MMC

moving ahead

annual report 2012

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

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Corporate Profile

MMC Corporation Berhad (MMC) is a leading utilities and infrastructure group with diversified businesses under three divisions, namely energy & utilities, ports & logistics and engineering & construction.

Under the energy & utilities division, MMC has a controlling stake in Malakoff Corporation Berhad (Malaysia's largest independent power producer), is the single largest shareholder of Gas Malaysia Berhad (sole supplier of reticulated natural gas in Peninsular Malaysia) and wholly owns Aliran Ihsan Resources Berhad (a water treatment plant operator).

MMC's key businesses in its ports & logistics division include the operations of Port of Tanjung Pelepas (Malaysia's largest container terminal) and Johor Port (Malaysia's leading multi-purpose port). MMC also has an associate stake in Red Sea Gateway Terminal Company Limited which operates a container terminal at Jeddah Islamic Port, Kingdom of Saudi Arabia.

MMC's engineering & construction division has further established itself in the sector following its leading role as the Project Delivery Partner and underground works package contractor for the 51km Klang Valley Mass Rapid Transit (KVMRT) project (Sungai Buloh - Kajang line). This is in addition to MMC's unprecedented track record of implementing a railway engineering breakthrough in the construction of Bukit Berapit twin-bore tunnel, Southeast Asia's longest rail tunnel as part of the 329km Ipoh – Padang Besar Electrified Double Track Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind dual purpose tunnel in the world.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting (AGM) of members of MMC Corporation Berhad will be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Monday, 13 May 2013 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 2012 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 4.5 sen per share for the financial year ended 31 December 2012 be and is hereby approved and declared payable on 28 June 2013 to the members of the Company registered at the close of business on 3 June 2013." **Resolution 1**

3. "THAT Datuk Mohd Sidik Shaik Osman, 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." **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." **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." **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 re-appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM." **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." **Resolution 6**

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following Special Resolution:

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the Proposed Amendments to the Articles of Association of the Company as set out in Appendix I of the Annual Report 2012 (Proposed Articles Amendments) be and are hereby approved and adopted AND THAT the Board of the Company be and are hereby authorized to execute all relevant documents and to do all acts and things as deemed necessary to give full effect to the Proposed Articles Amendments." **Resolution 7**

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 3 June 2013 shall be entitled to the final dividend which will be paid on 28 June 2013.

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 3 June 2013 in respect of ordinary transfers; and

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

BY ORDER OF THE BOARD

Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat
Company Secretaries

Kuala Lumpur
19 April 2013

Notes:

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 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 at 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 7 May 2013 shall be entitled to attend the said AGM or appoint a proxy(ies) to attend and/or vote on their behalf.**

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.

Resolutions 3, 4 and 5 – Re-appointment of Directors

The proposed Ordinary Resolutions 3, 4 and 5 under Agenda 4, 5 and 6 are to seek shareholders' approval for the re-appointment of Directors who are of the age of 70 and above. These resolutions must be passed by a majority of not less than three-fourth of such Members of the Company as being present and entitled to vote in person or where proxies are allowed, by proxy at the AGM of the Company. If passed, it will enable the Directors to hold office until the next AGM of the Company.

Malaysian Code on Corporate Governance 2012 recommends that shareholders' approval be sought in the event that the Company intends to retain an independent director who has served in that capacity for more than nine years.

In relation thereto, the Board, through the Nomination Committee, has assessed the independence of Dato' Abdullah Mohd Yusof, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years.

The Board recommends that Dato' Abdullah Mohd Yusof continues to act as an Independent Non-Executive Director of the Company for the following reasons:

a) He fulfills the criteria as an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities, and therefore is able to bring independent and objective judgment to the Board;

b) His vast experience in the utilities and infrastructure industry and legal background enables him to provide the Board with a diverse set of experience, expertise, skills and competence;

c) He understands the Company's business operations which allows him to participate actively and contribute during deliberations or discussions at the Committee and Board meetings;

d) He devotes sufficient time and effort and attends all the Committee and Board meetings for informed and balanced decision making; and

e) He exercises due care as an Independent Non-Executive Director of the Company and carries out his professional and fiduciary duties in the interest of the Company and shareholders.

Resolution 7: Proposed Amendments to the Articles of Association of the Company

The Special Resolution proposed under Agenda 8 is for the purpose of seeking the shareholders' approval for the amendments to the Company's Articles of Association following Bursa Malaysia Securities Main Market Listing Requirement's amendments in relation to disclosure and other obligations pursuant to Bursa Malaysia Securities' letter dated 22 September 2011.

The amendments to the Company's Articles of Association namely, appointment of multiple proxies by exempt authorised nominee, no restriction on proxy's qualification and according proxies same rights as members to speak at general meetings, are aimed at providing greater clarity and certainty to the market.

Appendix I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The details of the Proposed Amendments to the Articles of Association of the Company are as follows:

Existing Article	Proposed Amendments
Article 71A Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.	**Article 71A** Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
Article 71B None	**Article 71B** A member of a company entitled to attend and vote at a meeting of a company, or at a meeting of any class of members of the company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.

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

Datuk Mohd Sidik Shaik Osman

Dato' Abdullah Mohd Yusof

Encik Ooi Teik Huat

Encik Abdul Hamid Sh Mohamed

COMPANY SECRETARIES

Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat

REGISTERED OFFICE

Ground Floor, Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : (603) 2071 1000
Fax : (603) 2026 2378
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

DIVIDEND SERVICE PROVIDER

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

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

Financial Calendar

13 May 2013	Annual General Meeting
3 June 2013	Entitlement to 2012 final dividend
28 June 2013	Payment of 2012 final dividend

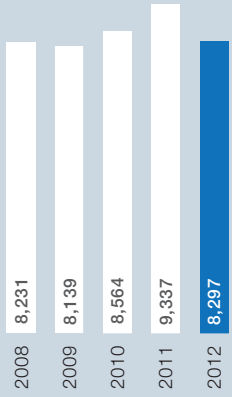
Financial year ending 31 December 2013
Announcement of results*:

30 May 2013	1st quarter
30 August 2013	2nd quarter
29 November 2013	3rd quarter
27 February 2014	4th quarter

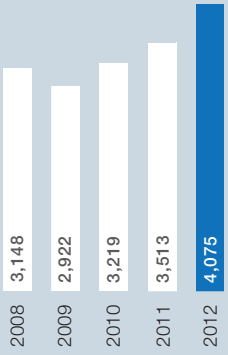
* These dates are subject to change

Performance at a Glance

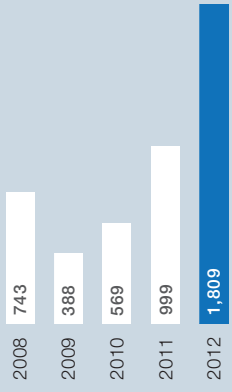
Revenue
(RM million)



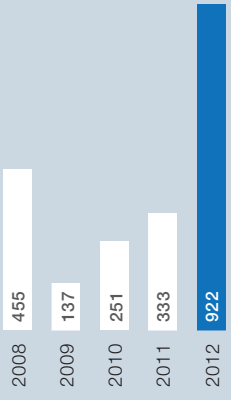
EBITDA
(RM million)



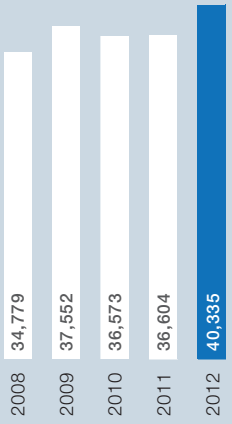
Profit before tax
(RM million)



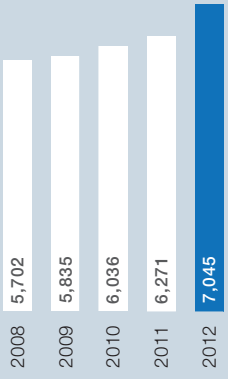
Profit after tax and minority interests
(RM million)



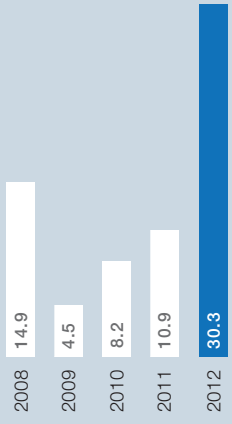
Gross assets
(RM million)



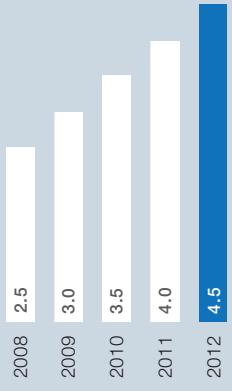
Shareholders' funds
(RM million)



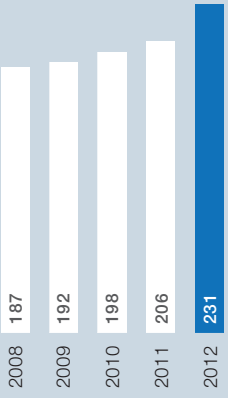
Earnings per share
(Sen)



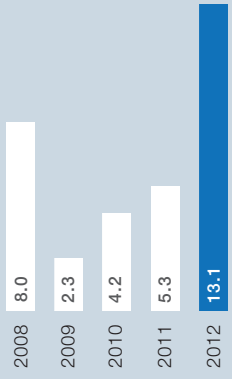
Dividend per share
(Sen)



Net assets per share
(Sen)



Return on Equity
(%)



Note: The 2008 to 2011 financials have been restated following prior year adjustments arising from the adoption of IC Interpretation 4

Chairman's Message

Dear Shareholders,

As we enter into a new 100 year journey, it is important to reflect and understand the underlying factors that have made MMC Corporation Berhad (MMC) an established organisation within the nation's business landscape. Moving into new business areas is never an easy strategic decision to make, let alone making sure the successful execution of such strategy. Yet, over the past decade we have seen MMC grow steadily in each of its respective business divisions and in the process delivering many of the critical infrastructures that have contributed significantly towards the growth of the nation.

Our success thus far has been due to our focus in ensuring that we build businesses with robust business models, sustainable core earnings and developing and retaining strong human capital base. The Board is pleased to see the efforts of management in instilling the right culture that aims to ensure each member of the organisation works in unison and harmony towards a common goal that will benefit both people and organisation. With INTEC which stands for Integrity,

DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
Chairman

Innovation, Teamwork, Excellence and Commitment being our core values, we have laid out the right foundation for our people to benefit and grow with the organisation as we continue to make headlines in the Malaysian business scene.

During the year, we achieved another milestone with the listing of Gas Malaysia Berhad (Gas Malaysia) on Bursa Malaysia in June 2012. Gas Malaysia is one of the strongest investments in MMC's portfolio of business and we are proud to have seen it grown into a company with a market capitalisation of approximately RM3.7 billion as at 1 April 2013. Even as an associate company within MMC, Gas Malaysia will continue to be strategic to our energy and utilities division and will continue to provide steady income stream to MMC's yearly financial performance.

With the recent signing of the underground works package for the Klang Valley Mass Rapid Transit (KVMRT) – 51 km Sungai Buloh-Kajang Line (SBK Line), MMC has secured another construction order book of RM4.14 billion. This ensures good earnings visibility for our construction business which as at 31 December 2012 has around RM5.0 billion worth of jobs. This is expected to keep us busy up until 2017. In addition, our subsidiary Malakoff Corporation Berhad (Malakoff) via Segari Energy Ventures (SEV) was one of the successful bidders in the competitive bidding conducted by the Energy Commission (EC) for the 10-year extension of the first-generation power purchase agreements which were supposed to expire in 2017. This extension secures SEV's business until 2027.

No doubt, with the culture instilled in our people, the team will be working hard to generate more jobs in order to ensure we remain a key partner to the Malaysian Government in its efforts to modernise the country's infrastructures.

The Board will continue to push management to continue looking at creating new growth opportunities within each of the identified core divisions namely energy & utilities, ports & logistics and engineering & construction.

The recent announcements by the Government present MMC with a number of exciting opportunities. For example, the high speed rail project between Singapore and Kuala Lumpur illustrates a big shift in collaboration between the Malaysian and Singapore governments. Malaysia certainly cannot work in isolation to its neighbours and this major initiative can help expedite our Government's efforts in achieving the developed nation status for Malaysia. As a major infrastructure and utilities group, we applaud such efforts.

What this means to us is that we have to up our ante in order to stay relevant and strong in the face of a more open business environment and continue to push ourselves towards new heights that everyone can be proud of in the future.

On that note, I am pleased to report to our shareholders that 2012 has been a year of continued progress with exceptional results predominantly arising from the listing of Gas Malaysia.

STRONG FINANCIAL PERFORMANCE

The successful listing had provided MMC with an exceptional gain of RM1.0 billion which enabled the MMC Group to achieve its highest ever profit before tax (PBT) of RM1.8 billion for financial year ended 31 December 2012, an increase of 81.2% over the RM998.6 million profits achieved in the previous year. Profit after tax and minority interests (PATMI) for 2012 was RM921.8 million, representing a significant 177.2% increase from RM332.6 million for the previous year.

Income from the energy and utilities division was lower with PBT of RM825.6 million for the period under review, as compared to RM939.9 million recorded in the corresponding period last year mainly due to the reduction in shareholding in Gas Malaysia. Revenue also decreased by 14.4% to RM6.8 billion from RM7.9 billion in 2011 predominantly as a result of the listing. Nevertheless, the listing enabled MMC to raise funds for working capital as well as for the purpose of repaying some of our debts at the holding company. Gas Malaysia's sales volume rose to 127.6 million British thermal unit (MMBtu) in 2012 from the previous year's volume of 124.9 million MMBtu. Malakoff for 2012 also performed commendably with higher energy dispatch averaging 60.1% in 2012 as compared to 55.1% in 2011.

The ports and logistics division continues to grow with increased throughput at Port of Tanjung Pelepas (PTP) and Johor Port. PTP handled 7.7 million twenty foot equivalent units (TEU) as compared to 7.5 million TEU in 2011. Johor Port's annual throughput has increased to 32.9 million freight weight tonnes (FWT) for 2012 in comparison to 32.5 million FWT achieved in the previous year. Collectively, both ports accounted for 42% of the country's total container throughput, thus maintaining MMC's position as the country's leading container port operator. Consequently, the division recorded higher revenue of RM1.5 billion, an increase of 6.6% from RM1.4 billion in 2011. However, PBT declined by 4.0% to RM285.6 million in 2012 from RM297.5 million achieved in 2011, mainly due to higher operating costs and depreciation mainly at Johor Port as a result of capacity expansion initiatives.

The engineering and construction division delivered higher PBT of RM59.0 million as compared to RM54.6 million in 2011, driven by Electrified Double Track Project (EDTP) and maiden contribution from the KVMRT project. The EDTP project has achieved a 90% completion as at December 2012 and is expected to be completed by November 2014. With the EDTP coming towards its tail end, KVMRT project's contribution is timely as it provides long term sustainability to the earnings of the engineering and construction division. The KVMRT SBK Line is progressing smoothly and is scheduled for completion by July 2017. Progress on the underground works package is on schedule with the first tunnel boring machine expected to commence tunnelling in May 2013.

More details of MMC's 2012 financial results and operations are covered in the Management's Discussion and Analysis section of this Annual Report.

DIVIDEND

MMC is committed to delivering continuous returns to shareholders. Given our confidence in the strength of the fundamentals of the Group, coupled with improved profit for the year, we are recommending a dividend payment of 4.5 sen per share for the financial year ended 31 December 2012. This represents an increase of 12.5% from the preceding year's dividend payment.

CORPORATE SOCIAL RESPONSIBILITY

Apart from our achievements at the business front, I am also pleased with MMC's corporate social responsibility (CSR) efforts. MMC's approach towards CSR encompasses education and community development, environmental preservation as well as human capital development. I am encouraged by the positive impact of our efforts, particularly in providing aid to schools and the students through tuition classes and contribution of school facilities. The spirit and conviction in giving back to society and environment is also strongly demonstrated by our subsidiary and associate companies. Malakoff has been at the forefront of numerous sporting activities such as the KL Run, Charity Ride and the Asian Junior Golf Championship. PTP also has strong environment driven programmes such as their 'Mangrove Replanting Programme' at Pulai River to protect the mangrove area as an important component of the ecosystem. These are just some of the CSR activities within the MMC Group and I am happy to see the enthusiasm shown by the Group of companies in making sure we give back to society and environment as we do our business.

More information on our initiatives can be found in the Corporate Social Responsibility section of this Annual Report.

MOVING AHEAD

We recognise that we will continue to operate amidst a volatile business environment but we are optimistic about our prospects for the year. We are expending considerable effort on optimising our diverse business portfolio. Our diversified businesses provide us with great flexibility to pursue projects and growth where we find the best opportunities.

On that score, we strongly believe in working closely with capable business partners as it will enable us to leverage on each other's strengths, skill-sets and expertise for the mutual benefit of both parties. On the construction side, besides our successful venture with Gamuda Berhad in Stormwater Management and Road Tunnel (SMART) motorway, EDTP and KVMRT, we will continue to adopt the same partnership approach with other reputable players as we venture into new power related and infrastructure projects locally and overseas.

We are also taking a proactive measure to pare down our borrowings, improve our capital structure and one of our strategies on this is via the listing of quality subsidiaries on the local bourse. In particular, the relisting of Malakoff is also aimed at enhancing the company's visibility and facilitating its market expansion on the local and international fronts. Combined with its strong growth prospects, Malakoff is poised to become an attractive investor proposition when it returns to the market this year.

Recently, Aliran Ihsan Resources Berhad has become a wholly-owned subsidiary of MMC following the completion of the selective capital reduction and repayment exercise on 8 February 2013. We are now exploring ways on how we can strengthen our position in the water business in a more holistic manner. We will carefully review water investments and identify attractive niches to move forward in a more innovative manner.

MMC is also leveraging on the Group's synergistic strengths to create value for its companies as well as to venture into new businesses. We are already seeing healthy development of cooperation across the Group and we are seeking more opportunities to create value.

We are aware of the need to continuously identify new businesses. On that note, Malakoff is aggressively expanding its presence overseas as a strategy to enhance its global power and water portfolio. Recently, Malakoff's credentials have been reinforced in the international market through its acquisition of an indirect 40% stake in Hidd Power Company B.S.C (c) Bahrain (HPC), a power and generation provider in the Kingdom of Bahrain (Bahrain). HPC provides 39% of Bahrain's power supply as well as 62% of the country's water supply.In addition to the HPC investment, Malakoff had also secured a USD300 million Build-Own-Operate contract for a water desalination project in Al Ghubrah, Oman.

With our key projects in progress, we will focus in advancing the Group into the next phase of development. We aim to be in a stronger position in terms of profit and operational performance while enhancing our capabilities as a competitive utilities and infrastructure conglomerate. MMC is constantly bidding for new contracts. We are also optimistic of the prospects of securing more projects in the coming years as the Government has outlined plans to spend up to RM160 billion on various rail-related projects up to 2020. Planning works on the next two KVMRT lines are at an advanced stage and we anticipate the contract awards for these lines could commence by end 2013.

The roll-out of KVMRT presents not just an efficient way of public transport in the Klang Valley but also provides an opportunity for the Malaysian workforce to acquire new skill sets. For example, the engineers have the opportunity to hone their skills and knowledge as this project involves a multitude of complex engineering and construction works, especially at the tunnelling stage. Our experience in the EDTP has placed us in an advantageous position to nurture a new breed of engineers as they get to gain hands-on exposure in tunnel engineering.

We are aware that we have plenty of work to do to reach our full earnings potential but we are optimistic about the prospects for MMC in 2013 and beyond.

APPRECIATION AND RECOGNITION

While we are proud with the depth and breadth of the assets that MMC possess, we are most proud of our greatest asset of all: our employees who embody the high performance culture and spirit. A sustainable and successful organisation is centred on its people; at every touch point, at every level of the organisation, at every stage of the operation. On behalf of the Board, I thank the management team and all our employees, for their commitment and dedication towards making MMC a great organisation.

I also would like to express our utmost appreciation to our various stakeholders, business partners, financial supporters and our shareholders for your continuous support over the past year. The belief and trust shown by our stakeholders especially the Federal and State Governments and institutional shareholders have enabled us to build an organisation where our people are now tasked with managing and delivering infrastructures that are critical to the growth of the country. Last but not least, it is my privilege to thank my fellow Board members in MMC and in the subsidiaries and associate companies for lending their counsel and support in the past year to the business of MMC.

With everyone's support and commitment, I am confident that MMC Group will rise to the challenge and continue to enhance our standing as a leader in the industry we operate. On that note, I invite you to stay the course with us and assure you of our collective commitment to deliver positive returns to our shareholders.

DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
Chairman

Management's

Discussion & Analysis

"We remain positive on the long term fundamentals of the MMC Group as our solid portfolio of diverse businesses are expected to continue delivering sustainable growth. Within the Group, we have strong and competitive entities which are leading companies in their respective industries. These companies are well-positioned to leverage on their capabilities and proven track record to pursue growth opportunities in order to deliver value to our shareholders."

DATUK HJ HASNI HARUN
Group Managing Director

I am pleased to report that MMC delivered a profit before tax (PBT) of RM1.8 billion and profit after tax and minority interests (PATMI) of RM921.8 million for the financial year ended 31 December 2012. The Group's PBT and PATMI are 81.1% and 177.2% higher respectively in 2012 as compared to the previous year.

Malakoff : Tanjung Bin 2,100 MW coal-fired power plant in Johor.

