Malaysia	**30.0**	30.0
*	Golden Solitaire (Australia) BV	Netherlands	**–**	59.5

Jointly controlled entities

	Name of company	Principal activities	Proportion of ownership interest 2011 %	Proportion of ownership interest 2010 %
*	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
*	MMC Gamuda KVMRT (PDP) Sdn Bhd (formerly known as Premier Lotus Sdn Bhd)	Undertake, construct, maintain, improve, develop, implement, control, execute and manage any Mass Rapid Transit project in Malaysia or elsewhere	**50.0**	–
*	Projek Smart Holdings Sdn Bhd	Investment holding	**50.0**	50.0
*	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd	Undertakes the Stormwater Management and Road Tunnel project	**50.0**	50.0

46 COMPANIES IN THE GROUP (Continued)

Jointly controlled entities (continued)

	Name of company	Principal activities	Proportion of ownership interest 2011 %	2010 %
*	Whale Shark Maritime Sdn Bhd (under creditors' liquidation)	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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2011

47 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 25 April 2011, Teknik Janakuasa Sdn Bhd, a wholly-owned subsidiary of Malakoff Corporation Berhad, a 51.0% owned subsidiary, incorporated TJSB Services Sdn Bhd with an issued and paid-up capital of RM2.00, representing 2 ordinary shares of RM1.00 each.

(b) On 24 May 2011, the Company disposed off 1,400,000 ordinary shares of RM1.00 each and 1,000 redeemable preference shares with a nominal value of RM1.00 each, representing 77.23% of the equity interest in Recycle Energy Sdn Bhd for a cash consideration of RM1.00 resulting in a gain of RM6.6 million.

(c) On 18 August 2011, MMC-VME Sdn Bhd (MMC-VME), a 61.0% owned subsidiary which has remained dormant since 2009, has been wound up. Following the winding up, MMC-VME has ceased to be a subsidiary of the Company. No material loss is expected to arise from the winding up.

(d) During the year, upon the maturity of its RCULS in November 2011, Aliran Ihsan Resources Berhad, a subsidiary, completed the final conversion of its RCULS into share capital. This exercise resulted in dilution of shareholding of the Company in AIRB, which currently, stands at 62.82% from 74.36% at the point of acquisition.

(e) Effective 23 August 2010, PTP-MISC Terminal Sdn Bhd (PTP-MISC), a 49.0% owned semi-dormant subsidiary through Pelabuhan Tanjung Pelepas Sdn Bhd (PTP), has been put under liquidation. PTP-MISC has therefore ceased its business operations.

On 12 December 2011, PTP received the proceeds being the final distribution by the liquidator and based on the Section 272(5) of the Companies Act, 1965, PTP-MISC shall be dissolved on the expiration of three months from the date of the lodgement of the Form 69, i.e. on 5 March 2012. The gain resulting from the liquidation is RM87,000.

48 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

With the purpose of improving transparency, Bursa Malaysia Securities Berhad had on 25 March 2010, and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of unappropriated retained earnings or accumulated losses into realised and unrealised on Group and Company basis, in the annual audited financial statements.

The retained earnings as at reporting date are analysed as follows:

	Group		Company	
	2011 RM'000	**2010 RM'000 (Restated)**	**2011 RM'000**	**2010 RM'000**
Total retained earnings of the Company and its subsidiary companies:				
- Realised profits	**1,996,365**	1,860,615	**2,484,417**	2,368,196
- Unrealised profits/(losses)	**205,948**	215,947	**–**	(457)
	2,202,313	2,076,562	**2,484,417**	2,367,739
Total accumulated losses from associated companies:				
- Realised earnings/(losses)	**5,065**	(29,939)	**–**	–
- Unrealised losses	**(28,371)**	(28,371)	**–**	–
	(23,306)	(58,310)	**–**	–
Total retained earnings/(accumulated losses) from jointly controlled entities:				
- Realised earnings/(losses)	**37,215**	(25,787)	**–**	–
- Unrealised losses	**(24,974)**	(24,794)	**–**	–
	12,241	(50,581)	**–**	–
	2,191,248	1,967,671	**2,484,417**	2,367,739
Less: Consolidation adjustments	**(81,859)**	(84,048)	**–**	–
	2,109,389	1,883,623	**2,484,417**	2,367,739