Energy & Utilities

MALAKOFF CORPORATION BERHAD

Malakoff Corporation Berhad (Malakoff) in 2012 achieved higher average dispatch factor of 60.1% for its power plants against 55.1% in 2011. However, due to lower average coal price in 2012 against 2011, Malakoff achieved a slightly lower turnover of RM5.5 billion for 2012, a decrease of 1.8% as compared to the previous year's turnover of RM5.69 billion.

Malakoff's PATMI for 2012 recorded an increase of 2.0% to RM468.2 million from RM459.1 million in the previous year. PBT was at RM707.1 million in 2012 as compared to RM630.1 million in 2011. This is contributed by the positive performance of Malakoff's gas-fired power plants in Lumut, Perak and Prai, Pulau Pinang coupled with healthy profit contributions from its local and overseas associates in the Kingdom of Saudi Arabia and Kingdom of Bahrain.

Malakoff's associate, Shuaibah Water & Electricity Company in Kingdom of Saudi Arabia continued to perform well in 2012. The plant recorded an availability factor of 90.2% and 90.0% for power generation and water production respectively. The Shuaibah Expansion Independent Water Project (IWP) had achieved an availability factor of 95.6%. The Souk Tleta plant in Algeria recorded 67.7% availability factor in 2012, due to lower quality of seawater.

In October 2012, Malakoff was named as one of the successful bidders in the competitive bidding conducted by the Energy Commission, to secure a 10-year extension for its concession in Segari power plant's power purchase agreement from 2017 to 2027. In February 2013, it signed a supplemental power purchase agreement and a new power purchase agreement with Tenaga Nasional Berhad for the extension of the concession.

Malakoff expanded its international presence aggressively during the period under review. In May 2012, Malakoff acquired an indirect 40% stake in Hidd Power Company B.S.C (c) Bahrain (HPC), one of the largest independent power generation and water (IWP) desalination plants in Bahrain. HPC provides about 39% of Bahrain's power needs and 62% of its water requirements. In November 2012, a Malakoff-led consortium was selected as the successful bidder for the construction of an independent water project worth USD300 million in Al Ghubrah, Oman. The Al Ghubrah IWP water production facility will have a net desalination capacity of 42 million imperial gallons per day (MIGD) (equivalent to 191,000 cubic metres a day).

The year 2012 also saw Malakoff launching its wholly-owned subsidiary, Malakoff Utilities Sdn Bhd (Malakoff Utilities) to reposition its electricity distribution and district cooling business as another core line of business. Currently, Malakoff Utilities holds exclusive rights to distribute electricity and district cooling business within the KL Sentral development and transportation hub. Additionally, Malakoff Utilities had signed Chilled Water Supply Agreements with the developers of mixed development projects in KL Sentral in 2012 resulting in an increase in its current Centralised Chilled Water Plant's capacity of 7,000 Refrigerant Ton (RT) to 17,000 RT so as to meet the growing development needs of KL Sentral dwellers.

Malakoff continued adding more accolades by receiving four industry awards in 2012 for the new 1,000 MW Tanjung Bin power plant's RM6.5 billion (USD2.1 billion) financing facilities. The accolades include the Best Project Bond of the Year 2012 awarded by Project Finance International, AAA Best Project Finance Deal by The Asset, Asia-Pacific Power Deal of the Year by Project Finance Magazine and the Best Project Financing Award by Asia Money.

Moving forward, Malakoff is well-positioned to pursue further investments in order to become Malaysia's leading multinational power and water company and is poised to embrace new opportunities in green technologies.

Malakoff is on track for listing on Bursa Malaysia Securities Berhad (Bursa Malaysia) later this year and thereby providing investors with the opportunity to participate in the continuing growth of the company.

Malakoff: Construction site of the new 1,000 MW coal-fired power plant at Tanjung Bin, Johor.

LOCAL POWER PLANTS				
Plant Name/ Location	**Tanjung Bin, Johor**	**Segari, Lumut, Perak**	**Prai, Pulau Pinang**	**GB3, Lumut, Perak**
Gross Capacity (MW)	2,100	1,303	350	640
Effective Equity Participation (%)	90.0	93.8	100	75.0
Concession Period remaining (years)	18	14	11	9
Electricity Generated (GWh)	14,571	3,077	2,332	3,301
Average Capacity Factor %	79.0	26.9	75.9	58.7
Availability %	82.9	92.0	92.7	91.9

Gas Malaysia: Service station with gas measurement and pressure-regulating facilities.

GAS MALAYSIA BERHAD

For 2012, Gas Malaysia Berhad (Gas Malaysia) recorded 6.3% growth in revenue to RM2.1 billion from RM2.0 billion in the previous year. The increase in revenue was in line with the improvement in sales volume by 2.2% to 127.6 million British thermal unit (MMBtu) from 124.9 MMBtu. The improvement is largely attributed to the additional demand from new customers and expansion of requirements by existing customers. To date, the company has 709 industrial customers which account for about 99% of the total volume consumed by customers. The largest contributors to the increase in sales were companies in the food, beverage, tobacco and rubber industries.

In 2012, Gas Malaysia registered a PBT of RM214.1 million versus RM294.7 million in the previous year. Profit after tax was at RM162.8 million, a decline of 29.0% from RM229.2 million in the previous year, reflecting the full year impact of gas tariff revision as announced by the Government which took effect on 1 June 2011. The revision led to a decline in Gas Malaysia's average margin from RM3.95 per MMBtu to RM2.02 per MMBtu. In an effort to mitigate the impact of the new tariff, Gas Malaysia has aggressively embarked on expanding its pipeline network to increase its customer base as well as focusing on improving volumes from existing customers. During the year under review, 17 new industrial customers were supplied and 7 existing industrial customers were involved in the expansion of natural gas consumption.

On 23 February 2012, Gas Malaysia signed a new agreement for the sale and purchase of dry gas with Petroliam Nasional Berhad (PETRONAS) for the supply of up to 492 million standard cubic feet per day (MMScfd) of dry gas. This new supply represents a substantial 29% increase from 382 MMScfd previously. The tenure of the agreement is for a period of 10 years - commencing from 1 January 2013 until 31 December 2022 and with the option to extend for another five years. With the confirmation of the long term gas supply, Gas Malaysia will be in a better position to lock-in long term sales volume with its key industrial customers and thereby strengthening its position as a key player in the natural gas distribution in the industry.

Gas Malaysia completed its initial public offering (IPO) and was listed on the Main Market of Bursa Malaysia on 11 June 2012 which resulted in a reduction of MMC's effective shareholding to 30.9%. As a result of the IPO exercise, Gas Malaysia ceased to be a subsidiary of MMC Group and its financial results are now equity accounted for as an associate company.

Aliran Ihsan Resources: The Parit Raja 4 water treatment plant in Batu Pahat, Johor operated by Southern Water Corporation with a capacity of 63.64 million litres per day.

MMC is optimistic of Gas Malaysia's growth prospects for the year as it anticipates improvement in gas volume as well as serving a higher number of customers. Demand from customers is expected to improve, with the industrial sector continuing to be a key component of the country's growth.

For the financial year ended 31 December 2012, Gas Malaysia has proposed a dividend payout ratio of 100% of its net profit in line with the dividend policy. The company is committed to a payout ratio of not less than 75% of its net profit going forward. Given its consistent earnings, Gas Malaysia is in a position to offer attractive dividends to its investors.

ALIRAN IHSAN RESOURCES BERHAD

Aliran Ihsan Resources Berhad (AIRB) posted revenue of RM99.5 million for the year ended 31 December 2012, which was an increase of RM16.5 million or 19.9% from the previous financial year's revenue of RM83.0 million. The increase in revenue was mainly due to higher water treatment production level recorded for the year. AIRB's subsidiaries, namely Southern Water Corporation Sdn Bhd and Aliran Utara Sdn Bhd generated an increase in the total annual production of treated water by 4% and 8% respectively.

However, despite higher revenue achieved in 2012, AIRB recorded a loss before tax of RM2.7 million versus PBT of RM46.4 million achieved in the previous year. It recorded loss after tax of RM2.5 million in 2012 as compared to a profit of RM38.5 million. The loss is due to the expiry of concession for Equiventures Sdn Bhd in June 2012 as well as impairment charges and allowances for its debts in contention.

AIRB recently completed a selective capital reduction and repayment exercise which resulted in AIRB becoming a wholly owned subsidiary of MMC and has been de-listed from the Official List of Bursa Malaysia on 27 February 2013.

AIRB will continue to specialise in water treatment operations and maintenance in Malaysia as well as pursuing into new sectors throughout the water and sewerage industry.

Port of Tanjung Pelepas: 44 operational quay cranes over 12 operational and fully equipped berths of 360 metres each.

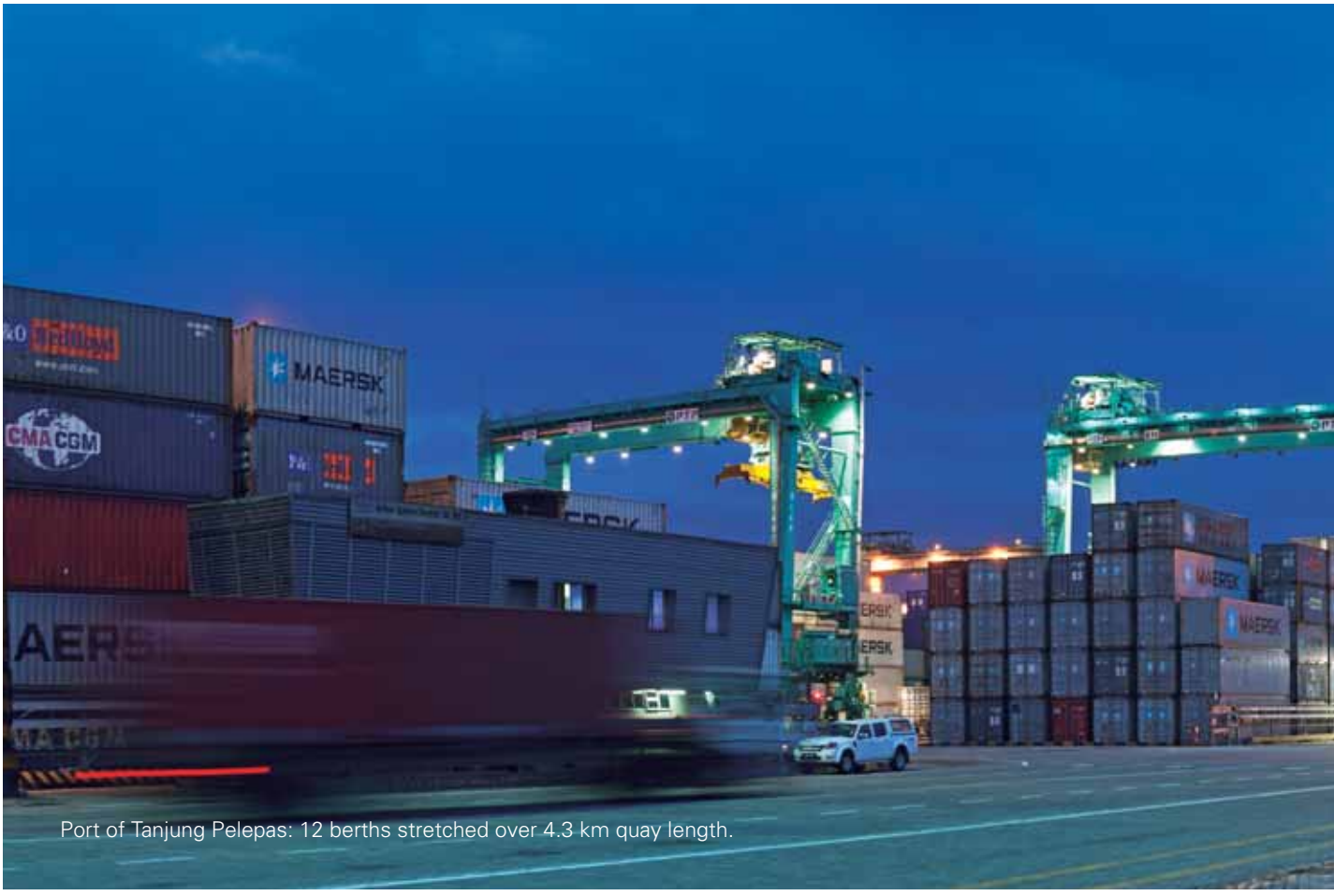
Ports & Logistics

PELABUHAN TANJUNG PELEPAS SDN. BHD.

Pelabuhan Tanjung Pelepas recorded revenue of RM904 million for 2012, an increase of 3.3% compared to the previous financial year. PBT dropped marginally from RM112.2 million in 2011 to RM109.6 million in 2012, whilst PAT fell by 9.8% from RM101.7 million to RM91.7 million. The decrease is mainly due to higher depreciation charges which were attributed to capital expenditures incurred in 2012 to improve the port's infrastructure in anticipation of future growth.

Port of Tanjung Pelepas (PTP) continued its track record of achieving annual volume growth since it began commercial operations 12 years ago. Volume rose by 2.4% in 2012 to 7.7 million twenty-foot container equivalent units (TEU) as compared to the previous year. In 2012, the port became the first Malaysian terminal to achieve a cumulative volume of 60 million TEU, yet another significant milestone for the transhipment port.

PTP's volume growth however, lagged global container ports' average of 4%, mainly due to mixed performance by its major customers. Maersk Line, PTP's largest customer, posted a 2.4% decline in containers handled at PTP due to the impact of lower demand of goods from Europe and the US, as well as the slowdown in the China economy. On a positive note, PTP's second largest customer Evergreen recorded a 8% increase in volume, whilst CMA CGM brought in 57% more containers as a result of new services introduced in 2012 which included PTP amongst its port of call.



Port of Tanjung Pelepas: 12 berths stretched over 4.3 km quay length.

The port has also embarked on a capacity expansion programme to capture the higher demand for containers and equip the port in order to receive a new generation of larger vessels. Two additional berths are currently being constructed. This will increase the number of berths to 14, total quay length by an additional 720 metres to more than 5 kilometres, and total capacity by 25% to 10.5 million TEU. With eight new quay cranes and 26 new rubber tyred gantries, the new berths when completed in 2014, will allow the port to receive Maersk Line's largest new container ships, or the Triple-E class vessels, which has the capacity of carrying 18,000 TEU. PTP will be one of only six ports globally with such capability.

In order to handle increasing volume during the year, PTP had geared up its operational resources by increasing its skilled workforce and purchasing new port equipment as well as investing in ensuring the reliability of the existing equipment. This is in line with the efforts to continuously develop and upgrade its container handling infrastructure as well as improve its operational capacity. For 2013, the focus will be on improving the port's equipment availability and reliability to ensure capacity can be maximised to capture container demand, both from existing and new customers.

As part of its cost reduction measures, PTP has initiated the electrification of all 148 rubber tyred gantries. The conversion will be carried out in phases over the next three years. This will significantly reduce the overall energy costs, particularly diesel cost, whilst promoting a more sustainable and environmental-friendly development with major reduction in carbon footprint. In fact, PTP was named winner of the 2012 Frost & Sullivan Asia-Pacific "Green Terminal Operator of the Year" award in September 2012.

Moving forward, the increase in terminal handling efficiency and capacity, coupled with initiatives to reduce cost is expected to yield positive results for the port. The expansion is needed to strengthen PTP's market share and capture the growing demand for containers in the long term, as well as improve client's portfolio mix. PTP will strive to continuously provide a high quality of service which is not only efficient and reliable but also, affordable to all its customers.

Johor Port: Loading arms for liquid break bulk terminal.

JOHOR PORT BERHAD

Johor Port Berhad (Johor Port) achieved a turnover of RM574.1 million in 2012, which is 11.9% higher as compared to RM512.9 million achieved in 2011. The higher turnover is attributable to the full year impact of the new tariff which was effective from 23 August 2011 along with higher contribution from the port business, particularly involving activities in the oil & gas sector.

Johor Port's PBT decreased by 5.0% to RM176.0 million in 2012 from RM185.2 million in 2011 while PAT for the year was at RM128.2 million as compared to RM137.2 million achieved in the previous year. The decline in profit is attributed to a decrease in profit margins particularly at Johor Port's wholly owned subsidiary, JP Logistics Sdn Bhd (JPL).

The total volume handled by Johor Port for 2012 was 32.9 million freight weight tonnes (FWT), comprising conventional and container cargo of 25.9 million FWT and JPL handling 7.0 million FWT of cargo.

The port's container terminal recorded a decrease of 3.6% in container throughput to 801,058 TEUs representing 9.5 million FWT due to lower import and export volumes as well as transhipment cargo.

On the conventional terminal side, the port handled 16.4 million FWT of cargo, comprising dry bulk, liquid bulk and break bulk. The volume in 2012 is slightly lower than 16.9 million FWT recorded in 2011. Total dry bulk throughput recorded an increase of 11.8% as compared to 2011 mainly attributed to the 16% rise in handling of dry bulk non-edible cargo. The higher dry bulk non-edible cargo is mainly driven by increased handling of

clinkers, iron ore and feldspar. Throughput for liquid bulk and break bulk cargo recorded a decrease of 8.4% and 3.5% respectively as compared to 2011. The decrease in total liquid bulk cargo is mainly due to draft constraint at certain berths. Meanwhile, the drop in total break bulk cargo is mainly due to lower handling of plate and coil cargo arising from slower local demand for steel.

Moving forward, Johor Port will continue to accelerate its growth in the port and logistics businesses. It also aims to increase the port's capability in the conventional cargo sector, where it is the world's largest hub for edible oils, particularly palm oil, with a storage capacity of over 460,000 metric tonnes at any time. Efforts are already in place to refurbish and upgrade the port's facilities such as increasing the capacity of the existing cranes, purchasing new cranes and conveyor belts. These capacity building efforts will further improve Johor Port's infrastructure and efficiency and thereby optimising the port's yield.

Seaport Worldwide Sdn Bhd (SWW), a wholly-owned subsidiary of Johor Port is the master developer of Tanjung Bin Petrochemical and Maritime Centre (TBPMC), a 2,255-acre project that is poised to play a vital role in transforming south Johor into an oil and gas (O&G) hub. Its anchor tenant, ATT Tanjung Bin Sdn Bhd (ATB), is already in operations with storage capacity of up to 860,000 cubic metre under its phase one development. ATB is a 50:50 joint venture between local maritime company MISC Bhd and one of the world's largest independent energy trading companies, Vitol Terminals BV. ATB has further committed to spend another RM1 billion to double its capacity to 1.6 million cubic metre to be completed in 2016.

In April 2012, the ATB oil terminal received its first oil tanker alongside its deep-draft jetty facilities. The MT Kition, a 100,000 deadweight tonne tanker, successfully discharged its load at ATB's very-large crude carrier (VLCC) berth.

SWW plans to develop and equip the area with the necessary infrastructure for activities related to the O&G and maritime industries, with the main focus on tank storage activities to serve regional oil and gas players. Once fully completed, TBPMC will be equipped with necessary infrastructure such as single-buoy mooring facilities for VLCC vessels, centralised effluent treatment system, security and emergency response team, water and power supply, sewage treatment plant and telecommunications facilities.

RED SEA GATEWAY TERMINAL CO. LTD

Red Sea Gateway Terminal Co. Ltd (RSGT) in Kingdom of Saudi Arabia, our 20% associate company, registered a significant growth in volume in 2012. Volume handled by RSGT in 2012 had increased by 35% to 1.3 million TEUs from 994,000 TEUs recorded in the previous year. This volume represented an estimated 29% market share of containers handled at Jeddah Islamic Port, Kingdom of Saudi Arabia (Saudi). RSGT expects volume to further increase due to the growing trend of mega vessels entering Jeddah Islamic Port on the back of a resilient Saudi economy.

As part of its long term growth plan, RSGT is looking at undertaking an expansion of its terminal.

KVMRT Project – SBK Line: Cutterhead for the first tunnel boring machine at the Cochrane launch shaft.

Engineering & Construction

KLANG VALLEY MASS RAPID TRANSIT PROJECT

The country's single largest infrastructure project, the Klang Valley Mass Rapid Transit (KVMRT) with new three-line network has since commenced construction of the first line, the Sungai Buloh – Kajang Line (SBK Line). The SBK Line will be 51 km in length serving the North-West to South-East corridor of Klang Valley from Sungai Buloh to Kajang passing through the Greater Kuala Lumpur city centre with a total of 31 stations of which 16 stations will enjoy the Park-and-Ride facilities.

Our joint venture company, MMC Gamuda KVMRT (T) Sdn Bhd has secured the underground works package for the KVMRT-SBK Line worth RM8.28 billion in March 2012 via an international open tender exercise. This award underscores the company's capabilities as an engineering and construction powerhouse.

The construction works for the elevated section of KVMRT had commenced with significant activities at all work packages: Package V1 (Sungai Buloh to Kota Damansara), Package V2 (Kota Damansara to Dataran Sunway), Package V3 (Dataran Sunway to Section 16), Package V4 (Section 16 to Semantan Portal), Package V5 (Taman Bukit Ria to Plaza Phoenix), Package V6 (Taman Suntex to Bandar Tun Hussien Onn), Package V7 (Balakong to Saujana Impian), and Package V8 (Taman Mesra to Kajang). The total length of the elevated section is 41.5 Km.

For the underground works package that will traverse underneath the city centre, we have procured 10 tunnel boring machines (TBM) for the construction of the 9.5km tunnel. Two types of TBMs will be used for the tunnel project, namely Earth Pressure Balance and Variable Density TBM. The first TBM is expected to commence operations in the second quarter of 2013. The tunnelling works including the cross passages construction will take three years to complete. The underground construction works are progressing smoothly and have reached 15.9% completion as at 31 December 2012.

With our dual role as the Project Delivery Partner (PDP) and underground works package contractor in the construction of the KVMRT-SBK Line, we are committed to ensure the successful roll-out of this landmark project which will significantly improve and transform the public transportation landscape in the Klang Valley.

KVMRT Project – SBK Line: Aerial view of Semantan Portal.

Electrified Double Track Project: Ongoing construction of Bagan Serai train station.

ELECTRIFIED DOUBLE TRACK PROJECT

The construction and development of the 329-km Ipoh to Padang Besar Electrified Double Track Project (EDTP) progressed ahead of schedule during 2012. EDTP achieved actual cumulative progress of 92%, against its scheduled progress of 90% as at end 2012.

The civil and structural works of the EDTP have been substantially completed with track works and systems namely signalling and electrification well underway. Most of the Overhead Catenary System masts that would carry the high-tension cables to power the railway track have been installed. The Signalling and Control systems are currently being installed at the Bukit Mertajam Centralised Traffic Control (CTC) facility. The CTC facility will oversee and manage all railway operations within the section from Ipoh, Perak to Padang Besar, Perlis of the EDTP, whilst communicating and synchronising train movements with the existing CTC at KL Sentral.

The 3.3-km twin-bore Bukit Berapit Tunnel between Taiping and Padang Rengas is fully completed. Each of the nine cross passages built along the Bukit Berapit Tunnel is equipped with telecommunication, safety and maintenance facilities to cater for emergencies and future maintenance. The Bukit Berapit Tunnel is now the longest twin-bore railway tunnel in South-East-Asia.

The scheduled completion date for the main section of the works from Padang Besar, Perlis to Ipoh, Perak (Spine line) is June 2014, whereas the section of works from Bukit Mertajam to Butterworth, Pulau Pinang (Spur line) is scheduled for completion in November 2014. We are now in the final stages of implementation and we are putting even greater effort to ensure that there are no delays to its successful completion. MMC's involvement in this project has successfully positioned the company at the forefront of public transportation development projects in Malaysia.

Once completed, the EDTP will benefit the overall economy and the nation in more ways than one. It has so far provided tremendous economic multiplier effect from the work packages and jobs awarded during the construction period via the generation of an estimated RM25 billion of downstream economic activities. More importantly, the EDTP is aimed at improving the railway system as it allows for a faster journey time. For instance, the EDTP will cut travelling time from Kuala Lumpur to Butterworth from the current nine hours to three or four hours.

Electrified Double Track Project: Engineers performing an inspection inside Bukit Berapit tunnel.

With our successful track record in delivering large-scale projects, we take a lot of pride in shouldering the responsibility of delivering the landmark public-transport infrastructure jobs in the country. It is imperative for us to meet the expectations of our stakeholders and deliver a world class public transportation system for the benefit of the nation. Whilst our Engineering & Construction division is totally focused in the execution of these on-going projects, we have not lost sight of the need to identify new opportunities that would increase our construction order book and strengthen our capabilities further. We are actively pursuing the recently announced Kuala Lumpur – Singapore High Speed Rail project as well as potential PDP roles and underground work packages for the KVMRT Line 2 and Line 3.

Other Operations

Senai Airport Terminal Services Sdn. Bhd.
Senai Airport Terminal Services Sdn. Bhd. (SATS) recorded revenue of RM24.7 million in 2012 in comparison with RM29.9 million in 2011. The company recorded loss before tax of RM53.1 million in 2012 as compared to RM52.6 million in 2011 while loss after tax for the year was at RM51.5 million in comparison to RM50.3 million in 2011.

SATS's passenger volume grew by 3.1% in 2012 to 1.38 million passengers as compared to 1.34 million in 2011. Additional international routes have been introduced since October 2012 and few more new routes are expected to be introduced in 2013. A new local carrier has confirmed its plan to fly to Senai International Airport as it intends to leverage on the demand and growth of Iskandar Malaysia. Its cargo business is expected to improve with the development of oil and gas (O&G) activities in Johor which had led to a few types of O&G cargo being handled by Senai International Airport. This positive trend is expected to continue in view of the massive O&G development projects in Johor.

SATS is also aggressively positioning its airport operations to support the growing demand of general aviation and related services, especially the Maintenance, Repair and Overhaul (MRO) and Fixed-based Operator (FBO) services. This is in addition to initiatives undertaken to unlock the value of its freehold land of 2,718 acres located at the southern tip of the Senai International Airport. The land is being developed into an integrated free zone development called the Senai Airport City. As at end of 2012, a total of RM65.4 million was spent to build the infrastructure for the development land which is expected to be completed by end of 2013. Due to its strategic location near the airport, the land has the potential to become an integrated transport hub as the main gateway for Iskandar Malaysia development.

Corporate Structure

ENERGY & UTILITIES		PORTS & LOGISTICS		ENGINEERING & CONSTRUCTION		OTHERS	
51%	Malakoff Corporation Berhad	70%	Pelabuhan Tanjung Pelepas Sdn. Bhd.	**50%**	MMC-Gamuda Joint Venture Sdn. Bhd.	100%	Senai Airport Terminal Services Sdn. Bhd.
30.9%	Gas Malaysia Berhad	100%	Johor Port Berhad	**50%**	MMC Gamuda KVMRT (PDP) Sdn. Bhd.		
100%	Aliran Ihsan Resources Berhad	50%	Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd. (SMART)	**50%**	MMC Gamuda KVMRT (T) Sdn. Bhd.		
		20%	Red Sea Gateway Terminal Co. Ltd	**39.2%**	Zelan Berhad		

Outlook

The trust that you, our shareholders have placed in us is an invaluable source of strength. We value your commitment and strongly believe that it will be an exciting journey for us all as we position the Group to lead into the future. MMC remains highly focused to grow our three core businesses and is committed to deliver on our immediate priorities as well as our long-term aspirations. We will continue to make decisions that are in the best interests of our shareholders, customers, employees and partners in our pursuit of delivering better performance in 2013 and ultimately take the Group to greater heights.

DATUK HJ HASNI HARUN
Group Managing Director

Board of Directors

Front from left:

Dato' Abdullah Mohd Yusof

Datuk Hj Hasni Harun

Dato' Wira Syed Abdul Jabbar Syed Hassan

Datuk Mohd Sidik Shaik Osman

Back from left:

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

Encik Abdul Hamid Sh Mohamed

Encik Ooi Teik Huat

Directors' Profile

DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
Non-Independent Non-Executive Chairman

Dato' Wira Syed Abdul Jabbar Syed Hassan, Malaysian, aged 73, 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 Padiberas Nasional Berhad, Tradewinds Plantation Berhad, Tradewinds (M) Berhad, Aliran Ihsan Resources Berhad and Malakoff Corporation Berhad. He is also a director of MARDEC Berhad and KAF Investment Bank Berhad.

Dato' Wira Syed Abdul Jabbar attended all seven Board meetings of the Company held in the financial year ended 31 December 2012.

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.

DATUK HJ HASNI HARUN
Group Managing Director

Datuk Hj Hasni Harun, Malaysian, aged 55, was appointed as a Board member on 1 March 2008 and assumed the position of the Group Managing Director (GMD) of 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 Board meetings of the Company held in the financial year ended 31 December 2012.

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.

TAN SRI DATO' IR. (DR.) WAN ABDUL RAHMAN HAJI WAN YAACOB
Non-Independent Non-Executive Director

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, Malaysian, aged 71, was appointed to the Board 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 six 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 Board meetings of the Company held in the financial year ended 31 December 2012.

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.

DATUK MOHD SIDIK SHAIK OSMAN
Non-Independent Non-Executive Director

Datuk Mohd Sidik Shaik Osman, Malaysian, aged 64, 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, Datuk Mohd Sidik served as Assistant Secretary, Ministry of Trade & Industry from 1974 until 1979 and was subsequently appointed as 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 in the Prime Minister's Department and he was later promoted to the position of 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 all seven Board meetings of the Company held in the financial year ended 31 December 2012.

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.

DATO' ABDULLAH MOHD YUSOF
Senior Independent Non-Executive Director

Dato' Abdullah Mohd Yusof, Malaysian, aged 73, was appointed to the Board as an independent director 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 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 Board meetings of the Company held in the financial year ended 31 December 2012.

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.

ENCIK OOI TEIK HUAT
Independent Non-Executive Director

Encik Ooi Teik Huat, Malaysian, aged 53, 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 Hong Leong 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 Board meetings of the Company held in the financial year ended 31 December 2012.

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.

ENCIK ABDUL HAMID SH MOHAMED
Independent Non-Executive Director

Encik Abdul Hamid Sh Mohamed, Malaysian, aged 47, 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, Kuwait Finance House Labuan Berhad, Scomi Engineering Berhad, POS Malaysia Berhad and several private limited companies.

Encik Abdul Hamid attended all seven Board meetings of the Company held in the financial year ended 31 December 2012.

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.

Management Team

Top from left:

Datuk Hj Hasni Harun
Group Managing Director

Anwar Syahrin Abdul Ajib
Director, Finance

Dr. Mabel Lee Khuan Eoi
Director, Corporate Strategy

Bottom from left:

Ahmad Aznan Mohd Nawawi
General Manager, Corporate Secretarial

Ahmad Zaki
General Manager, Corporate Finance

Elina Mohamed
General Manager, Legal

Ir. Chee Weng Loon
General Manager, Contracts Management & Procurement

Corporate

Social Responsibility

Progressing With Stakeholders

Economic, social and environmental goals are no longer considered mutually exclusive. No matter how robust is the business expansion, a society with strong moral and ethical values should be progressing hand-in-hand. At MMC, sustainability has always been central to the way we conduct our business as we fully recognise its positive impact towards our stakeholders' value creation. It is thus imperative for our business to progress in tandem with the stakeholders. We strive to deliver services and infrastructure to enrich people's lives, contribute solutions to the challenges facing our nation and strongly protect the natural resources and environment for our children.

Our corporate social responsibility (CSR) endeavour is founded on three strategic pillars namely education and community development, environmental preservation and human capital development. These causes and initiatives are very much aligned with MMC's corporate objectives and allow us to reciprocate towards the empowerment provided by the society for our business to operate and co-exist.

Education and Community Development

We believe that we best enrich the community we operate in by focusing our efforts in the areas of continuous education and technological advancement. Our activities in these areas are prevalent within the MMC Group of Companies, affirming our commitment to make a positive impact on the quality of life of the community.

Education

- MMC and its subsidiary Johor Port Berhad contributed technology equipment worth approximately RM30,000 to 51 pre-schools within the Pasir Gudang vicinity. The contribution is in line with the Government's Preschool Programme, an initiative by the Education Ministry under the sub-sector for the National Key Results Area which aimed at increasing access to information technology for all children in Malaysia. We believe that by integrating technology in early childhood education, these children will be provided with a head start in their education.

- Acknowledging the importance of print media as an educational tool, MMC sponsored the New Straits Times (NST) newspapers for five schools from rural communities. This initiative is a two-pronged approach as school children are made more aware of the current news and happenings through the newspapers as well as promote the culture of using English language in schools. Under the programme, 50 copies of the NST newspapers were distributed to each of the schools daily for a duration of 205 school days.

- MMC's Student Academic Excellence Award is an annual initiative to recognise and celebrate the achievement of employees' children who have excelled in major examinations. For 2012, a total of 21 students received awards for their excellent results in UPSR, PMR and SPM examinations.

- Port of Tanjung Pelepas (PTP) collaborated with the Johor Bahru District Education Department to organise English tuition programme for 130 school children from 13 primary schools within the Gelang Patah area. The yearly programme aims to help students enhance their proficiency in the English language as well as motivate and inculcate the culture of using English as a second language.

- PTP reached out to the orang asli community in Gelang Patah, Johor by providing school aid to the students under its annual Back-to-School Programme. School supplies and uniforms were distributed to the delight of the school children. As many as 130 orang asli students benefitted from this programme.

- The annual sponsorship of Utusan Malaysia's education pull-out, "Akhbar Dalam Pembelajaran" popularly known as ADaP has also been part of MMC education CSR agenda benefiting 15 adopted schools nationwide throughout the year. This pull-out serves as additional reference material to help students improve academically and enhance the usage of Bahasa Malaysia.

- Johor Port sponsored Berita Harian's education supplement "Didik" to seven schools in Pasir Gudang, Johor. This supplement serves as an educational tool for students preparing for major examinations.

- In emulating the Group's focus on education, Senai Airport Terminal Services Bhd (SATSSB) did their part through a motivational camp which was organised for primary and secondary schools. This three day programme, which was attended by 150 students, was designed to educate students on the importance of education and of equipping them with the necessary living skills.

- Kelab Rekreasi MMC (KRMMC) organised a field trip to Petrosains, KLCC for 30 underprivileged students from SK Sg Pusu, Gombak. Under its social and education initiatives, the activity sought to nurture the students' interest in science in a fun and interactive way.

- A group of 40 Form Five students from Gelang Patah, Johor were exposed to life on-campus when they spent the mid-year school holidays at the Universiti Teknologi Mara in Shah Alam. PTP organised this programme for the students to strive in their studies and instill in them a desire to pursue education at the highest level.

- Malakoff's 'Learning Beyond the Classroom' is an annual educational excursion organised for Standard Six students who are studying at Malakoff's adopted schools. The children were treated to both educational and exciting visits to Kidzania, Pusat Sains Negara, Petrosains and the iconic KLCC.

- Aliran Ihsan Resources Berhad (AIRB) conducted awareness programme on the importance of conserving water for students of several primary schools in Johor. "Air Penyambung Kehidupan Dunia" was the chosen theme for the programme whereby students were briefed by AIRB team on the process involved in the production of clean and treated water, as well as provided tips on smart water usage.

- As part of the Group's efforts to support the development of Malaysia's human capital talents, MMC and its subsidiary companies participated in several career fairs such as the USM Career Fair, UM Career Path and the United Kingdom & Eire Council of Malaysian Students' Malaysian Student Leaders Summit 2012. These platforms offer undergraduates an opportunity to understand MMC's businesses as well as explore job opportunities within the Group.

Community Development

At MMC, we have made a strong commitment to give back to our communities. We work in partnership with non-government organisations, government agencies and community leaders while identifying issues of great importance to the communities that we operate in. On that score, we are focused on reaching out to the community through various initiatives that will improve the quality of life.

- The implementation of *zakat* as one of the basic principles of Islam is a solution to close deficiency gap, helps to lessen the burden and instill the virtues of gratitude, sympathy and charity through acts of sharing and giving. In advocating these values, MMC made a zakat contribution of RM1.7 million to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan.

- A blood donation drive was carried out by MMC at its Head Office in Kompleks Antarabangsa Kuala Lumpur in cooperation with the National Blood Bank. The campaign received good response from MMC employees as well as other tenants in the building with more than 150 participants donating blood for a good cause.

- Recognising the importance of inculcating the spirit of volunteerism amongst youths, MMC extended its support to Yayasan Sukarelawan Siswa (YSS), a trust foundation that encourages students in Malaysian institutions of higher learning to be involved in charitable works. MMC also donated RM100,000 to YSS which helps youths take the first step towards volunteering by providing training and guidance.

- "Projek Melentur Buluh", a Malakoff's annual programme was held at SK Sri Sinaran Chokoh, Pontian, Johor. Various activities were conducted during the programme, which included gotong-royong, a book donation drive and a safety awareness talk.

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

- Underprivileged children from Rumah Perlindungan Nur Qaseh in Taman Melawati were given the opportunity to break fast with MMC management and staff at Hotel Istana Kuala Lumpur during the month of Ramadhan. MMC also hosted a group of tahfiz students from Tahfiz Quran Al-Nuriah Ampang. The event was made more meaningful as a student from the school recited verses from the Holy Quran for the audience. This breaking of fast had brought cheer to the underprivileged children.

Sports

MMC regards sports not just for its social role but more importantly, as a catalyst to develop future champions. Our involvement in sports has thus far enabled our employees and our stakeholders to build better community relations while maintaining healthy lifestyles.

- As part of Malakoff's efforts to boost sporting excellence, Malakoff ventured into golf sponsorship via the 'Malakoff Asian Junior Golf Championship 2012'. This three-day tournament witnessed the participation of 28 junior professional golfers from throughout the region.

- 'Malakoff Charity Ride' attracted 120 cyclists of varied backgrounds in exploring challenging terrains from Kuala Lumpur – Melaka – Johor over three consecutive days. This event marked Malakoff's creative effort in combining sports and charity. This annual ringgit-to-ringgit 'matching-grant' charity cycling event has raised RM206,000 from Malakoff's business associates. The proceeds have benefited 21 welfare organisations.

- 'Malakoff KL Run 2012', which entered its fifth year, attracted a record of over 3,200 participants. This annual running event augurs well with cultivating positive sporting habits and promoting active lifestyle among urban dwellers.

- KRMMC organised a futsal tournament which attracted 184 players from 23 teams representing various subsidiaries within MMC Group. Teams from Johor Port emerged as the Champion for both men and women categories.

- KRMMC also held a bowling tournament which saw 108 bowlers competing. Twenty two teams from MMC Group of Companies participated, demonstrating positive sporting and team spirit. The team from Gas Malaysia Berhad won the tournament.

Environmental Preservation

At MMC, we constantly look for ways to promote the use of our natural resources efficiently and manage the impact of our businesses on the environment.

- MMC participated in a tree planting programme organised by Dewan Bandaraya Kuala Lumpur (DBKL) as part of the company's initiative to offset carbon emissions. This activity, which is aimed at promoting environmental conservation and creating awareness about the environment, took place at Taman Rekreasi Sungai Midah, Cheras. The tree planting exercise is part of the Taman Herba Local Agenda 21 KL project led by DBKL in partnership with MMC to develop the 2 km public park into herbal garden and a recreational centre for nearby communities.

- Malakoff sponsored the planting of 7,000 mangrove saplings at Tanjung Piai National Park and its surrounding area. This is the first collaborative effort between the Johor National Parks Corporation and Malakoff under the Malakoff Mangrove Rehabilitation programme. Over the past three years, Malakoff has planted some 30,000 mangrove saplings in Mukim Serkat alone.

- PTP carried out the 'Mangrove Replanting Programme' at Pulai River, involving its employees as well as 40 secondary students and teachers from Gelang Patah. A total of 2,000 mangrove trees were planted during this event.

- AIRB collaborated with Johor State agencies in the releasing of fish fries programme where a total of 30,000 catfish and carp fish were released into Tasik Sembrong Barat. This initiative aims at combating the algae pollution problem at the water intake which affected the production of clean water at the water treatment plant operated by AIRB. The programme is a biological technique employed by Badan Kawal Selia Air Johor as a greener alternative to chemical treatment to manage the algae issue.

Human Capital Development

We wish to inspire, promote and motivate our staff to ensure that they are getting the most out of their job and reach their full potential. At the same time, MMC recognises the significant role of our human capital in delivering service excellence to our stakeholders. To this end, we support talent development of our employees through professional development, career progression opportunities and improved performance management system.

- OneMMC is a teambuilding programme that provides an avenue for all employees within the MMC Group to understand and appreciate the vision, mission and core values of MMC.

- Employees at all levels took part in the Effective Performance Management Programme as an effort to instil a culture of high performance in MMC. Apart from this, employees in MMC also actively participated in numerous development programmes that were organised by professional bodies.

- The Code of Ethics briefing session is a programme which aims to provide employees with a clear understanding of the Company's revised Code of Ethics. Apart from this programme, the Corruption Awareness programme and Sexual Harassment briefing were also conducted to all MMC employees.

- The Long Service Award event is a tradition within MMC to recognise staff members who have served for 10, 20 and 30 years within the Group. A total of 21 employees received the awards under these three categories in 2012.

2012 Highlights

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14-16 FEBRUARY 2012

International Construction Week 2012

MMC-Gamuda Joint Venture Sdn Bhd participated in the International Construction Week 2012 exhibition organised by the Construction Industry Development Board. Held at the Kuala Lumpur Convention Centre, the event opened its doors to policy makers, industry peers and visitors from around the world, showcasing Malaysian expertise in various fields of construction and engineering.

A **29 FEBRUARY 2012**

Malakoff signed RM6.5 billion financing agreements for the new 1,000 MW power plant

Malakoff Corporation Berhad (Malakoff) via its wholly-owned subsidiary, Tanjung Bin Energy Issuer Berhad, entered into financing agreements totalling RM6.5 billion for the development of the new 1,000 MW coal-fired power plant adjacent to its existing Tanjung Bin power plant.

B **1 MARCH 2012**

Analyst briefing for 2011 results

MMC held a briefing for investment analysts and fund managers to discuss its 2011 full-year financial results.

20 MARCH 2012

MMC-Gamuda KVMRT (T) won the underground works for KVMRT SBK Line project

MMC-Gamuda KVMRT (T) Sdn Bhd was awarded the underground works package of the Klang Valley My Rapid Transit – Sungai Buloh-Kajang (SBK) Line worth RM8.28 billion in an international open bidding process.

C

C 21 MARCH 2012

Official opening of Road Over Bridge 8 at Section N6 of the Electrified Double Track Project

Minister of Transport, YB Dato' Seri Kong Cho Ha officiated the opening of Road Over Bridge (ROB) 8 at section N6 of the Electrified Double Track Project (EDTP Ipoh – Padang Besar) in Kamunting, Perak and witnessed the handover ceremony of six ROBs to the Public Works Department of Perak for future maintenance.

D

D 12 APRIL 2012

MMC won the Logistics Infrastructure Provider of the Year Award

MMC was honoured with the 'Logistics Infrastructure Provider of the Year' award at the Frost & Sullivan Malaysia Excellence Awards 2012. This annual award recognises best practices and most outstanding performance by Malaysian companies in various industries. This win came in recognition of MMC's leadership and innovation within the logistics infrastructure sector in Malaysia.