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 book (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		12	2000
PTD Nos. 2424-2504, 2514, 2516, 2517, 2520, 2521, Tanjung Kupang, District of Johor Bahru	Leasehold	726.52	Commercial & industrial land	2099	1,869,055	–	2000
PTD No. 1586, Serkat, District of Pontian, Johor Darul Takzim	Grant in perpetuity	114.92	Land for port terminal & buildings	–		–	2001
PTD No. 2519 Tanjung Kupang District of Johor Bahru	Leasehold	0.22	Commercial & Industrial land	2033		–	2000
PTD No. 3161 Tanjung Kupang District of Johor Bahru	Leasehold	2.80	Building	2107		–	2008
H.S. (D) 23569, PTD 8797, Mukim of Senai, District of Kulaijaya, State of Johor Darul Takzim	Leasehold	495.98	Senai International Airport	2033	841,559	8	2003
PTD Nos. 1836-1838, 1851 & 1357, Serkat/Sg. Karang, District of Pontian, Johor Darul Takzim	Leasehold	912.78	Industrial/vacant	2103	508,595	6	2005
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	112.10	Berths 7-11	2052	123,990	14	1997
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	13.44	Container berths 1 & 2	2052	79,635	19	1992
Mukim of Serkat, District of Pontian, Johor Darul Takzim	Leasehold	362.43	Industrial land with power plant	2048	74,032	5	2003
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	–	Dangerous cargo jetty 4	2052	33,370	12	1999

Location	Tenure	Area (hectares)	Description/ Existing use	Year of expiry	Net book book (RM'000)	Age of building (years)	Year of acquisition
Plentong, District of Johor Bahru, Johor Darul Takzim	Leasehold	–	Dangerous cargo jetty	2052	20,640	19	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	Leasehold	5.56	Factory building	2089	20,443	20	1992
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, part of the land which was previously planted with matured oil palm is being developed as Senai Airport City		–	–	2008

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 book (RM'000)	Age of building (years)	Year of acquisition
Lot 86, No. Hakmilik GM 36, Mukim of Kulai, District of Kulaijaya, Johor Darul Takzim	Freehold	1.59	Currently, part of the land which was previously planted with matured oil palm is being developed as Senai Airport City	)	1,813,988	–	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	651.63	Currently, part of the land which was previously planted with matured oil palm is being developed as Senai Airport City	)	–	–	2008

Shareholding Statistics

as at 12 March 2012

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	:	One vote for every Ordinary Share
No. of shareholders	:	9,013

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct	%	Indirect	%
Amanahraya Trustees Berhad - (Skim Amanah Saham Bumiputera)	627,218,000	20.60	–	–
Citigroup Nominees (Tempatan) Sdn Bhd - (Employees Provident Fund Board)	187,037,600	6.14	–	–
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

@ deemed interested through Indra Cita

ANALYSIS BY SIZE OF SHAREHOLDING

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	277	3.07	7,306	0.00
100 - 1,000	1,216	13.49	951,058	0.03
1,001 - 10,000	5,637	62.54	25,091,126	0.82
10,001 – 100,000	1,548	17.18	44,999,813	1.48
100,001 to less than 5% of issued shares	332	3.68	583,644,809	19.17
5% and above of issued shares	3	0.03	2,390,364,440	78.50
Total	**9,013**	**100.00**	**3,045,058,552**	**100.00**

DIRECTORS' INTEREST AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

None of the directors has 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.	1,576,108,840	51.76
2.	Amanahraya Trustees Berhad - Skim Amanah Saham Bumiputera	627,218,000	20.60
3.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	187,037,600	6.14
4.	Kumpulan Wang Persaraan (Diperbadankan)	116,460,500	3.82
5.	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	52,021,500	1.71
6.	Lembaga Tabung Haji	37,681,100	1.24
7.	Permodalan Nasional Berhad	33,354,300	1.10
8.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	26,664,392	0.88
9.	Amanahraya Trustees Berhad - Amanah Saham Didik	26,561,400	0.87
10.	Amanahraya Trustees Berhad - Amanah Saham Malaysia	20,806,000	0.68
11.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	14,021,800	0.46
12.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	13,162,000	0.43
13.	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	12,373,200	0.41
14.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	12,099,380	0.40
15.	Amanahraya Trustees Berhad - AS 1Malaysia	10,958,300	0.36