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E 20 - 27 APRIL 2012

Minggu Saham Amanah Malaysia 2012

MMC participated in the annual Minggu Saham Amanah Malaysia (MSAM), organised by Permodalan Nasional Berhad (PNB) that was held in Kota Kinabalu, Sabah. MSAM is an educational platform to create awareness on financial planning, relevant unit trust products and expose the various investee companies to the public.

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F **8 MAY 2012**

36th Annual General Meeting

MMC held its 36th Annual General Meeting to consider and pass the ordinary resolutions tabled to the shareholders.

19 MAY 2012

Inaugural FireFly Kota Bahru-to-Johor Bahru flight

FireFly Sdn Bhd launched its inaugural flight from Kota Bahru, Kelantan to Senai International Airport, Johor Bahru.

G **29-31 MAY 2012**

Port of Tanjung Pelepas participated in 10th ASEAN Ports & Shipping 2012 exhibition

Port of Tanjung Pelepas (PTP) took part in the 10th ASEAN Ports & Shipping 2012 exhibition in Jakarta. This two-day trade exhibition was organised by Indonesia Port Corporation I-IV showcasing international transport-related products and services in the region.

H **31 MAY 2012**

Official Visit to PTP by Minister of Transport

Minister of Transport, YB Dato' Seri Kong Cho Ha, made an official visit to PTP and was briefed on the progress of PTP, the profile of clients and tenants that PTP has secured to date as well as the port's immediate expansion plan.

I **11 JUNE 2012**

Listing of Gas Malaysia on Bursa Malaysia Securities Berhad

Gas Malaysia Berhad was successfully listed on the Main Market of Bursa Malaysia Securities Berhad. This highly anticipated initial public offering received overwhelming response from the investment community and successfully raised RM734 million.

J **25 SEPTEMBER 2012**

PTP won 2012 Asia Pacific Green Excellence Award

PTP was named winner of the 2012 Frost & Sullivan Asia-Pacific "Green Terminal Operator of the Year" Award. The Green Excellence awards are given to companies that demonstrate significant progress in enhancing long-term sustainability and managing the environmental impact of their operations, resulting in measurable improvements in their overall environmental performance.

K **23 NOVEMBER 2012**

Malakoff unveiled Malakoff Utilities Sdn Bhd

Malakoff launched its wholly owned subsidiary, Malakoff Utilities Sdn Bhd to reposition its electricity distribution and district cooling business as another core line of business.

L **14 DECEMBER 2012**

MMC Extraordinary General Meeting

MMC held an Extraordinary General Meeting for shareholders to consider the resolution for the acquisition of Hicom Power by Tanjung Bin O&M Berhad (formerly known as Sterling Asia Berhad), a subsidiary of Malakoff. The shareholders voted in favour of the acquisition.

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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 recommendations of the Malaysian Code on Corporate Governance 2012 (the Code).

DIRECTORS

The Board

The Company is led by a Board of Directors (Board) which is responsible to the shareholders for the direction of the Company. The Board Policy Manual, adopted on 25 August 2005, sets out the Board's strategic intent and outlines the Board's roles, responsibilities, powers, duties and functions. The Board Policy Manual also includes the division of responsibilities and powers between the Board and Management, different committees established by the Board and between the Chairman and the Group Managing Director (GMD). The Board Policy Manual is reviewed from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the roles and responsibilities of the Board.

The Board has the ultimate and overall responsibility for corporate governance and the Company's overall strategic direction and objectives, its acquisition and divestment policies, major capital expenditure and the consideration of significant financial matters. It monitors the exposure to key business risks and reviews the direction of individual business units, their annual budgets, and their progress compared against those budgets. Apart from establishing ethical values that support a culture of integrity, fairness, trust and high performance, the Board's role is also to ensure that the Company operates successfully and sustains growth over the long term. The Board continues to carry out the principal stewardship responsibilities which it explicitly assumed in 2002, as recommended by the Code.

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 GMD to ensure a strict balance of power and authority. The roles of the Chairman and the GMD are kept separate. The Chairman is responsible for ensuring the Board's effectiveness and conduct, while the GMD has the overall responsibility for the business and day-to-day management of Company with all powers, and delegations properly authorised, from time to time, by the Board. The GMD is also responsible for the implementation of the Board's policies and decisions. The Board approves the Company's key performance indicators (KPIs) and together with the GMD, develops his roles and responsibilities with limits to Management's authorities. The Board, through the Remuneration Committee, evaluates the performance of the GMD against the approved KPIs annually. Regular review of the division of responsibilities is also conducted by the Board to ensure that the needs of the Company are consistently met.

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 Securities). At least one third of the Board consists of independent directors with expertise and skills from various fields.

The Board is chaired by Dato' Wira Syed Abdul Jabbar Syed Hassan, a non-independent director. Although the Chairman is not an independent director, the Board believes that he is the most appropriate person for the role, given his extensive experience in the industry. The Board, through the Nomination Committee, will continuously review the composition of the Board and source for suitable independent directors to conform to the Code.

Currently, three out of seven Board members are independent directors who are able to exercise independent judgement on issues of strategy, performance and resources of the Group. They provide unbiased and independent views and the presence of these independent directors fulfils a pivotal role of corporate accountability. The Board, through the Nomination Committee, assesses the independence of each independent director. During the year, none of the independent directors had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment. Materiality is assessed on a case-to-case basis by the Board and each director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interests in contracts and other directorships held.

The Code requires an independent director who has served the Board for a period of nine years cumulatively to be re-designated as a non-independent director. However, subject to the assessment of the Nomination Committee and shareholders' approval at a general meeting, the independent director may remain as an independent director after serving in that capacity for more than nine years.

Dato' Abdullah Mohd Yusof has served the Board as an independent director for more than 9 years cumulatively. In this instance, the Board has determined that the independence of Dato' Abdullah Mohd Yusof is measured by his conduct and his state of mind, as well as his ability to exercise independent judgment and act in the best interest of the Company. The length of time is not the sole determinant of his credibility as an independent director. Dato' Abdullah Mohd Yusof continues to bring invaluable integrity, wisdom and experience to the Board and contribute positively to Board and committees' deliberations. Dato' Abdullah Mohd Yusof is the senior independent director to whom the Board members' concerns may be conveyed. Justifications on the continuation of Dato' Abdullah Mohd Yusof as independent director are provided in the notice of meeting.

While the Board represents a diverse range of backgrounds, the Board recognises the importance of gender diversity. The Board, through the Nomination Committee, will take steps to ensure that women candidates with the appropriate skills, experience and competency are also considered for selection to the Board.

Overall, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse academic backgrounds to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities 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 and promotes active participation by Board members.

The Board plays an important role in the development of Group policy and oversees the Company and the management. With the exception of the Executive Committee which includes the GMD, the Board's four committees comprise only non-executive directors. The 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 Bursa Malaysia Securities.

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 2012.

From 2013 onwards, all directors are obliged to notify the Chairman before accepting any new directorships. The notification will include an indication of time that will be spent on the new appointments to ensure that the directors have sufficient time to discharge their duties to the Board and the various committees on which they serve.

DIRECTORS' TRAINING

All directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities. 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**
    - Updates to the Bursa Malaysia Securities Main Market Listing Requirements and Corporate Disclosure Guide / MAICSA
    - Directors' Training on Corporate Governance Blue Print 2012 / Bursa Malaysia Securities
    - Malaysian Code on Corporate Governance 2012 / MAICSA
    - Malaysian Code on Corporate Governance 2012 and Competition Act 2010 / KPMG
    - Enterprise Risk Management – What Director Must Know /Tradewinds Group

2. **Datuk Hj Hasni Harun**
   - Updates to the Bursa Malaysia Securities Main Market Listing Requirements and Corporate Disclosure Guide / MAICSA
   - Malaysian Code on Corporate Governance 2012 / MAICSA
   - Integrated Policies for Environmental Resilience and Sustainability / Yayasan Tun Ismail Mohamed Ali
   - MIA Conference 2012 – Innovative Society : Sustaining Business Success / Malaysian Institute of Accountants

3. **Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob**
   - Training on Investment Banking, Corporate Banking and Fixed Income, Currency and Commodity (FICC) / Bank of America
   - Competition Law 2010 : Key Features and Implications / Suruhanjaya Syarikat Malaysia
   - Corporate Governance Blue Print 2011 / Gamuda Berhad / Litrak
   - Updates to the Bursa Malaysia Securities Main Market Listing Requirements and Corporate Disclosure Guide / MAICSA
   - Suruhanjaya Syarikat Malaysia National Conference 2012 / Suruhanjaya Syarikat Malaysia
   - Corporate Governance Blue Print 2012 / Bursa Malaysia Securities
   - Breakfast Talk on Human Capital Management in the Boardroom / The ICLIF Leadership and Governance Centre / Financial Institutions Directors Education Programme
   - Training on Malaysian Code on Corporate Governance 2012 / Boardroom Corporate Services (KL) Sdn Bhd
   - Malaysian Code on Corporate Governance 2012 / MAICSA
   - FIDE Forum Roundtable Discussion – Board of Directors : Value Creation vs Compliance / The ICLIF Leadership and Governance Centre / Financial Institutions Directors Education Programme
   - Investment Forum / MIDF
   - Integrated Policies for Environmental Resilience and Sustainability / Yayasan Tun Ismail Mohamed Ali
   - PNB Nominee Directors' Convention & Executive Luncheon Talk 2012 / Permodalan Nasional Berhad

4. **Datuk Mohd Sidik Shaik Osman**
   - Updates to the Bursa Malaysia Securities Main Market Listing Requirements and Corporate Disclosure Guide / MAICSA
   - Integrated Policies for Environmental Resilience and Sustainability / Yayasan Tun Ismail Mohamed Ali

5. **Dato' Abdullah Mohd Yusof**
   - Training on MFRS1 / First Time Adoption of Malaysian Financial Reporting Standards / BDO Malaysia
   - Integrated Policies for Environmental Resilience and Sustainability / Yayasan Tun Ismail Mohamed Ali

6. **Encik Ooi Teik Huat**
   - Updates to the Bursa Malaysia Securities Main Market Listing Requirements and Corporate Disclosure Guide / MAICSA
   - Corporate Governance Blue Print 2012 / Bursa Malaysia Securities
   - Malaysian Code of Corporate Governance 2012 / MAICSA

7. **Encik Abdul Hamid Sh Mohamed**
   - Updates to the Bursa Malaysia Securities Main Market Listing Requirements and Corporate Disclosure Guide / MAICSA
   - Limited Liability Partnership and Its Tax Facet / Symphony Corporatehouse Sdn Bhd
   - Corporate Governance Blue Print 2012 and Malaysian Code of Corporate Governance 2012 / Bursa Malaysia Securities
   - 3rd APAC Pricing Strategy Forum / Simon-Kucher & Partners

The Board is aware of the importance of continuous training for the directors to enable them to effectively discharge their duties. The Board will continuously evaluate and determine the training needs of the directors. All directors are encouraged to attend continuous education program and seminars to keep abreast of the current developments and business environment affecting their roles and responsibilities.

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 Securities. 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-Seventh AGM, Datuk Mohd Sidik Shaik Osman, a non-independent director of the Company, shall retire and being eligible, will offer himself for re-election.

Additionally, directors of the age of 70 and above are to be re-appointed annually at the AGM, a requirement 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 directors is reviewed by the Board as a whole, to ensure that it is aligned to market and their duties and responsibilities.

Disclosure

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

Category	Fees (RM)	Salaries and emoluments (RM)	Meeting & other allowances and defined contribution plan (RM)	Benefits in kind (RM)
Executive Director	–	2,861,258	486,422	164,943
Non-Executive Directors	425,000	–	498,880	185,070

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

Amount of Remuneration	Number of Executive Director	Number of Non-Executive Directors
RM100,001 to RM150,000	–	2
RM150,001 to RM200,000	–	2
RM200,001 to RM250,000	–	1
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 international non-deal road shows and participated in investor conferences to provide updates on the latest developments within the Group.

MMC's objective is to give investors the relevant information so that they can make informed decisions. Relationships with the investment community are built on integrity, interactive and timely dissemination of information. We continuously seek to understand the views 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.

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. The voting on resolution in relation to related party transactions will be by poll at the general meeting and an announcement will be made on the detailed results of the poll showing the number of votes cast for and against.

During the annual and other general meetings, shareholders have direct access to Board members who are present 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. The Audit Committee will assist the Board to review and scrutinise the financial statement and information for disclosure to ensure that the Company's financial statements comply with applicable financial reporting standards.

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

- Applied appropriate accounting policies consistently;
- Ensured compliance with all the requirements of Malaysian Accounting Standards Board's approved accounting standards; and
- Approved 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.

The Statement on Risk Management and Internal Control is set out on pages 65 to 69 of this annual report.

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.

The Audit Committee reviews the proposed reappointment of the external auditors of Company and their fees to ensure that the independence of the external auditors is not compromised. All the non-audit services to be provided by external auditors must be approved by the Director, Finance or GMD (based on the approved Financial Authority Limits) or the Board.

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 Nomination Committee also assists the Board to assess the independence of its independent directors.

Key activities undertaken by the Nomination Committee during 2012 were as follows:

- Reviewing the size and composition of the Board;
- Making recommendation to the Board regarding the directors seeking re-election at the 2012 AGM;
- Making recommendation to the Board regarding GMD's KPIs; and
- Reviewing the succession planning for the GMD and senior management.

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 KPIs approved by the Board earlier in the year. Once the GMD's performance is evaluated and compensation determined, the Committee considers the Company'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 are set out in the Audit Committee Report on pages 70 to 71 of this annual report.

BOARD AND COMMITTEE MEETINGS

Attendance Record of Board Members

A total of seven Board meetings were held during the financial year ended 31 December 2012 and all directors attended all meetings.

Set out below is the attendance record of members for Board and Committee meetings for financial year ended 31 December 2012.

	Name	Board	Audit Committee	Nomination Committee	Remuneration Committee	Executive Committee
1.	Dato' Wira Syed Abdul Jabbar Syed Hassan	7/7	–	2/2	2/2	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	5/5	–	2/2	–
4.	Dato' Abdullah Mohd Yusof	7/7	5/5	2/2	–	–
5.	Datuk Mohd Sidik Shaik Osman	7/7	–	–	2/2	3/3
6.	Encik Ooi Teik Huat	7/7	5/5	2/2	–	–
7.	Encik Abdul Hamid Sh Mohamed	7/7	4/5	–	–	–

CODES AND POLICIES

Code of Ethics

The Code of Ethics (COE) adopted on 25 September 2003 outlines MMC Group's commitment to appropriate and ethical practices. It sets out the principles, practices and standards of personal and corporate behavior. All directors and employees of MMC Group are required to comply with the COE. Failure to comply with COE is a serious misconduct and appropriate action will be taken.

Whistleblower Policy

The Whistleblower Policy of MMC Group provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal. The identity of the whistleblower and the concerns raised are treated with utmost confidentiality.

Corporate Disclosure Policy

MMC Group Corporate Disclosure Policy (CDP) sets out the Company's policies and procedures for disclosure of material information as outlined in the Corporate Disclosure Guide issued by Bursa Malaysia Securities. The CDP aims to ensure timely dissemination of comprehensive and accurate material information to shareholders and investors, respectively.

The statement has been approved by the Board of Directors at its meeting on 28 February 2013.

Statement on Risk Management and Internal Control

INTRODUCTION

In this fast moving and ever changing environment, it is well recognised by the Board of Directors (Board) that both the internal and external environment within which MMC operates has become more complex and demands strong corporate governance. Risk management and internal control play an important role in this governance framework, particularly given the broad range of stakeholders impacted by MMC. Hence, reporting by Board on the risk management and internal control system within the company has become an integral part of corporate governance disclosure requirements.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM DESCRIPTION

The Board recognises the importance of sound internal control and risk management practices and its responsibility for the Group and thus, the need to constantly review the adequacy and integrity of those systems put in place to support the Board. Summarised below is a description of the key elements of MMC's risk management, internal control and business continuity practices.

A) RISK MANAGEMENT

1) 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.

2) 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.

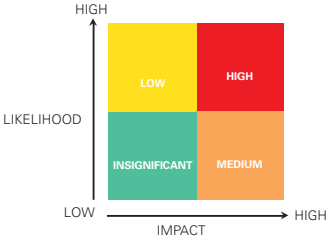
3) Enterprise Risk Management

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, discuss them with the risk owners. The risks are then compiled into the Group's risk management quarterly reports and submitted to the Enterprise Risk Management Committee (ERMC) Chaired by the Director, Finance. The report will then be reviewed by the Group Managing Director (GMD) and tabled to the Executive Committee (EXCO) and subsequently to the Board at each quarterly meeting so that the Board is aware of major risks within the Group and to ensure appropriate action to be taken by the management to mitigate the risks.

4) 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 impact. 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.



5) Risk Management Structure

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

Board of Directors		
Oversight responsibilities over all risks		
↑		
Director (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	**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
↑		
Operating Unit		
Department/Division Heads	**Managers/Executives**	

6) 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 table below:

Designations	Responsibilities
Board of Directors	• Review and approve quarterly reports.
EXCO	• Review and approve quarterly reports to 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 or 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 ERM 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 effectively. • 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 / Division 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.

7) Business Continuity

MMC has also considered how the organisation should react to unexpected business interruptions, notably:

- The framework for a succession plan for identified key management positions has been established and is kept updated.
- 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.

MMC is committed to employ appropriate strategies in anticipating and controlling crisis situations. As part of this process, the Group is putting in place a Business Continuity Plan, which includes identifying the critical elements which are required so that essential business functions are able to continue in the event of unforeseen or difficult circumstances.

B) INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system can be categorised as follows:

1) Governance and control environment

- Clearly defined delegation of responsibilities to board committees and to the management of head office and companies within the Group, including financial authority limits.
- Board representation in companies in which MMC has a material interest, to facilitate the performance review of these companies.
- Certain companies have ISO 9001: 2008, ISO 14001: 2004 and OHSAS 18001: 2007 accreditations for operational processes.

2) Risk assessment

- As elaborated earlier in Section A, 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.

3) Control activities

- Review of proposals for material capital and investment acquisitions by the EXCO 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 EXCO and/or the board.

4) Information and communication

- The Group utilises an enterprise resource planning system to enhance the quality of controls and reporting over its general operations. The system also helps to ensure that work processes are more efficient and timely.
- Quarterly performance reports, benchmarked against budgets and objectives, are provided to directors and discussed at the executive committee and/or board meetings.

5) Monitoring

- Monitoring of performance, including discussion of any significant issues at regular meetings with heads of business units.
- Periodic reviews by the outsourced internal auditors, 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 Board believes that the system of internal controls needs to be dynamic to remain relevant and continues to take steps to improve the internal control system to meet the Group's evolving needs.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms:

- The Board utilises the Group's actual versus planned performance and other key financial and operational performance indicators as a gauge to determine if the underlying risk management and internal control systems continue to be effective.
- On a quarterly basis, management updates the Board on the Group's actual financial and operational performance against plans. Specific transactions, projects or opportunities are also discussed with the Board as and when required. This allows the Board to raise potential new risks that could arise and request management to mitigate them accordingly.
- The Group's risk management report is presented for approval to the EXCO quarterly by the ERMC to provide an overview of the Group's key risks and how they are being addressed. Once approved, the GMD will present the Group's risk management report to the Board. The Board will then provide its views which are then cascaded to the respective risk owners by the Risk Management Unit.
- The Audit Committee discusses concerns raised by the outsourced internal auditors and external auditors pertaining to material controls weaknesses. The follow-up on the matters discussed are undertaken by both the Internal Audit Unit and the outsourced internal auditors.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control systems described above have been in place for the Group for the year under review and up to the date of the approval of this statement for inclusion in the annual report.

For material joint ventures and associates, the Group works with its partners to institute suitable risk management and internal control practices which are aligned with the requirements of the Group. MMC is able to ascertain that the systems meet the Group's requirements through Board and where necessary, management representation in these companies as well as periodic reviews.

In making this statement, the Board has received assurance from the GMD and Director, Finance that the risk management and internal control systems are operating adequately and effectively in all material aspects for the reporting period.

For the financial year under review, the Board is of the opinion that the system of internal controls and risk management processes are adequate and sound to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of MMC. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in this annual report.

This statement has been prepared in line with the Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control Guidance for Directors of Listed Issuers.

The statement has been approved by the Board of Directors at its meeting on 28 February 2013.

Audit Committee Report

The Audit Committee provides critical oversight of the company's financial reporting and auditing processes as well as playing a key role in assessing the internal control framework of the MMC Group.

The Audit Committee comprises four non-executive directors, three of whom are independent, and is chaired by Dato' Abdullah bin Mohd Yusof, a Senior Independent Non-Executive 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 outsourced internal auditors. Other board members may also attend meetings upon the invitation of the Audit Committee. A total of five Audit Committee meetings were held during the financial year ended 31 December 2012. The Audit Committee met twice with the external auditors without the presence of management. The auditors, both the outsourced internal auditors (Ernst & Young) and external auditors (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 outsourced internal auditors, 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 auditors, outsourced internal auditors and Internal Audit Unit;
- The ability to obtain independent, professional or any other advice; and
- The ability to convene meetings with the external auditors and outsourced internal auditors or both, without the presence of other directors and employees of the company, whenever deemed necessary.

DUTIES

The duties of the Audit 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 as 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; and
    - 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 (without the presence 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 outsourced internal auditors and external auditors.
8. To review any appraisal or assessment of the performance and qualifications of members of the internal audit function.
9. To approve any appointment or termination of senior staff members of the Internal Audit Unit.
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 activities are carried out by Ernst & Young, to whom the function has been outsourced since February 2004. The Internal Audit Unit overlooks the overall Group internal audit function and coordinates communication between the Group and Ernst & Young, and is tasked to ensure that the outsourced internal auditors carries out its duties diligently in accordance with the agreed terms between the parties.

This Internal Audit Unit 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.

For the financial year 2012, the total cost of the internal audit function was RM1,033,180.

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 and operational 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.
- Obtained written assurance from both the external auditors and outsourced internal auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- Considered and recommended to the Board the draft quarterly reports and statutory financial statements for the financial year ended 31 December 2012.

EMPLOYEES' SHARE OPTION SCHEME

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

The report has been approved by the Board of Directors at its meeting on 28 February 2013.

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

The net proceeds raised from the listing of subsidiary, Gas Malaysia Berhad, of approximately RM300 million were utilised for the repayment of the Company's bank borrowings.

SHARE BUYBACKS

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

OPTIONS OF CONVERTIBLE SECURITIES

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

DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any Depository Receipt 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 corporation affiliated to the auditors' firm amounted to RM355,000.

PROFIT ESTIMATE, FORECAST OR PROJECTION

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

PROFIT GUARANTEE

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

MATERIAL CONTRACTS

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

(i) Asset Sale Agreement dated 18 October 2012

Agreement dated 18 October 2012 between HICOM Power Sdn Bhd (HICOM Power) and Tanjung Bin O&M Berhad (formerly known as Sterling Asia Berhad) (TBOMB) pursuant to the acquisition of the entire business, including all rights and assets of HICOM Power (save for certain exclusions as provided in the agreement) for a total cash consideration of RM575,000,000 comprising first (1st) payment of RM15,000,000 being the deposit paid on 18 October 2012; second (2nd) payment of RM100,000,000 which was paid on 17 December 2012 being the completion date; third (3rd) payment of RM57,500,000 which was paid on 28 February 2013 and final payment of RM402,500,000 which shall be payable on 15 May 2013 upon the terms and subject to the conditions contained in the agreement (Asset Sale Agreement). The sale of the entire business of HICOM Power to TBOMB was completed on 17 December 2012.

(ii) Novation Agreement dated 14 December 2012

Agreement dated 14 December 2012 between TBOMB, Tanjung Bin Power Sdn Bhd (TBP) and HICOM Power, whereby HICOM Power agreed to novate its rights, liabilities and obligations as provided in the Operation and Maintenance Agreement dated 25 July 2003 and as supplemented by the supplemental agreement dated 4 August 2003 and the 2nd supplemental agreement dated 17 October 2003, respectively, between TBP and HICOM Power (TBP OMA) on the appointment of HICOM Power by TBP as the operator of the Tanjung Bin Power Plant, commencing from 17 December 2012. The agreement is entered into further to the terms and conditions of the Asset Sale Agreement. The rights, liabilities and obligations of HICOM Power under the TBP OMA were novated to TBOMB on 17 December 2012.

(iii) Novation Agreement dated 14 December 2012

Agreement dated 14 December 2012 between TBOMB, HICOM Power and Teknik Janakuasa Sdn Bhd (TJSB), whereby HICOM Power agreed to novate its rights, liabilities and obligations as provided in the Subcontract Operations and Maintenance Agreement dated 12 October 2004 between HICOM Power and TJSB on the appointment of TJSB by HICOM Power as the sub-operator of the Tanjung Bin Power Plant, commencing from 17 December 2012. The agreement is entered into further to the terms and conditions of the Asset Sale Agreement. The rights, liabilities and obligations of HICOM Power under the Subcontract Operations and Maintenance Agreement dated 12 October 2004 were novated to TBOMB on 17 December 2012.

TBOMB is a wholly owned subsidiary of Malakoff Power Berhad which in turn is a wholly owned subsidiary of Malakoff Corporation Berhad (MCB), a 51% owned subsidiary of the Company.

TBP is a 90% owned subsidiary of MCB.

TJSB is a wholly owned subsidiary of MCB.

HICOM Power is a wholly owned subsidiary of DRB-Hicom Berhad (DRB-Hicom).

Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor who is a major shareholder of the Company is also 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.

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Directors' Report

for the financial year ended 31 December 2012

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

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 44 to the financial statements.

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

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Net profit for the financial year	1,545,688	254,615
Attributable to:		
Owners of the Parent	921,788	254,615
Non-controlling interests	623,900	–
	1,545,688	254,615

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 2011 are as follows:

	RM'000
In respect of the financial year ended 31 December 2011, as shown in the Directors' report of that financial year, a final single-tier dividend of 4.0 sen per ordinary share, was paid on 28 June 2012	121,802

In respect of the financial year ended 31 December 2012, the Directors recommend the payment of a final single-tier dividend of 4.5 sen per ordinary share on the 3,045,058,552 ordinary shares, amounting to RM137,027,635 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 28 June 2013 to shareholders registered on the Company's Register of Members at the close of business on 3 June 2013. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 December 2013.

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
Datuk Mohd Sidik Shaik Osman
Dato' Abdullah Mohd Yusof
Encik Ooi Teik Huat
Encik Abdul Hamid Sh Mohamed

In accordance with Article 78 of the Company's Articles of Association, Datuk Mohd Sidik Shaik Osman will retire by rotation and, being eligible, offers himself for re-election.

The offices of Dato' Wira Syed Abdul Jabbar Syed Hassan, Dato' Abdullah Mohd Yusof 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, in Malaysia 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 ended 31 December 2012, 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' 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 impairment of receivables and satisfied themselves that all known impaired receivables had been written off and that adequate impairment 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 of the Company had been written down to an amount which they might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 impairment of receivables in the financial statements of the Group and of the 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 of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the 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 of the 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 of the 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 of the 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 the 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 the gain arising from disposal of a subsidiary 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 of the 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 28 March 2013.

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, the Directors of MMC Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 84 to 209 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 2012 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965, in Malaysia.

The supplementary information set out in Note 47 on page 210 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 28 March 2013.

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 84 to 209 and the supplementary disclosure set out on page 210 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: 28 March 2013

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 84 to 209 which comprise the statements of financial position as at 31 December 2012 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 46.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965, in Malaysia 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965, in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 44 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 47 on page 210 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

JAYARAJAN A/L U.RATHINASAMY
(No. 2059/06/14 (J))
Chartered Accountant

Kuala Lumpur
28 March 2013

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2012

	Note	2012 Continuing operations RM'000	2012 Discontinued operations RM'000	2012 Total RM'000	2011 Continuing operations RM'000 (Restated)	2011 Discontinued operations RM'000	2011 Total RM'000 (Restated)
Revenue	5	**7,381,846**	**914,816**	**8,296,662**	7,336,639	2,000,170	9,336,809
Cost of sales	6	**(5,037,719)**	**(821,421)**	**(5,859,140)**	(4,819,492)	(1,677,750)	(6,497,242)
Gross profit		**2,344,127**	**93,395**	**2,437,522**	2,517,147	322,420	2,839,567
Other operating income							
– items relating to investments	16	**1,011,545**	**–**	**1,011,545**	6,709	–	6,709
– others		**334,761**	**4,097**	**338,858**	286,793	10,609	297,402
Administrative expenses	6	**(726,555)**	**(17,241)**	**(743,796)**	(615,543)	(33,948)	(649,491)
Other operating expenses	6	**(341,954)**	**–**	**(341,954)**	(292,383)	–	(292,383)
Finance costs	7	**(1,138,481)**	**(51)**	**(1,138,532)**	(1,358,707)	(252)	(1,358,959)
Share of results of:							
– associates		**130,118**	**–**	**130,118**	87,468	–	87,468
– jointly controlled entities		**115,599**	**–**	**115,599**	68,269	–	68,269
Profit before zakat and taxation	8	**1,729,160**	**80,200**	**1,809,360**	699,753	298,829	998,582
Zakat expense	9	**(5,351)**	**–**	**(5,351)**	(2,047)	–	(2,047)
Tax expense	10	**(239,938)**	**(18,383)**	**(258,321)**	(99,399)	(67,862)	(167,261)
Net profit for the financial year		**1,483,871**	**61,817**	**1,545,688**	598,307	230,967	829,274
Other comprehensive (loss)/income:							
Available-for-sale financial assets							
– fair value (losses)/gains		**(15,355)**	**–**	**(15,355)**	9,707	–	9,707
Movement in associate's capital reserve		**1,928**	**–**	**1,928**	(5,749)	–	(5,749)
Fair value adjustment							
– cash flow hedge		**(5,107)**	**–**	**(5,107)**	–	–	–
Currency translation differences		**(7,410)**	**–**	**(7,410)**	8,392	–	8,392
Other comprehensive (loss)/income for the financial year (net of tax)		**(25,944)**	**–**	**(25,944)**	12,350	–	12,350
Total comprehensive income for the financial year		**1,457,927**	**61,817**	**1,519,744**	610,657	230,967	841,624

The notes on pages 99 to 209 are an integral part of these financial statements

	Note	2012 Continuing operations	2012 Discontinued operations	2012 Total	2011 Continuing operations	2011 Discontinued operations	2011 Total
		RM'000	RM'000	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Net profit attributable to:							
– Owners of the parent		**895,948**	**25,840**	**921,788**	236,029	96,544	332,573
– Non-controlling interests		**587,923**	**35,977**	**623,900**	362,278	134,423	496,701
		1,483,871	**61,817**	**1,545,688**	598,307	230,967	829,274
Total comprehensive income attributable to:							
– Owners of the parent		**870,004**	**25,840**	**895,844**	248,379	96,544	344,923
– Non-controlling interests		**587,923**	**35,977**	**623,900**	362,278	134,423	496,701
		1,457,927	**61,817**	**1,519,744**	610,657	230,967	841,624
Earnings per ordinary share attributable to the equity holders of the Company (sen):							
– Basic	11	**29.4**	**0.9**	**30.3**	7.7	3.2	10.9
– Diluted	11	**29.4**	**0.9**	**30.3**	7.7	3.2	10.9
Dividend per ordinary share (sen):							
– Proposed final	12	**4.5**	**–**	**4.5**	4.0	–	4.0

The notes on pages 99 to 209 are an integral part of these financial statements

Company Statement of Comprehensive Income

for the financial year ended 31 December 2012

	Note	2012 RM'000	2011 RM'000
Revenue	5	**596,988**	659,869
Cost of sales	6	**–**	(11,455)
Gross profit		**596,988**	648,414
Other operating (loss)/income:			
– items relating to investments		**(83,789)**	(90,000)
– others		**3,953**	10,423
Administrative expenses	6	**(69,929)**	(53,970)
Other operating expenses	6	**(359)**	(97,003)
Finance costs	7	**(169,487)**	(182,101)
Profit before zakat and taxation	8	**277,377**	235,763
Zakat expense	9	**(1,705)**	(2,047)
Tax expense	10	**(21,057)**	(10,461)
Net/total comprehensive income for the financial year		**254,615**	223,255

The notes on pages 99 to 209 are an integral part of these financial statements

Consolidated Statement of Financial Position

as at 31 December 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000 (Restated)	1.1.2011 RM'000 (Restated)
Non-Current Assets				
Property, plant and equipment	13	**16,533,465**	16,029,865	16,699,574
Investment properties	14	**31,391**	32,329	30,778
Prepaid lease payments	15	**-**	18,835	19,238
Investments in associates	17	**2,804,490**	1,463,122	1,266,913
Investments in jointly controlled entities	18	**279,086**	246,249	219,281
Available-for-sale financial assets	19	**7,706**	8,573	8,412
Property development expenditure	20	**2,225,519**	2,128,408	1,917,196
Other receivables	22	**142,266**	3,305	4,214
Intangible assets	23	**7,714,584**	7,577,842	7,986,159
Deferred tax assets	24	**1,249,280**	1,188,910	1,121,012
		30,987,787	28,697,438	29,272,777
Current Assets				
Inventories	25	**722,290**	719,906	585,289
Assets held for sale	26	**–**	–	103
Trade and other receivables	27	**2,134,699**	2,327,958	2,227,814
Tax recoverable		**237,186**	188,040	337,014
Amount due from holding company	28	**2,518**	5,518	5,518
Available-for-sale financial assets	19	**88,576**	85,588	81,868
Deposits, bank and cash balances	29	**6,161,698**	4,579,556	4,062,543
		9,346,967	7,906,566	7,300,149
Total Assets		**40,334,754**	36,604,004	36,572,926

The notes on pages 99 to 209 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012 (continued)

	Note	31.12.2012 RM'000	31.12.2011 RM'000 (Restated)	1.1.2011 RM'000 (Restated)
Equity and Liabilities				
Equity Attributable to Owners of Parent				
Share capital	30	**304,506**	304,506	304,506
Reserves	31	**6,740,578**	5,966,536	5,731,693
		7,045,084	6,271,042	6,036,199
Non-controlling interests		**3,184,984**	3,299,047	3,119,375
Total Equity		**10,230,068**	9,570,089	9,155,574
Non-Current Liabilities				
Redeemable preference shares	32	**127,079**	140,620	136,467
Borrowings	34	**18,000,986**	15,533,549	15,974,676
Land lease received in advance	35	**296,975**	158,433	162,264
Provision for retirement benefits	36(c)	**62,138**	58,713	53,748
Deferred income	37	**2,524,477**	2,245,572	1,869,382
Derivative financial instruments	38	**162,750**	–	–
Deferred tax liabilities	24	**3,402,617**	3,532,379	3,511,746
Other payables	36	**13,866**	18, 303	24,654
		24,590,888	21,687,569	21,732,937
Current Liabilities				
Borrowings	34	**3,374,412**	3,443,415	3,991,739
Trade and other payables	36	**2,087,720**	1,871,226	1,626,216
Tax payables		**51,666**	31,705	40,409
Redeemable convertible unsecured loan stocks	33	**–**	–	26,051
		5,513,798	5,346,346	5,684,415
Total Liabilities		**30,104,686**	27,033,915	27,417,352
Total Equity and Liabilities		**40,334,754**	36,604,004	36,572,926

The notes on pages 99 to 209 are an integral part of these financial statements

Company Statement of Financial Position

as at 31 December 2012

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-Current Assets				
Property, plant and equipment	13	**8,297**	8,669	8,260
Investments in subsidiaries	16	**7,266,300**	7,266,315	7,581,403
Investments in associates	17	**55,263**	139,037	139,037
Investments in jointly controlled entities	18	**15,001**	5,126	5,001
Amounts due from subsidiaries	21	**1,111,739**	1,057,845	1,089,347
		8,456,600	8,476,992	8,823,048
Current Assets				
Trade and other receivables	27	**81,620**	78,355	90,571
Tax recoverable		**18,778**	41,142	67,404
Amount due from holding company	28	**2,518**	5,518	5,518
Deposits, bank and cash balances	29	**110,385**	80,077	95,405
		213,301	205,092	258,898
Total Assets		**8,669,901**	8,682,084	9,081,946
Equity and Liabilities				
Share capital	30	**304,506**	304,506	304,506
Reserves	31	**4,959,784**	4,826,971	4,710,293
Total Equity		**5,264,290**	5,131,477	5,014,799
Non-Current Liabilities				
Amounts due to subsidiaries		**368,651**	267,615	535,668
Borrowings	34	**1,016,750**	1,856,250	1,496,750
		1,385,401	2,123,865	2,032,418
Current Liabilities				
Borrowings	34	**2,004,500**	1,415,500	2,012,788
Trade and other payables	36	**15,710**	11,242	21,941
		2,020,210	1,426,742	2,034,729
Total Liabilities		**3,405,611**	3,550,607	4,067,147
Total Equity and Liabilities		**8,669,901**	8,682,084	9,081,946

The notes on pages 99 to 209 are an integral part of these financial statements

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2012

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000
At 1 January 2012		**304,506**	**2,039,770**	**(22,659)**	**1,219,271**
Effects of a change in accounting policy					
- IC Interpretation 4 ("IC Int. 4")		**–**	**–**	**–**	**–**
As restated		**304,506**	**2,039,770**	**(22,659)**	**1,219,271**
Net profit for the financial year		**–**	**–**	**–**	**–**
Other comprehensive (loss)/income:					
Share of movement in associates' reserves		**–**	**–**	**–**	**–**
Movement in value of investment		**–**	**–**	**–**	**–**
Fair value adjustment		**–**	**–**	**–**	**–**
Currency translation differences		**–**	**–**	**(7,410)**	**–**
Total other comprehensive (loss)/income		**–**	**–**	**(7,410)**	**–**
Total comprehensive (loss)/income for the financial year		**–**	**–**	**(7,410)**	**–**
Transactions with owners:					
Transfer to capital reserve		**–**	**–**	**–**	**–**
Disposal of a subsidiary		**–**	**–**	**–**	**–**
Dividend for financial year ended 31 December 2011	12	**–**	**–**	**–**	**–**
Dividend paid to non-controlling shareholders		**–**	**–**	**–**	**–**
Total transactions with owners		**–**	**–**	**–**	**–**
At 31 December 2012		**304,506**	**2,039,770**	**(30,069)**	**1,219,271**

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

The notes on pages 99 to 209 are an integral part of these financial statements

Attributable to owners of the parent							
Non-distributable				Distributable			
Available-for-sale financial assets RM'000	Cash flow hedge reserve RM'000	Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
117,684	–	77,515	374,503	2,109,389	6,219,979	3,249,986	9,469,965
–	–	–	–	51,063	51,063	49,061	100,124
117,684	–	77,515	374,503	2,160,452	6,271,042	3,299,047	9,570,089
–	–	–	–	921,788	921,788	623,900	1,545,688
(17,476)	–	1,928	–	–	(15,548)	–	(15,548)
2,121	–	–	–	–	2,121	–	2,121
–	(5,107)	–	–	–	(5,107)	–	(5,107)
–	–	–	–	–	(7,410)	–	(7,410)
(15,355)	(5,107)	1,928	–	–	(25,944)	–	(25,944)
(15,355)	(5,107)	1,928	–	921,788	895,844	623,900	1,519,744
–	–	–	2,300	(2,300)	–	–	–
–	–	–	–	–	–	(438,037)	(438,037)
–	–	–	–	(121,802)	(121,802)	–	(121,802)
–	–	–	–	–	–	(299,926)	(299,926)
–	–	–	2,300	(124,102)	(121,802)	(737,963)	(859,765)
102,329	(5,107)	79,443	376,803	2,958,138	7,045,084	3,184,984	10,230,068

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2012 (continued)

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000
At 1 January 2011 (restated)		304,506	2,039,770	(31,051)	1,219,271
Net profit for the financial year (restated)		–	–	–	–
Other comprehensive income/(loss):					
Share of movement in associates' reserves		–	–	–	–
Movement in value of investment		–	–	–	–
Currency translation differences		–	–	8,392	–
Total other comprehensive income/(loss)		–	–	8,392	–
Total comprehensive income/(loss) for the financial year		–	–	8,392	–
Transactions with owners:					
Transfer to capital reserves		–	–	–	–
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.

The notes on pages 99 to 209 are an integral part of these financial statements

Attributable to owners of the parent						
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	Non-controlling interests RM'000	Total equity RM'000
107,977	83,264	375,864	1,936,598	6,036,199	3,119,375	9,155,574
–	–	–	332,573	332,573	496,701	829,274
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)	–	332,573	344,923	496,701	841,624
–	–	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	2,160,452	6,271,042	3,299,047	9,570,089

Company Statement of Changes in Equity

for the financial year ended 31 December 2012

	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 2012		**304,506**	**2,039,770**	**59,710**	**243,074**	**2,484,417**	**5,131,477**
Net profit for the financial year		**–**	**–**	**–**	**–**	**254,615**	**254,615**
Transactions with owners:							
Dividends for the financial year ended 31 December 2011	12	**–**	**–**	**–**	**–**	**(121,802)**	**(121,802)**
At 31 December 2012		**304,506**	**2,039,770**	**59,710**	**243,074**	**2,617,230**	**5,264,290**

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

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

	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
Transactions with owners:							
Dividends 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 non-distributable capital reserves mainly consist of share premium of another company that merged with the Group in 1976.