No.	Name	No. of shares held	% of issued capital
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	7,232,834	0.24
17.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AM Inv)	6,843,400	0.22
18.	Citigroup Nominees (Asing) Sdn Bhd - CBHK PBGSGP for Sunnyvale Holdings Ltd	6,362,100	0.21
19.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (KIB)	5,531,800	0.18
20.	Amanahraya Trustees Berhad - Public Islamic Equity Fund	4,092,100	0.13
21.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	3,568,800	0.12
22.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (RHB Inv)	3,500,000	0.11
23.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	3,380,699	0.11
24.	Amanahraya Trustees Berhad - Sekim Amanah Saham Nasional	3,264,600	0.11
25.	Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	3,105,600	0.10
26.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund C021 for College Retirement Equities Fund	3,087,174	0.10
27.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Bank Berhad (EDP 2)	3,046,500	0.10
28.	HSBC Nominees (Asing) Sdn Bhd - Credit Suisse International	2,803,600	0.09
29.	Citigroup Nominees (Asing) Sdn Bhd - CBLDN for Stichting PGGM Depository	2,779,100	0.09
30.	Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	2,688,300	0.09
	Total	**2,827,814,919**	**92.86**

Administrative Details

ADMINISTRATIVE DETAILS FOR THE THIRTY-SIXTH ANNUAL GENERAL MEETING OF MMC CORPORATION BERHAD TO BE HELD AT NIRWANA BALLROOM, LOWER LOBBY, CROWNE PLAZA MUTIARA KUALA LUMPUR, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR, MALAYSIA ON TUESDAY, 8 MAY 2012 AT 11.00 A.M.

PARKING

- Parking for visitors is available at the parking bays of the Hotel. Parking fee will be borne by MMC. Visitors are to exchange their entry tickets with exit tickets at the designated counter outside the Ballroom.

REGISTRATION

- Registration will start at 9.00 a.m. and registration counters will remain open until the conclusion of the Annual General Meeting or such time as may be determined by the Chairman of the meeting.
- Please read the signage placed around the Hotel as to where you should register yourself for the meeting and join the queue accordingly.
- Please produce your original identity card during registration for verification and ensure that you collect your IC thereafter.
- After verification and registration, you will be given an identification tag. No person will be allowed to enter the Ballroom without the identification tag.

REFRESHMENT

- Coffee, tea and light food will be available outside the Ballroom before the Annual General Meeting.
- Lunch will be served at the room next to the Ballroom upon conclusion of the Annual General Meeting. No person will be allowed to enter the room without the identification tag.

DOOR GIFTS

- No door gifts or meal vouchers will be distributed at the Annual General Meeting.

RECORD OF DEPOSITORS FOR ATTENDANCE AT ANNUAL GENERAL MEETING

- For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 2 May 2012. Only depositors whose names appear on the Record of Depositors as at 2 May 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf.

Proxy Form

Number of Ordinary Share(s) held	
CDS Account No.	

I/We, _____
(block letters)

of _____

being a member/members of MMC CORPORATION BERHAD hereby appoint:

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1	_____	_____	_____	or failing him/her
Proxy 2	_____	_____	_____	or failing him/her

the Chairman of the meeting as my/our proxy 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 Tuesday, 8 May 2012 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)

AGENDA

	Ordinary Business	**For**	**Against**
1.	To consider the Audited Financial Statements and the Reports of the Directors and Auditors thereon		
2.	Declaration of Dividend (Resolution 1)		
3.	Re-election of Encik Abdul Hamid Sh Mohamed pursuant to Article 78 (Resolution 2)		
4.	Re-appointment of Dato' Wira Syed Abdul Jabbar Syed Hassan pursuant to Section 129 of the Companies Act, 1965 (Resolution 3)		
5.	Re-appointment of Dato' Abdullah Mohd Yusof pursuant to Section 129 of the Companies Act, 1965 (Resolution 4)		
6.	Re-appointment of Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob pursuant to Section 129 of the Companies Act, 1965 (Resolution 5)		
7.	Re-appointment of Auditors (Resolution 6)		

Signature: _____ Date: _____

NOTES:

1. The proxy form, to be valid, must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote in his stead. 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 represented by each proxy.
3. In case of a corporation, the 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. In the case of joint holders, the signature of any one of them will suffice.
5. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
6. Registration of members/proxies attending the meeting will commence at 9.00 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such a time as may be determined by the Chairman of the meeting. Members/proxies are required to produce identification documents for registration.
7. **Only members whose names appear on the Record of Depositors as at 2 May 2012 shall be entitled to attend the said AGM or appoint a proxy(ies) to attend and/or vote on their behalf.**

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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

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