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

The notes on pages 99 to 209 are an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Operating Activities					
Profit before zakat and taxation		**1,809,360**	998,582	**277,377**	235,763
Adjustments for:					
Depreciation of:					
– property, plant and equipment		**715,465**	745,847	**1,574**	2,043
– investment properties		**559**	562	**–**	–
Amortisation of:					
– prepaid lease payments		**178**	403	**–**	–
– rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:					
– subsidiaries		**401,555**	398,655	**–**	–
– associates		**38,538**	35,193	**–**	–
– rights on water treatment business		**5,581**	5,825	**–**	–
– rights on airport business		**4,196**	4,196	**–**	–
– redeemable convertible unsecured loan stocks		**–**	980	**–**	–
– land lease received in advance		**(10,943)**	(12,446)	**–**	–
– deferred income (grant)		**(64,569)**	(63,549)	**–**	–
Impairment loss on:					
– property, plant and equipment		**–**	30,000	**–**	–
– investment in a subsidiary		**–**	–	**15**	–
– investments in associates		**2,456**	48,882	**83,774**	–
– investments in jointly controlled entities		**–**	2,170	**–**	–
Impairment of trade and other receivables		**28,068**	17,560	**359**	–
(Gain)/loss on disposal of:					
– subsidiary	8 & 16	**(1,011,545)**	(6,622)	**–**	90,000
– associate		**(26,700)**	–	**–**	–
Gain on liquidation of a subsidiary		**–**	(87)	**–**	–
(Gain)/loss on disposal of:					
– property, plant and equipment		**(1,177)**	(4,777)	**2**	(233)
– investment properties		**(3,294)**	(3,466)	**–**	–
– property development expenditure		**(392)**	–	**–**	–
Write-off of property, plant and equipment		**2,691**	3,815	**–**	–
Write-back of impairment of receivables		**(14,516)**	(70,409)	**–**	–
Write-back of construction cost		**–**	–	**–**	(6,012)
Write-off of amount due from a former subsidiary		**–**	–	**–**	9,570
Write-off of amount due from a subsidiary		**–**	–	**–**	87,433
Dividend income		**(3,255)**	(2,790)	**(503,988)**	(612,655)
Distributions from jointly controlled entities		**–**	–	**(93,000)**	(43,000)

The notes on pages 99 to 209 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2012 (continued)

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income		**(190,965)**	(201,456)	**(2,772)**	(3,060)
Interest expense		**1,138,532**	1,358,959	**169,487**	182,101
Share of results in:					
– associates		**(130,118)**	(87,468)	**–**	–
– jointly controlled entities		**(115,599)**	(68,269)	**–**	–
Net unrealised loss/(gain) on foreign exchange		**3,737**	(84)	**(79)**	7
Provision for retirement benefits	36(c)	**6,193**	10,419	**–**	–
Fair value loss/(gain) on borrowings		**15,642**	(52,036)	**–**	–
		2,599,678	3,088,589	**(67,251)**	(58,043)
Changes in working capital:					
Inventories		**(1,826)**	(134,617)	**–**	–
Trade and other receivables		**(88,687)**	(177,822)	**(270)**	112
Trade and other payables		**100,282**	240,728	**4,467**	(4,645)
Cash generated from/(used in) operations		**2,609,447**	3,016,878	**(63,054)**	(62,576)
Designated accounts withdrawn/(pledged)		**16,381**	(416)	**–**	–
Deferred income received	37	**330,787**	329,493	**–**	–
Income tax (paid)/refund		**(290,741)**	(74,651)	**34,640**	49,134
Zakat paid		**(5,351)**	(2,047)	**(1,705)**	(2,047)
Land lease received in advance	35	**160,428**	19,309	**–**	–
Retirement benefits paid	36(c)	**(1,809)**	(4,467)	**–**	–
Net cash flow generated from/(used in) operating activities		**2,819,142**	3,284,099	**(30,119)**	(15,489)

The notes on pages 99 to 209 are an integral part of these financial statements.

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Investing Activities					
Investment in jointly controlled entity		**(9,875)**	(125)	**(9,875)**	(125)
Investment in a subsidiary	45 (i)	**(347,563)**	–	**–**	–
Additional capital investment in an associate by a subsidiary		**–**	(183,878)	**–**	–
Acquisition of assets and liabilities of Hicom Power Sdn. Bhd., net of cash gained	45(ii)	**(76,665)**	–	**–**	–
Advances to subsidiaries		**–**	–	**(55,670)**	(55,447)
Redemption of Redeemable Unquoted Loan Stocks in a subsidiary		**44,735**	22,021	**–**	–
Dividends received from:					
– subsidiaries		**–**	–	**469,156**	577,824
– associates		**132,655**	91,964	**–**	–
– others		**3,255**	2,790	**–**	–
Distributions received from jointly controlled entities		**93,000**	43,000	**93,000**	43,000
Interest received		**190,965**	201,456	**2,772**	3,060
Net cash inflows/proceeds from sale of:					
– subsidiary	16	**81,080**	329	**–**	–
– associate		**74,568**	–	**–**	–
– net cash outflow upon liquidation of a subsidiary		**–**	(162)	**–**	–
Proceeds from sale of:					
– property, plant and equipment		**1,239**	7,264	**5**	235
– investment properties		**3,673**	3,763	**–**	–
– property development expenditure		**923**	–	**–**	–
Purchases of:					
– property, plant and equipment	13	**(2,143,951)**	(157,893)*	**(1,209)**	(2,454)
– investment properties	14	**–**	(2,307)	**–**	–
– other assets		**–**	(359)	**–**	–
Additional property development expenditure	20	**(97,642)**	(211,212)	**–**	–
Net cash flow (used in)/generated from investing activities		**(2,049,603)**	(183,349)	**498,179**	566,093

* During the previous financial year, the Group purchased property, plant and equipment amounting to RM198,669,000. Cash payments of RM157,893,000 were made to settle liabilities arising from these purchases. The unpaid balance of RM40,776,000 was included in other payables.

The notes on pages 99 to 209 are an integral part of these financial statements.

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financing Activities					
Dividends paid		**(121,802)**	(106,577)	**(121,802)**	(106,577)
Dividends paid to non-controlling interests of subsidiaries		**(299,926)**	(348,869)	**–**	–
Interest paid		**(1,138,532)**	(1,358,959)	**(169,487)**	(182,101)
Repayment from holding company		**–**	–	**3,000**	–
Borrowings:					
– drawdown		**10,169,276**	1,166,625	**710,000**	174,889
– repayment		**(7,769,200)**	(1,992,376)	**(960,500)**	(412,677)
Government grant received	37	**–**	54,990	**–**	–
Advances from/(repayments to) subsidiaries		**–**	–	**101,037**	(39,466)
Net cash flow generated from/(used in) financing activities		**839,816**	(2,585,166)	**(437,752)**	(565,932)
Net change in cash and cash equivalents		**1,609,355**	515,584	**30,308**	(15,328)
Foreign exchange differences		**(12,519)**	8,392	**–**	–
Cash and cash equivalents at beginning of the financial year		**4,563,066**	4,039,090	**80,077**	95,405
Cash and cash equivalents at end of the financial year		**6,159,902**	4,563,066	**110,385**	80,077
Cash and cash equivalents comprise:					
Cash and bank balances	29	**180,438**	198,757	**1,121**	1,438
Deposits	29	**5,981,260**	4,380,799	**109,264**	78,639
Bank overdrafts	34	**(1,796)**	(108)	**–**	–
		6,159,902	4,579,448	**110,385**	80,077
Less:					
Deposits pledged for banking facilities		**–**	(16,382)*	**–**	–
		6,159,902	4,563,066	**110,385**	80,077

* During the previous financial year, deposits of RM16.4 million were pledged for certain banking facilities.

The notes on pages 99 to 209 are an integral part of these financial statements.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2012

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

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965, in Malaysia.

The financial statements of the Group and of the Company for the year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time Adoption of MFRS'. The Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all financial years presented, as if these policies had always been in effect. Subsequent to the transition from Financial Reporting Standards ("FRS") to MFRS, the restated comparative information has been audited under MFRS. There is no impact of the transition to MFRS on the Group's and the Company's reported financial position, financial performance and cash flows.

MFRS1 requires an entity to reconcile equity, total comprehensive income and cash flows for prior financial years. However, the transition from FRS to MFRS have had no effect on the previously reported equity, total comprehensive income and cash flows of the Group and the Company and thus, no reconciliation of equity, total comprehensive income and statements of cash flows are needed.

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 MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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

(a) Basis of preparation (continued)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- The revised MFRS 127, Consolidated and Separate Financial Statements
- The revised MFRS 128, Investments in Associates and Joint Ventures
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 119, Employee Benefits
- Amendments to MFRS 7, Financial Instruments: Disclosures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 132, Financial Instruments: Presentation

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- MFRS 9, Financial Instruments
- Amendments to MFRS 7, Financial Instruments: Disclosures

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The impacts of initial application of a standard, an amendment or an interpretation are discussed below:

MFRS 9, Financial Instruments

MFRS 9 replaces the multiple classification and measurement models in MFRS 139, Financial Instruments: Recognition and Measurement with a single model that has only two classification categories: amortised cost and fair value. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(a) Basis of preparation (continued)

MFRS 10, Consolidated Financial Statements

MFRS 10, Consolidated Financial Statements 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

MFRS 11, Joint Arrangements establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, Interests in Joint Ventures. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

MFRS 13, Fair Value Measurement

MFRS 13, Fair Value Measurement establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

Amendments to MFRS 119, Employee Benefits

The amendments to MFRS 119, Employee Benefits change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The Group is currently assessing the financial impact of adopting the amendments to MFRS 119.

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

(b) Consolidation

(i) 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.

The Group also assesses existence of control where it does not have more 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the successive acquisition dates at each stage, and the changes in fair value is taken through profit or loss.

Profit or loss and each component of other comprehensive income of the subsidiaries are attributed to the parent and the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(b) Consolidation (continued)

(i) Subsidiaries (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

When the Group ceases to have control over a subsidiary any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) 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).

(b) Consolidation (continued)

(ii) 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.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss. The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) 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.

Refer to Note (e) for accounting policy on depreciation.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (g) on impairment of non-financial assets.

(c) 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.

(d) 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

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. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the profit or loss when incurred.

(d) Leases (continued)

(ii) Operating leases (continued)

(b) Group as lessor

Power purchase agreement

Effective 1 January 2011, the Group has adopted IC Interpretation 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 Interpretation 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.

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 profit or loss 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.

(e) 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.

(e) 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
Plant, machinery, dredges and other mining equipment	3 to 30 years
Pipeline system	30 years
C-inspection costs	3 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.

(f) 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 financial year in which they arise.

(g) Impairment of non-financial 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 ("VIU").

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 VIU. In assessing VIU, 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.

(g) Impairment of non-financial 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.

(h) 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 (g) on impairment of non-financial assets.

Amount due from subsidiary which repayment is not expected within the next 12 months is stated at cost less accumulated impairment losses if it is the intention of the Company to treat the amount as a long term source of capital to the subsidiary.

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

(i) 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 profit or loss 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.

(i) Property development expenditure (continued)

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

The excess of revenue recognised in the 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 profit or loss is classified as progress billings within trade payables.

(j) Intangibles

(i) Rights on Power Purchase Agreements ("PPAs") and Operation & Maintenance Agreements ("OMAs")

Rights on PPAs and OMAs ("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.

(ii) 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.

(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.

(k) 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).

(l) 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.

(m) 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.

(n) 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(r) Taxation (continued)

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 profits 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.

(s) 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.

(t) 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 profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(t) 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 profit or loss on the 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 profit or loss.

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 profit or loss 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).

(u) 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 profit or loss as it accrues.

(u) Revenue recognition (continued)

(iii) Capacity payments

Under IC Interpretation 4 effective beginning 1 January 2011, revenue from capacity payments where the PPAs are 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.

(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) Sale of gas

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

(vii) Customer contribution 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 profit or loss 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.

(u) Revenue recognition (continued)

(x) Airport activity

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

(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 profit or loss as it accrues, taking into account the effective yield on the asset.

(xiv) Rental income

Rental income is recognised on an accrual basis.

(xv) Deferred income

Deferred income comprises the capacity payments received from Tenaga National Berhad in relation to the PPAs. The amount is credited to profit or loss on a straight-line basis over the term of the respective PPAs under "Revenue" in the statement of comprehensive income.

(v) 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 taxation 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 financial year in which it is incurred.

(w) 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.

(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 profit or loss.

(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 profit or loss as part of the gain or loss on sale.

(x) 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 27 and 29 respectively).

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.

(x) Financial instruments (continued)

(ii) Classification (continued)

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.

(x) 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.

(x) Financial instruments (continued)

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

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.

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.

(vi) Hedge accounting

Cash flow hedge

During the financial year, the Group had elected to apply cash flow hedge on some of its borrowings.

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

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

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

(y) 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.

(z) Segment information

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.

(aa) 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 MFRSs. 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 MFRS 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 2012

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 44 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 Ground Floor, Wisma Budiman, Persiaran Raja Chulan, 50200, 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 28 March 2013.

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 taxation attributable to shareholder of a 0.25% increase in the weighted average interest rate of the Group's borrowings and deposits would be increase of RM53 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 2012:

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	**1,907,763**	**33,389**	**2,602**	**92,842**	**2,036,596**
Redeemable preference shares	**17,821**	**24,058**	**72,173**	**30,848**	**144,900**
Borrowings					
– Fixed rate	**2,308,299**	**2,077,481**	**6,331,046**	**21,094,576**	**31,811,402**
– Floating rate	**2,154,220**	**404,725**	**665,506**	**–**	**3,224,451**
	4,462,519	**2,482,206**	**6,996,552**	**21,094,576**	**35,035,853**

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	1,815,584	4,490	2,400	11,413	1,833,887
Redeemable preference shares	–	22,810	68,431	49,379	140,620
Borrowings					
– Fixed rate	2,855,674	2,568,163	6,756,256	15,849,660	28,029,753
– Floating rate	1,535,500	1,437,910	518,206	–	3,491,616
	4,391,174	4,006,073	7,274,462	15,849,660	31,521,369

Details of borrowings are stated under Note 34.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 2012 and 31 December 2011.

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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a 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; CGUs respectively, were determined based on the VIU calculations. The calculations require the use of estimates and judgments as set out in Note 23(A) Port Business, Note 23(B) Electricity Generation Business and Note 23(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 lives and residual values of the assets. Estimating the useful lives and residual values of property, plant and equipment involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the reporting date. The actual useful lives and residual values of the assets however, may be different from expected.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(b) Residual value of power plants (continued)

The PPAs provide for the disposal of the power plants at the end of the initial concession period, in the event that the PPAs are not extended. In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the assets based on the VIU method. The VIUs were derived using the following critical assumptions:

(1) extension of five to ten years of the PPAs 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) Tenaga Nasional Berhad ("TNB")'s continued reliance on Independent Power Producers ("IPPs").

The existing PPAs expire as follows:

PPAs owner	Year of expiry	Residual value RM'million at 31.12.2012	Residual value RM'million at 31.12.2011
Segari Energy Ventures Sdn. Bhd. ("SEV")	2027	**370***	1,377
GB3 Sdn. Bhd.	2022	**514**	514
Prai Power Sdn. Bhd.	2024	**315**	315
Tanjung Bin Power Sdn. Bhd.	2031	**1,924**	1,924
		3,123	4,130

* The original PPA for SEV expires in 2017. SEV has obtained approval for a 10 year extension to its PPA to 2027. Consequently, the residual value for SEV's power plant has been revised.

(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 PPAs;

(3) an average despatch factor of 22% and 75% to reflect the future demand for power by the industry; and

(4) the discount rate of 7.5% (pre-tax: 10%) per annum.

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.

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(c) Estimation of the VIU of the CGU for Airport City

The estimation of VIU of CGU is based on a single combined business unit ("Airport City") consisting of Airport Operations and Property Development Land. The Directors are of the view that this will 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.

(d) Deferred tax assets of a subsidiary, Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP")

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax credits or tax losses can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

The recoverable amount of the deferred tax asset is determined based on VIU calculations. These calculations uses pre-tax cash flow forecast based on financial budgets covering a period of 5 years.

The following assumptions have been applied in the value-in-use calculations:

(1) Financial information from year 2013 to year 2017 are based on the Business Plan 2013 to 2017;

(2) PBT and financial information from year 2018 to year 2027 are based on 4% growth per annum in throughput; and

(3) Growth of operating expenses of 3% per annum.

(e) Deferred tax assets of a subsidiary, Senai Airport Terminal Services Sdn. Bhd. ("SATS")

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Estimating the future taxable profits involves significant assumptions, especially in respect of capital expenditure, passenger and aircraft movement, cargo tonnage and operating costs. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. The Group and the Company expect that it will be able to utilise the deferred tax assets during the tenure of the concession. The principal assumptions used are as disclosed in Note 23 (C).

4 IMPACT OF A CHANGE IN ACCOUNTING POLICY – IC INTERPRETATION 4

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 2011 except for the adoption of the Issues Committee Interpretations ("IC Int.") No. 4 effective for the financial period beginning on 1 January 2011 by an associated company who is having a different financial year end from the Company.

The adoption of the new accounting standards, amendments to existing standards 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:

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 fulfilment 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 PPAs of an associate being accounted for as a finance lease. In prior financial years, these arrangements were accounted for as normal sale and purchase contracts.

Arising from this, revenue from capacity payments where the PPAs are 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. 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 difference recognised as deferred income in the statement of financial position.

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

The impact of adoption of IC Int. 4 on the financial statements of the Group by an associate is as follows:

Restatement of comparatives

Impact on the Group's statements of financial position

	Balances as at 31.12.2010/1.1.2011		
Increase	**As previously reported RM'000**	**IC Int. 4 RM'000**	**As restated RM'000**
Investment in associates	1,163,040	103,873	1,266,913
Reserves	5,678,718	52,974	5,731,692
Non-controlling interests	3,068,477	50,899	3,119,376

4 IMPACT OF A CHANGE IN ACCOUNTING POLICY – IC INTERPRETATION 4 (CONTINUED)

Impact on the Group's statements of financial position (continued)

	Balances as at 31.12.2011		
Increase	**As previously reported RM'000**	**IC Int. 4 RM'000**	**As restated RM'000**
Investment in associates	1,362,998	100,124	1,463,122
Reserves	5,915,473	51,063	5,966,536
Non-controlling interests	3,249,986	49,061	3,299,047

	For the financial year ended 31.12.2011		
Increase/(Decrease)	**As previously reported RM'000**	**IC Int. 4 RM'000**	**As restated RM'000**
Profit before zakat and taxation	1,002,232	(3,750)	998,582

5 REVENUE

	Group		Company	
	2012 RM'000	**2011 RM'000 (Restated)**	**2012 RM'000**	**2011 RM'000**
Electricity generation	**5,452,073**	5,547,077	**–**	–
Sale of gas	**914,816**	1,985,838	**–**	–
Water treatment services	**75,161**	70,540	**–**	–
Port operations	**1,364,800**	1,295,719	**–**	–
Airport operations	**24,673**	29,871	**–**	–
Contract revenue	**207,527**	148,282	**–**	4,214
Services	**163,846**	179,435	**–**	–
Property lease	**90,511**	77,257	**–**	–
Dividends (Note 8(i))	**3,255**	2,790	**503,988**	612,655
Distributions from jointly controlled entities	**–**	–	**93,000**	43,000
	8,296,662	9,336,809	**596,988**	659,869

6 ANALYSIS OF EXPENSES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cost of sales				
Cost of electricity generation	**3,736,212**	3,817,986	**–**	–
Cost of gas sold	**821,421**	1,677,750	**–**	–
Cost of water treatment services	**30,820**	46,788	**–**	–
Cost of port operations	**709,419**	626,722	**–**	–
Cost of airport operations	**531**	384	**–**	–
Contract cost recognised as an expense	**228,167**	106,741	**–**	11,455
Cost of services	**332,570**	220,871	**–**	–
	5,859,140	6,497,242	**–**	11,455
Administrative and other operating expenses				
Consultants and professional fees	**78,789**	53,131	**31,331**	19,249
Depreciation, amortisation and impairment	**336,563**	391,546	**1,574**	2,043
Contributions and Corporate Social Responsibility activities	**81,012**	5,371	**2,091**	371
Office administration expenses	**32,376**	36,931	**938**	1,059
Repair and maintenance	**4,780**	9,080	**238**	205
Rental expenses	**63,508**	30,871	**2,313**	2,035
Staff related costs	**203,563**	176,591	**22,734**	21,494
Utilities	**24,812**	15,536	**186**	179
Insurance, cess fund and licenses	**95,225**	93,833	**239**	225
Write off of:				
- amount due from a former subsidiary	**–**	–	**–**	9,570
- amount due from a subsidiary	**–**	–	**–**	87,433
Impairment in an associate	**2,456**	48,882	**–**	–
Travelling expenses	**28,755**	2,751	**437**	410
Others	**133,911**	77,351	**8,207**	6,700
	1,085,750	941,874	**70,288**	150,973

Included in the cost of electricity generation is the amortisation of intangible assets relating to rights on PPAs and OMAs amounting to RM440 million (2011: RM434 million).

7 FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Al-Istisna Bonds	**24,456**	30,013	**–**	–
Medium Terms Notes	**569,948**	721,307	**–**	–
Term Loans	**242,992**	287,436	**146,602**	159,805
Junior Sukuk	**63,013**	173,113	**–**	–
Bai' Bithaman Ajil Islamic Debt Securities	**28,925**	37,616	**–**	–
Sukuk Ijarah Bonds	**86,720**	22,194	**–**	–
Subordinated Loan Notes	**9,977**	15,579	**–**	–
Commercial Papers	**9,123**	15,168	**–**	–
Islamic Medium Term Notes	**75,193**	27,928	**–**	–
Others	**28,185**	28,605	**22,885**	22,296
	1,138,532	1,358,959	**169,487**	182,101

8 PROFIT BEFORE ZAKAT AND TAXATION

	Group		Company	
	2012 RM'000	**2011 RM'000 (Restated)**	**2012 RM'000**	**2011 RM'000**
(i) Profit before zakat and taxation is arrived at:				
After charging:				
Auditors' remuneration				
- statutory audit	**601**	691	**258**	258
- non-audit services	**355**	1,086	**278**	548
Other auditors' remuneration				
- statutory audit	**708**	609	**–**	–
- non-audit services	**2,728**	1,609	**–**	–
Directors' fees (Note 8(ii))	**1,010**	662	**425**	425
Depreciation of:				
- property, plant and equipment (Note 13)	**715,465**	745,847	**1,574**	2,043
- investment properties (Note 14)	**559**	562	**–**	–
Amortisation of:				
- prepaid lease payments	**178**	403	**–**	–
- rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
- subsidiaries (Note 23)	**401,555**	398,655	**–**	–
- associate	**38,538**	35,193	**–**	–
- rights on water treatment business (Note 23)	**5,581**	5,825	**–**	–
- rights on airport business (Note 23)	**4,196**	4,196	**–**	–
- Redeemable Convertible Unsecured Loan Stocks (Note 33(b))	**–**	980	**–**	–
Impairment of trade and other receivables	**28,068**	17,560	**359**	–
Write off of:				
- amount due from a former subsidiary	**–**	–	**–**	9,570
- amount due from a subsidiary	**–**	–	**–**	87,433
Realised loss on foreign exchange	**510**	32	**–**	–
Unrealised loss on foreign exchange	**4,100**	42	**–**	7
Impairment loss on:				
- property, plant and equipment	**–**	30,000	**–**	–
- investment in subsidiary	**–**	–	**15**	–
- investment in associates	**2,456**	48,882	**83,774**	–
- investment in jointly controlled entity	**–**	2,170	**–**	–

8 PROFIT BEFORE ZAKAT AND TAXATION (Continued)

	Group		Company	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
After charging: (continued)				
Provision for retirement benefits (Note 36(c))	**6,193**	10,419	**–**	–
Hire of plant and machinery	**90,175**	87,364	**–**	–
Rent of leasehold land and buildings	**71,301**	74,651	**2,313**	2,035
Write-off of property, plant and equipment	**2,691**	3,815	**–**	–
Write back of construction cost	**–**	–	**–**	(6,012)
Management fees paid to a subsidiary	**–**	–	**–**	480
Contributions and Corporate Social Responsibility activities	**81,012**	5,371	**2,091**	371
Loss on disposal of a subsidiary	**–**	–	**–**	90,000
Staff costs (including Executive Directors' remuneration (Note 8(ii)):				
- Wages, salaries and bonuses	**357,812**	332,665	**12,232**	10,308
- Defined contribution plan	**41,189**	34,424	**1,801**	1,481
- Other employee benefits	**28,153**	30,630	**1,601**	1,131

8 PROFIT BEFORE ZAKAT AND TAXATION (Continued)

	Group		Company	
	2012 RM'000	2011 RM'000 (Restated)	2012 RM'000	2011 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
After crediting:				
Realised gain on foreign exchange	**586**	185	**–**	–
Unrealised gain on foreign exchange	**363**	126	**79**	–
Amortisation of:				
- land lease received in advance (Note 35)	**10,943**	12,446	**–**	–
- deferred income (grant)(Note 37)	**64,569**	63,549	**–**	–
Gain/(loss) on disposal of:				
- property, plant and equipment	**1,177**	4,777	**(2)**	233
- investment properties	**3,294**	3,466	**–**	–
- property development expenditure	**392**	–	**–**	–
Rental income	**6,201**	1,954	**60**	74
Write-back of impairment of receivables (Note 27)	**14,516**	70,409	**–**	–
Impaired receivables recovered	**–**	1,137	**–**	–
Interest income	**190,965**	201,456	**2,772**	3,060
Gain on disposal of a subsidiary (including fair value measurement gain of RM753,515,000 on remaining non-controlling interest (Note 16))	**1,011,545**	6,622	**–**	–
Gain on disposal of an associate	**26,700**	–	**–**	–
Gain on liquidation of a subsidiary	**–**	87	**–**	–
Gross dividend income:				
- Subsidiaries: Unquoted in Malaysia	**–**	–	**489,852**	598,608
- Subsidiaries: Quoted in Malaysia	**–**	–	**14,136**	14,047
- Other investments: Quoted in Malaysia	**3,255**	2,790	**–**	–

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 is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors of the Company				
Non-Executive Directors:				
- fees	**1,010**	662	**425**	425
- other emoluments	**1,468**	1,843	**492**	471
- defined contribution plan	**269**	246	**7**	7
- estimated money value of benefits-in-kind	**200**	179	**185**	173
Executive Directors:				
- salaries and other emoluments	**3,062**	3,214	**2,861**	3,102
- defined contribution plan	**492**	533	**486**	527
- estimated money value of benefits-in-kind	**170**	288	**165**	168
	6,671	6,965	**4,621**	4,873

The estimated monetary value of benefits-in-kind provided to Directors' of the Company during the financial year amounted to RM370,014 (2011:RM466,068).

9 ZAKAT EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Movement in zakat liability:				
At the beginning of the financial year	**–**	–	**–**	–
Current financial year's expense	**5,351**	2,047	**1,705**	2,047
Paid during the financial year	**(5,351)**	(2,047)	**(1,705)**	(2,047)
At the end of the financial year	**–**	–	**–**	–

10 TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysian income tax				
Current tax:				
- In respect of profit for the financial year	**254,101**	221,043	**22,483**	17,248
- Under/(over) accrual in prior financial years (net)	**17,843**	(6,517)	**(1,426)**	(6,787)
	271,944	214,526	**21,057**	10,461
Deferred tax (Note 24):				
- Origination and reversal of temporary differences	**(13,623)**	(47,265)	**–**	–
	258,321	167,261	**21,057**	10,461

10 TAX EXPENSE (Continued)

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 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	**1,804,009**	996,535	**275,672**	233,716
Tax calculated at the applicable Malaysian tax rate of 25% (2011: 25%)	**451,002**	249,133	**68,918**	58,429
Tax effects of:				
- expenses not deductible for tax purposes	**234,634**	222,509	**44,503**	66,693
- income not subject to tax	**(350,936)**	(176,289)	**(115,914)**	(131,904)
- temporary differences not recognised	**7,928**	–	**431**	443
- utilisation of previously unrecognised temporary differences and tax losses	**(39,620)**	(10,368)	**–**	–
- utilisation of investment tax allowance	**(17,158)**	(21,891)	**–**	–
- share of results of associates and jointly controlled entities (net)	**(57,837)**	(47,025)	**–**	–
- share of tax in an unincorporated jointly controlled entity	**–**	–	**24,545**	23,587
- under/(over) accrual in prior financial years (net)	**30,308**	(48,808)	**(1,426)**	(6,787)
Income tax expense	**258,321**	167,261	**21,057**	10,461

11 EARNINGS PER ORDINARY SHARE

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

	Group	
	2012	**2011 (Restated)**
Profit attributable to ordinary equity holders of the Company (RM'000)	**921,788**	332,573
Weighted average number of ordinary shares in issue ('000)	**3,045,058**	3,045,058
Basic earnings per share (sen)	**30.3**	10.9
Diluted earnings per share (sen)	**30.3**	10.9

12 DIVIDENDS

	Group and Company	
	2012 RM'000	**2011 RM'000**
Dividends paid:		
In respect of financial year ended 31 December 2010:		
A final single-tier dividend of 3.5 sen per share on 3,045,058,552 ordinary shares paid on 15 June 2011	**–**	106,577
In respect of financial year ended 31 December 2011:		
A final single-tier dividend of 4.0 sen per ordinary share on 3,045,058,552 ordinary shares paid on 28 June 2012	**121,802**	–

At the forthcoming Annual General Meeting, a final single-tier dividend of 4.5 sen per ordinary share in respect of the financial year ended 31 December 2012 on 3,045,058,552 ordinary shares, amounting to RM137,027,635 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 2013.

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 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
Disposal of a subsidiary	(4,854)	–	(16,841)	–
Disposals	–	–	–	–
Additions	26	4,327	8,632	–
Reclassification	–	–	59,444	–
Write-offs	–	–	–	–
# Adjustments	–	–	(11,680)	–
At 31 December 2012	**80,764**	**954,129**	**3,904,770**	**347**

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

Accumulated depreciation				
At 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)	–
Disposal of a subsidiary	205	–	5,061	–
Depreciation (Note 8(i))	(2,078)	(16,747)	(84,014)	–
Disposals	–	–	–	–
Write-offs	–	–	–	–
Adjustments	–	–	–	–
At 31 December 2012	**(12,811)**	**(81,479)**	**(660,465)**	**–**

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
10,652,743	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
–	(65,489)	(1,216,438)	(16,843)	–	(1,320,465)
–	(5,010)	–	–	–	(5,010)
12,230	56,153	10,776	1,967,880	83,927	2,143,951
–	73,531	–	(132,975)	–	–
–	(14,093)	–	(1,961)	–	(16,054)
–	2,344	–	9,251	–	(85)
10,671,618	**2,695,964**	**–**	**2,126,316**	**626,019**	**21,059,927**

(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)
–	15,308	375,432	–	–	396,006
(345,185)	(184,091)	(18,591)	–	(64,759)	(715,465)
–	4,948	–	–	–	4,948
–	13,363	–	–	–	13,363
–	85	–	–	–	85
(2,007,074)	**(1,235,468)**	**–**	**–**	**(512,927)**	**(4,510,224)**

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 impairment losses				
At 1 January 2011	(11,257)	-	(1,348)	-
Impairment loss	-	-	-	-
Disposal of a subsidiary	-	-	-	-
At 31 December 2011	(11,257)	-	(1,348)	-
Disposal of a subsidiary	-	-	-	-
At 31 December 2012	**(11,257)**	**-**	**(1,348)**	**-**
Net book value				
At 1 January 2011	61,114	903,104	3,372,978	347
At 31 December 2011	63,397	885,070	3,282,355	347
At 31 December 2012	**56,696**	**872,650**	**3,242,957**	**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
-	(63,776)	(2,326)	-	-	(78,707)
-	(30,000)	-	-	-	(30,000)
-	90,143	-	-	-	90,143
-	(3,633)	(2,326)	-	-	(18,564)
-	-	2,326	-	-	2,326
-	**(3,633)**	**-**	**-**	**-**	**(16,238)**
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
8,664,544	**1,456,863**	**-**	**2,126,316**	**113,092**	**16,533,465**

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
At 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
Additions	–	–	–	1,209	1,209
Disposals	–	–	–	(1,101)	(1,101)
At 31 December 2012	**826**	**5,620**	**347**	**19,951**	**26,744**
Accumulated depreciation					
At 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)
Depreciation (Note 8(i))	–	(57)	–	(1,517)	(1,574)
Disposals	–	–	–	1,094	1,094
At 31 December 2012	**–**	**(1,292)**	**–**	**(17,155)**	**(18,447)**
Net book value					
At 1 January 2011	826	4,442	347	2,645	8,260
At 31 December 2011	826	4,385	347	3,111	8,669
At 31 December 2012	**826**	**4,328**	**347**	**2,796**	**8,297**

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Net book value of property, plant and equipment pledged as security for borrowings (Note 34)	**14,870,958**	13,483,262	14,141,555

Included in the property, plant and equipment of the Group is interest capitalised at a rate ranging from 4.0% to 8.5% per annum amounting to RM7.6 million (2011: RM6.9 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		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Freehold properties	**8,823**	9,383	9,943

14 INVESTMENT PROPERTIES

	Group	
	31.12.2012	31.12.2011
	RM'000	RM'000
Cost		
At 1 January	**37,461**	35,411
Additions	**–**	2,307
Disposals	**(616)**	(257)
At 31 December	**36,845**	37,461
Accumulated depreciation		
At 1 January	**(4,244)**	(3,745)
Depreciation (Note 8(i))	**(559)**	(562)
Disposals	**237**	63
At 31 December	**(4,566)**	(4,244)
Accumulated impairment losses		
At 1 January	**(888)**	(888)
Net book value	**31,391**	32,329
Fair value	**147,644**	133,932

All investment properties are freehold properties.

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

	Group	
	31.12.2012	31.12.2011
	RM'000	RM'000
Rental income	**1,925**	1,837
Direct operating expenses	**1,347**	1,520

15 PREPAID LEASE PAYMENTS

	Group	
	31.12.2012 RM'000	31.12.2011 RM'000
At 1 January	**18,835**	19,238
Amortisation for the financial year	**(178)**	(403)
Disposal of subsidiary (Note 16)	**(18,657)**	–
At 31 December	**–**	18,835

16 INVESTMENTS IN SUBSIDIARIES

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Investment in subsidiaries at cost:			
- Shares quoted in Malaysia	**150,774**	150,774	150,774
- Unquoted shares	**7,126,771**	7,126,771	7,177,475
	7,277,545	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	**(11,245)**	(11,230)	(11,291)
Total	**7,266,300**	7,266,315	7,581,403
Market value of quoted investments:			
Quoted in Malaysia	**299,109**	272,668	289,194

Disposal of a subsidiary

On 11 June 2012, MMC-Shapadu (Holdings) Sdn. Bhd. ("MMC-Shapadu"), a 76%-owned subsidiary of Anglo-Oriental (Annuities) Sdn Bhd, which in turn is a wholly-owned subsidiary of MMC Corporation Berhad, has undertaken an offer for sale of 183,612,000 ordinary shares of RM0.50 each, representing 14.3% of the equity interest in Gas Malaysia Berhad ("GMB") at an offer price RM2.20 each in conjunction with the listing of GMB on the Main Market of Bursa Malaysia for a cash consideration of RM397.2 million. The disposal resulted in a gain on disposal of RM258.0 million and a fair value re-measurement gain on the remaining non-controlling interest in GMB of RM753.5 million which have been included in the statement of comprehensive income for the financial year. As a result, GMB ceased to be a subsidiary and has in turn become an associate of MMC-Shapadu and MMC alike.

16 INVESTMENTS IN SUBSIDIARIES (Continued)

Disposal of a subsidiary (continued)

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

	2012 RM'000
Property, plant and equipment	**922,355**
Prepaid lease payments	**18,657**
Deferred tax assets	**3,358**
Trade and other receivables	**200,731**
Cash and cash equivalents	**316,148**
Trade and other payables	**(297,582)**
Taxation	**(13,145)**
Deferred tax liabilities	**(177,108)**
Fair value of net assets disposed	**973,414**
Less: Transfer to investment in associate	**(396,179)**
Less: Non-controlling interest	**(438,037)**
	139,198
Total disposal proceed	**(397,228)**
Gain on disposal to the Group	**(258,030)**
Fair value remeasurement gain on remaining non-controlling interest	**(753,515)**
Total gain (Note 8 (i))	**(1,011,545)**
Cash inflow on disposal:	
Cash consideration received	**397,228**
Cash and cash equivalents of subsidiary disposed	**(316,148)**
Net cash inflow to the Group	**81,080**

The cash flow of the discontinued operations is as follows:

	2012 RM'000	2011 RM'000
Operating cash flows	**39,262**	281,832
Investing cash flows	**(14,317)**	(45,573)
Financing cash flows	**(40,725)**	(387,250)
Total cash flows	**(15,780)**	(150,991)

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Disposal of a subsidiary (continued)

On 24 May 2011, the Company disposed off 61,400,000 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 financial year:

	2011 RM'000
Property, plant and 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 proceeds	–*
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.

17 INVESTMENTS IN ASSOCIATES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000 (Restated)	1.1.2011 RM'000 (Restated)	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Shares quoted in Malaysia, at cost	**1,288,731**	139,037	139,037	**139,037**	139,037	139,037
Unquoted shares, at cost	**2,049,573**	1,835,842	1,582,392	**–**	–	–
Share of post-acquisition loss	**(26,428)**	(6,827)	1,534	**–**	–	–
	3,311,876	1,968,052	1,722,963	**139,037**	139,037	139,037
Accumulated impairment losses	**(507,386)**	(504,930)	(456,050)	**(83,774)**	–	–
Total	**2,804,490**	1,463,122	1,266,913	**55,263**	139,037	139,037

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000 (Restated)	1.1.2011 RM'000 (Restated)
Represented by:			
Group's share of net assets other than goodwill	**2,207,432**	1,174,649	899,126
Group's share of goodwill in associates' own consolidated financial statements	**18,561**	18,561	18,561
Intangible assets arising from acquisition through business combinations	**578,497**	269,912	349,226
	2,804,490	1,463,122	1,266,913

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Market value of quoted associates:						
Shares quoted in Malaysia	**1,398,356**	81,790	132,632	**55,263**	81,790	132,632

17 INVESTMENTS IN ASSOCIATES (CONTINUED)

The increase in investment in associates for shares quoted in Malaysia is due to GMB which ceased to be subsidiary and became an associate of the Group as disclosed in Note 16.

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 CGU based on the expected cash flows discounted to its present value based on the key assumptions as set out in Note 23 (B). The recoverable amount is estimated to be above the carrying amount of investment in KEV, and accordingly, no allowance for impairment was recognised during the financial year (2011: RM44 million).

The Group's share of revenue, profit, assets and liabilities of associates are as follows:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM'000	**RM'000**	**RM'000**
		(Restated)	**(Restated)**
Revenue	**2,422,735**	3,070,232	1,839,929
Profit/(loss) for the financial year	**130,118**	87,468	(119,264)
Total assets	**7,479,042**	5,482,015	5,057,767
Total liabilities	**(4,674,552)**	(4,018,893)	(3,790,854)
	2,804,490	1,463,122	1,266,913

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 44.

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 44.

18 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Unquoted shares	**15,001**	5,126	5,001

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Income	**2,555,864**	1,806,489	1,041,343
Expenses	**(2,440,265)**	(1,738,220)	(974,420)
	115,599	68,269	66,923
Non-current assets	**673,343**	528,432	677,415
Current assets	**1,220,027**	1,083,984	794,781
Current liabilities	**(1,614,284)**	(1,366,167)	(1,252,915)
Net assets	**279,086**	246,249	219,281

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Capital commitment:			
Property, plant and equipment			
Authorised and contracted for	**144,877**	1,081	3,534
Contingent liabilities:			
Performance bond to Government of Malaysia	**886,416**	312,125	312,125

Details of the Group's jointly controlled entities are shown in Note 44.

19 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); and
- 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		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
At 1 January	**94,161**	90,280	–
Transfer from marketable securities	**–**	–	61,237
Effect of FRS 139	**–**	–	264,440
Disposals	**–**	–	(227,358)
Net gains/(losses) transferred to equity	**2,121**	3,881	(8,039)
At 31 December	**96,282**	94,161	90,280
Less: Non-current portion	**(7,706)**	(8,573)	(8,412)
Current portion	**88,576**	85,588	81,868
Available-for-sale financial assets comprise the following:			
Listed equity securities:			
- In Malaysia	**88,576**	85,552	81,832
- Outside Malaysia	**7,706**	8,573	8,412
	96,282	94,125	90,244
Unlisted equity securities			
- In Malaysia	**–**	36	36
	96,282	94,161	90,280
Available-for-sale financial assets are denominated in the following currencies:			
Malaysian Ringgit	**88,576**	85,588	81,868
Australian Dollar	**7,706**	8,573	8,412
	96,282	94,161	90,280

20 PROPERTY DEVELOPMENT EXPENDITURE

	Group		
	Freehold land RM'000	Development expenditure RM'000	Total RM'000
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
Additions	–	97,642	97,642
Disposal	(531)	–	(531)
At 31 December 2012	**1,813,457**	**412,062**	**2,225,519**

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.

21 AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free, denominated in Ringgit Malaysia and have no fixed terms of repayment. However, these amounts are not expected to be recalled within the next twelve months as it is the intention of the Company to treat these amounts as a long term source of capital to the subsidiaries.

	Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Fair values of amounts due from subsidiaries are as follows:			
Amounts due from subsidiaries	**1,111,739**	1,057,845	1,089,347

22 OTHER RECEIVABLES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Staff loans to eligible staff	**3,549**	4,019	4,868
Repayments due within the next twelve months	**(366)**	(714)	(654)
	3,183	3,305	4,214
Analysis of repayment schedule:			
Within 1 year	**366**	714	654
From 1 to 2 years	**–**	556	496
From 2 to 5 years	**–**	514	882
After 5 years	**3,183**	2,235	2,836
	3,549	4,019	4,868

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Mining exploration expenditure, at cost	**9,962**	9,962	9,962
Accumulated impairment losses	**(9,962)**	(9,962)	(9,962)
Carrying value	**–**	–	–

Analysis of amounts recoverable after 12 months:

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Staff loans	**3,183**	3,305	4,214
Other receivables	**139,083**	–	–
	142,266	3,305	4,214

Other receivables represent the transaction costs which arose from derivative instruments, which will be amortised systematically over the tenure of the hedged item.

23 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						
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
Acquisition of assets and liabilities of Hicom Power Sdn. Bhd. (Note 45(ii))	548,074	–	–	–	–	548,074
At 31 December 2012	**7,651,870**	**2,043,263**	**–**	**30,032**	**188,909**	**9,914,074**
Accumulated amortisation/ impairment losses						
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)
Amortisation charge (Note 8 (i))	(401,555)	–	–	(5,581)	(4,196)	(411,332)
At 31 December 2012	**(2,161,156)**	**–**	**–**	**(20,749)**	**(17,585)**	**(2,199,490)**
Net book value						
At 1 January 2011	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
At 31 December 2012	**5,490,714**	**2,043,263**	**–**	**9,283**	**171,324**	**7,714,584**

23 INTANGIBLE ASSETS (CONTINUED)

Goodwill on consolidation

The carrying amounts of goodwill arising from the acquisition of the respective subsidiaries allocated to the Group's CGUs are as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Pelabuhan Tanjung Pelepas Sdn. Bhd.			
- Port Business	**1,512,366**	1,512,366	1,512,366
Malakoff Corporation Berhad			
- Electricity Generation Business	**340,392**	340,392	340,392
Senai Airport Terminal Services Sdn. Bhd.			
- Manage, operate, maintain and develop the Senai International Airport in Senai, Johor Darul Takzim and to provide airport and aviation related services and property development	**190,505**	190,505	190,505
	2,043,263	2,043,263	2,043,263

(A) Port Business

The recoverable amount of Port Business is determined based on the VIU calculation. The VIU 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 RM1,678 million.

The VIU is derived based on management's cash flow projections for 5 financial years from 2013 to 2017 and the key assumptions used in the calculation of VIU are as follows:

(a) Based on the business plan, the projected annual Twenty-Foot Equivalent Unit ("TEU") over the projection period from 2013 to 2017, will be in the region of 8.25 million to 8.50 million TEU;

(b) The cash flow projections after 2017 are extrapolated to the end of concession period using a nominal long-term growth rate of 3.5% per annum which takes into consideration the current GDP, inflation and average growth rate for the industry; and

(c) A pre-tax discount rate of 9% per annum.

Management's judgment is involved in estimating the future cash flows of Port Business. The VIU 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.

23 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 19.6% 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 1.1% per annum; or
(iii) Pre-tax discount rate is higher than 10.8%.

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 20.1% per annum in the total projected annual TEU in each financial year over the projection period), the impairment charge would approximately be RM43.1 million.

Had the pre-tax discount rate been 0.1% higher from the breakeven point as mentioned in Note (iii) above (discount rate of 10.9%), the impairment charge would be approximately RM31.6 million.

(B) Electricity Generation Business

The impairment of goodwill test on the Electricity Generation Business ("EGB") was conducted using its VIU as its recoverable amount. The VIU 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 19 financial years from 2013.

The key assumptions used in the calculation of VIU 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 PPAs/OMAs		10 – 19 years
(c)	Dependable capacity	: Power	350MW – 2,420MW
		: Water	17,047 m^3/hour
(d)	Capacity factor	: Power	22% to 82% of dependable capacity
		: Water	91% to 99% of dependable capacity
(e)	Net electrical output	: Power (million kW/hour)	1,020 – 15,165
		: Water (thousand m^3)	67,370 – 73,771
(f)	Capacity Rate	: Power (RM/kW/month)	5.85 – 50.00
		: Water (RM/m^3/month)	1,222 – 1,339
(g)	Fixed Operating Rate under Revenue (RM/kW/month)		4.40 – 10.30
(h)	Variable Operating Rate under Revenue		
		: Power (RM/kW/month)	0.0055 – 4.775
		: Water (RM/m^3/month)	58.2 – 116.4
(i)	Fuel price (RM/mmBtu)		6.07 – 13.96
(j)	Variable Operating Rate under Cost (RM/kWh/month)		0.0014 – 0.0262
(k)	Fixed Operating Rate under Cost (RM/kW/month)		1.20 – 17.21
(l)	Residual value of the respective power plants based on a range of five (5) to ten (10) years extension VIUs as described in Note 3(b).		
(m)	Post-tax discount rate		7.5%

23 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 PPAs and OMAs which have remaining useful lives ranging from 10 to 19 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 VIU of the CGU was estimated based on the Airport Operations and Property Development Land business units. For the financial year ended 31 December 2011, the estimation of VIU of CGU is revised to that of a single combined Airport City business unit. This revision is to provide a more accurate description of the overall strategy of the Senai Airport Terminal Services Sdn. Bhd. ("SATS") group, whereby all of the activities within various companies within the SATS 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 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 remaining concession period from 2013 to 2053 and the key assumptions used in the calculation of the VIU are as follows:

(a) Post-tax discount rate of 9.5% per annum;
(b) Total passengers are forecasted to grow with a Projected Annual Average Growth Rate of 32% per annum from 2013 to 2018 and beyond that approximately 3% growth is estimated year-on-year;
(c) The inflation rate is expected to remain at 3% to 5% per annum throughout the concession period;
(d) Non-aeronautical revenue is assumed to grow in tandem with passenger growth; and
(e) The planned land disposal and land development at Senai Airport Aviation Park and Senai Airport City is expected to be able to realise in tandem with growth of the Iskandar Development Region.

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 40 years.

23 INTANGIBLE ASSETS (CONTINUED)

(C) Airport City (continued)

(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 August 2012, 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.

24 DEFERRED TAXATION

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

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets	**1,249,280**	1,188,910	1,121,012	**–**	–	–
Deferred tax liabilities:						
- subject to income tax	**(3,402,617)**	(3,532,379)	(3,511,746)	**–**	–	–
	(2,153,337)	(2,343,469)	(2,390,734)	**–**	–	–

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	**(2,343,469)**	(2,390,734)	**–**	–
(Charged)/credited to profit or loss (Note 10):				
- property, plant and equipment	**(191,478)**	(202,207)	**(11)**	(35)
- payables	**(900)**	900	**–**	–
- tax losses	**643**	–	**–**	–
- deferred income	**72,416**	74,351	**–**	–
- provisions	**7,784**	18,445	**12**	39
- intangibles	**111,912**	122,769	**–**	–
- investment tax allowances	**7,155**	6,259	**–**	–
- others	**6,091**	26,748	**(1)**	(4)
	13,623	47,265	**–**	–
Disposal of a subsidiary company (net)	**176,509**	–	**–**	–
At 31 December	**(2,153,337)**	(2,343,469)	**–**	–

24 DEFERRED TAXATION (CONTINUED)

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Subject to income tax:						
Deferred tax assets (before offsetting)						
Property, plant and equipment	**770,750**	120,236	119,661	**–**	–	–
Payables	**–**	900	–	**–**	–	–
Tax losses	**24,723**	24,080	24,080	**–**	–	–
Provisions	**68,644**	60,860	42,416	**118**	130	91
Deferred income	**597,276**	524,860	450,509	**–**	–	–
Investment tax allowances	**649,505**	642,350	636,091	**–**	–	–
Others	**33,353**	27,262	759	**6**	2	6
	2,144,251	1,400,548	1,273,516	**124**	132	97
Offsetting	**(894,971)**	(211,638)	(152,504)	**(124)**	(132)	(97)
Deferred tax assets (after offsetting)	**1,249,280**	1,188,910	1,121,012	**–**	–	–
Deferred tax liabilities (before offsetting)						
Property, plant and equipment	**(3,013,138)**	(2,347,655)	(2,144,873)	**(124)**	(132)	(97)
Intangibles	**(1,284,450)**	(1,396,362)	(1,519,131)	**–**	–	–
Others	**–**	–	(246)	**–**	–	–
	(4,297,588)	(3,744,017)	(3,664,250)	**(124)**	(132)	(97)
Offsetting	**894,971**	211,638	152,504	**124**	132	97
Deferred tax liabilities (after offsetting)	**(3,402,617)**	(3,532,379)	(3,511,746)	**–**	–	–

24 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		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deductible temporary differences	**66,913**	39,007	113,367
Unused tax losses	**283,804**	281,780	321,463
	350,717	320,787	434,830

25 INVENTORIES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Spares, consumables and container repair materials	**454,983**	467,312	450,276
Diesels and fuels	**73,016**	182,373	44,875
Coals	**193,619**	67,640	89,472
Chemicals	**518**	712	527
Work in progress	**–**	1,714	–
Raw materials	**154**	155	139
	722,290	719,906	585,289

Inventories of the Group of RM30.9 million (2011: RM32.4 million) comprising spare parts, consumables and container repair materials are pledged as security for borrowings as disclosed in Note 34.

26 ASSETS HELD FOR SALE

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Investment properties (Note 14)	**–**	–	103

27 TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	**1,388,310**	1,582,994	1,515,868	**8**	8	8
Less: Impairment of trade receivables	**(79,482)**	(84,287)	(138,995)	**(8)**	(8)	(8)
	1,308,828	1,498,707	1,376,873	**–**	–	–
Other receivables	**373,028**	456,875	358,290	**35,533**	36,135	34,770
Less: Impairment of other receivables	**(14,804)**	(2,440)	(1,809)	**(864)**	(505)	(505)
	358,224	454,435	356,481	**34,669**	35,630	34,265
Deposits	**76,736**	46,201	39,129	**1,707**	1,139	4,624
Prepayments	**44,173**	42,437	110,379	**–**	–	–
	479,133	543,073	505,989	**36,376**	36,769	38,889
Amounts due from contract customers (Note 39)	**32,935**	35,440	20,548	**–**	–	–
Amounts due from associates	**268,568**	209,152	272,763	**9**	–	41
Amounts due from jointly controlled entities	**45,235**	41,586	51,641	**45,235**	41,586	51,641
	2,134,699	2,327,958	2,227,814	**81,620**	78,355	90,571

Credit terms of trade receivables of the Group and Company vary from 30 to 60 days (2011: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Group and the Company does not require collateral in respect of financial assets.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade receivables due from Tenaga Nasional Berhad ("TNB") and a major international shipping line customer, representing approximately 82% (2011: 75%) of the total receivables of the Group. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

27 TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2012, trade and other receivables of RM540.8 million (2011: RM600.6 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		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Neither past due nor impaired	**1,473,015**	1,638,705	1,644,740	**79,913**	77,216	85,947
Past due not impaired:						
Up to 3 months	**442,830**	533,622	405,670	**–**	–	–
3 to 6 months	**15,649**	2,948	9,472	**–**	–	–
More than 6 months	**82,295**	64,045	18,424	**–**	–	–
	540,774	600,615	433,566	**–**	–	–
Impaired	**94,286**	86,727	140,804	**872**	513	513
	2,108,075	2,326,047	2,219,110	**80,785**	77,729	86,460

As at 31 December 2012, trade and other receivables amounting to RM94.3 million (2011: RM86.7 million) for the Group and RM872,000 (2011: 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		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Up to 3 months	**–**	2	4,013	**–**	–	–
3 to 6 months	**14,473**	2,936	463	**–**	–	–
More than 6 months	**79,813**	83,789	136,328	**872**	513	513
	94,286	86,727	140,804	**872**	513	513

27 TRADE AND OTHER RECEIVABLES (Continued)

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Functional currency (RM)			
- US Dollar	**179,846**	226,526	205,322
- Australian Dollar	**–**	3	3
- Others	**111**	59	130
	179,957	226,588	205,455

Trade and other receivables (excluding deposits) for the Company are denominated in Malaysia.

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.

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At 1 January	**86,727**	140,804	**513**	513
Impairment during the financial year (Note 8(i))	**28,068**	17,560	**359**	–
Write-off	**(5,993)**	(1,228)	**–**	–
Write-back of impairment of receivables (Note 8(i))	**(14,516)**	(70,409)	**–**	–
At 31 December	**94,286**	86,727	**872**	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.

28 AMOUNT DUE FROM HOLDING COMPANY

	Group and Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amount due from holding company	**2,518**	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.

29 DEPOSITS, BANK AND CASH BALANCES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits with:						
Licensed banks	**4,181,783**	3,247,107	2,462,125	**61,000**	46,587	93,235
Investment banks	**632,578**	882,549	804,988	**35,264**	31,552	–
Other financial institutions	**1,166,899**	251,143	604,361	**13,000**	500	–
	5,981,260	4,380,799	3,871,474	**109,264**	78,639	93,235
Cash and bank balances	**180,438**	198,757	191,069	**1,121**	1,438	2,170
	6,161,698	4,579,556	4,062,543	**110,385**	80,077	95,405

The currency exposure profile of the deposits, bank and cash balances are as follows:

Functional currency (RM)						
- US Dollar	**1,578**	18,637	21,855	**–**	–	–
- Australian Dollar	**26**	2,587	1,951	**26**	2,587	1,951
- Pound Sterling	**–**	–	538	**–**	–	538
- IRD Indonesian	**1**	1	–	**–**	–	–
	1,605	21,225	24,344	**26**	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		
	31.12.2012 % per annum	31.12.2011 % per annum	1.1.2011 % per annum	31.12.2012 % per annum	31.12.2011 % per annum	1.1.2011 % per annum
Deposits placed with:						
Licensed banks	**3.26**	3.26	3.00	**3.36**	3.51	2.84
Investment banks	**3.18**	3.31	3.09	**3.18**	3.30	–
Other financial institutions	**3.34**	3.40	3.26	**3.10**	3.24	–

Deposits of the Group have an average maturity of 89 days (2011: 65 days).

30 SHARE CAPITAL

	Group and Company					
	Number of ordinary shares			Amount		
	31.12.2012 '000	31.12.2011 '000	1.1.2011 '000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Authorised:						
Ordinary shares of RM0.10 each:						
At 31 December	**10,000,000**	10,000,000	10,000,000	**1,000,000**	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	3,045,058	**304,506**	304,506	304,506

31 RESERVES

As at 31 December 2012, the Company does not have any Section 108 tax credits and has therefore automatically moved to the single-tier tax system, which came into effect from the year of assessment 2008, under which companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

32 REDEEMABLE PREFERENCE SHARES ("RPS")

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Nominal value of RPS at RM0.01 each:			
At 1 January / 31 December	**1,140**	1,140	1,140
Premium on RPS:			
At 1 January / 31 December	**112,911**	112,911	112,911
	114,051	114,051	114,051
Dividend on RPS	**30,849**	26,569	22,416
Classified as liabilities	**144,900**	140,620	136,467
Amount recognised within the next twelve months (Note 36)	**(17,821)**	–	–
Classified as non-current liabilities	**127,079**	140,620	136,467

32 REDEEMABLE PREFERENCE SHARES ("RPS") (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.

33 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 31.12.2011/2012
	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	
	31.12.2012 RM'000	31.12.2011 RM'000
The movement of the liability component of RCULS during the year is as follows:		
At 1 January	–	26,051
Converted to ordinary shares in a subsidiary	–	(27,031)
Interest recognised in the profit or loss (Note 8 (i))	–	980
At 31 December	–	–

(c) Interest expense on the RCULS was 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.

34 BORROWINGS

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current						
Secured:						
Al-Murabahah:						
- Commercial Papers	**–**	398,840	494,140	**–**	–	–
Term loans	**1,667,206**	1,457,043	1,968,503	**1,439,500**	960,500	1,557,788
Sukuk Ijarah Bonds	**–**	269,051	256,389	**–**	–	–
Al-Bai' Bithaman Ajil Bonds	**120,000**	120,000	120,000	**–**	–	–
Al-Istisna Bonds	**63,639**	63,549	65,466	**–**	–	–
Istisna Medium Term Notes	**–**	590,000	560,000	**–**	–	–
Islamic Medium Term Notes	**16,131**	15,320	3,462	**–**	–	–
Sukuk Medium Term Notes	**700,000**	–	–	**–**	–	–
Sukuk Ijarah Medium Term Notes	**150,000**	–	–	**–**	–	–
Revolving Credits	**200,000**	200,000	200,000	**200,000**	200,000	200,000
USD term loan	**8,258**	–	–	**–**	–	–
Unsecured:						
Term loans	**–**	–	2,625	**–**	–	–
Revolving Credits	**403,000**	292,000	292,000	**365,000**	255,000	255,000
Bank overdrafts	**1,796**	108	7,487	**–**	–	–
Multi-option line	**2,715**	4,476	–	**–**	–	–
Subordinated Loan Notes	**–**	1,362	–	**–**	–	–
Government Loan	**41,667**	31,666	21,667	**–**	–	–
	3,374,412	3,443,415	3,991,739	**2,004,500**	1,415,500	2,012,788

34 BORROWINGS (Continued)

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current						
Secured:						
Term loans	**2,515,330**	3,796,291	3,629,090	**746,750**	1,856,250	1,496,750
Sukuk Ijarah Bonds	**–**	–	239,245	**–**	–	–
Al-Bai' Bithaman Ajil Bonds	**130,000**	250,000	370,000	**–**	–	–
Al-Istisna Bonds	**193,231**	256,871	320,420	**–**	–	–
Istisna Medium Term Notes	**–**	3,140,000	3,730,000	**–**	–	–
Sukuk Medium Term Notes	**4,641,439**	5,300,173	5,258,089	**–**	–	–
Islamic Medium Term Notes	**704,963**	853,852	450,626	**–**	–	–
Junior Sukuk	**–**	1,749,111	1,749,111	**–**	–	–
Sukuk Ijarah Medium Term Notes	**3,508,439**	–	–	**–**	–	–
Senior Sukuk Murabahah	**3,290,000**	–	–	**–**	–	–
USD term loan	**266,989**	–	–	**–**	–	–
Unsecured:						
Term loan	**170,000**	–	–	**170,000**	–	–
Revolving Credits	**100,000**	–	–	**100,000**	–	–
Subordinated Loan Notes	**61,061**	118,917	149,762	**–**	–	–
Government Loan	**58,333**	68,334	78,333	**–**	–	–
Junior Sukuk Musharakah	**1,800,000**	–	–	**–**	–	–
Junior EBL Term Loan	**330,102**	–	–	**–**	–	–
Islamic Medium Term Notes	**231,099**	–	–	**–**	–	–
	18,000,986	15,533,549	15,974,676	**1,016,750**	1,856,250	1,496,750
Total	**21,375,398**	18,976,964	19,966,415	**3,021,250**	3,271,750	3,509,538
Fair values of borrowings	**21,658,073**	19,827,200	21,803,701	**3,021,250**	3,271,750	3,509,538

34 BORROWINGS (Continued)

Analysis of repayment schedule:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Within 1 year	**3,374,412**	3,443,415	3,991,739	**2,004,500**	1,415,500	2,012,788
From 1 to 2 years	**1,547,825**	3,153,466	2,328,202	**384,500**	1,364,500	770,500
From 2 to 5 years	**4,440,094**	5,516,793	5,874,128	**632,250**	491,750	726,250
After 5 years	**12,013,067**	6,863,290	7,772,346	**–**	–	–
	21,375,398	18,976,964	19,966,415	**3,021,250**	3,271,750	3,509,538

(i) A term loan relating to a subsidiary is secured by certain assets of the subsidiary with an average interest rate of 4.8% per annum. The tenure of the loans is 5 years with repayments over 7 equal instalments.

(ii) Interests on term loans of a subsidiary, are charged at a fixed rate which ranges from 4.0% to 6.25% (2011: 4.0% to 6.25%) 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 2011 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 term loans are repayable in equal semi-annual instalments ranging from 14 to 26 equal instalments.

The term 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.

34 BORROWINGS (Continued)

(iii) A term loan (Commodity Murabahah Term Financing loan) relating to a subsidiary, 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 Al-Ijarah Muntahiah Bitamlik (included under secured long term loans) of a subsidiary, carries a profit rate of 5.75% to 8.55% (2011: 5.95% to 8.55%) per annum and is repayable in 18 quarterly instalments from 20 June 2012. It carries Effective Islamic Cost of Funds rate plus 2.25% (2011: 2.55%) 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 Bitamlik:

(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.

(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.

(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 30th November 2011 and 14th December 2012, the subsidiary completed the issuance of the first tranche and second tranche comprising RM250 million and RM80 million nominal value IMTN respectively pursuant to the IMTN Programme under the Shariah principle of Ijarah. The IMTN issued under the first tranche and second tranche have a tenure of thirteen (13) years and twelve (12) years respectively from the date of issuance with a periodic distribution (coupon) rate of 4.218% per annum and 4.118% per annum respectively and are due semi-annually.

The IMTN entitle the holders to two one-off payments of the maturing amount of RM80 million on 14th June 2024 and RM250 million on 29th 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.

34 BORROWINGS (Continued)

(vii) The term loans and term revolving credit of the Company are secured by certain assets of the Company and a subsidiary company. Interest rates on the term loans and term revolving credit of the Company range from 4.40% to 5.85% (2011: 4.40% to 6.04%) per annum. The tenure of the loans ranges from 1 - 7 years with bullet repayments on maturity from the dates of drawdown and 7 semi-annual instalments. The first instalment is repayable in June 2013. The unsecured revolving credit facility of the Company bears interest ranging from 4.00% to 4.33% (2011: 4.05% to 4.33%) per annum.

(viii) The Commercial Papers, bonds, Medium Term and Loan Notes and Junior and Senior Sukuk of subsidiaries are secured over property, plant and equipment with a carrying amount of RM10,648 million (2011: RM9,150 million). These borrowings are subject to the fulfilment of the following significant covenants:

Sukuk Ijarah: Fully redeemed during the financial year.

Al-Bai' Bithaman Ajil: 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: Fully redeemed during the year.

Sukuk Ijarah Medium Term Notes: Maintain a Debt/Equity Ratio to be no greater than 80:20 and a Finance Service Cover Ratio of not less than 1.25 times.

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 Junior Sukuk has been fully redeemed during the current financial year. The terms for Sukuk medium term notes and Commercial papers remain unchanged.

USD term loan: Maintain a Debt/Equity Ratio of the Guarantor (MCB) to be no greater than 1.25:1 and a Group Debt/Equity Ratio of not more than 7:1.

Junior term loan: Maintain a Debt/Equity Ratio of the Original Sponsor (MCB) to be no greater than 1.25:1 and a Group Debt/Equity Ratio of not more than 7:1.

Senior Sukuk Murabahah: Maintain a Debt/Equity Ratio of the Original Sponsor (MCB) to be no greater than 80:20 and a Finance Service Cover Ratio of not less than 1.05 times.

The profit rates and interest rates per annum for the above facilities range from 4.65% to 9.20% (2011: 3.45% to 9.62%) and from 12.0% to 16.0% (2011: 12.0% to 16.0%) respectively.

35 LAND LEASE RECEIVED IN ADVANCE

	Group	
	31.12.2012 RM'000	31.12.2011 RM'000
At cost:		
At 1 January	**158,433**	162,264
Additions during the financial year	**160,428**	19,309
Recognised as income during the financial year (Note 8(i))	**(10,943)**	(12,446)
Recognisable within next 12 months (included under other payables) (Note 36)	**(10,943)**	(10,694)
At 31 December	**296,975**	158,433

Included in the land lease received in advance is an amount of RM103,936,727 (2011:RM16,461,912) received in respect of part of the leasehold land stated in Note 13 being sub-leased to certain third party for a period of 30 years. Certain conditions precedent of the sub-lease are still not satisfied as at date of the financial statements.

36 TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Current						
Trade payables	**455,520**	803,408	581,496	**1,103**	1,121	4,363
Other payables	**827,888**	295,683	357,058	**8,003**	3,577	10,726
Accruals	**653,145**	649,419	586,088	**6,604**	6,544	6,852
Dividend payable on RPS (Note 32)	**17,821**	–	–	**–**	–	–
Land lease received in advance (Note 35)	**10,943**	10,694	11,405	**–**	–	–
Land lease liabilities (Note 36(a))	**3,884**	4,263	4,165	**–**	–	–
Concession fee payable (Note 36(b))	**20,000**	16,000	12,000	**–**	–	–
Amount due to former corporate shareholders	**–**	223	223	**–**	–	–
Advances received on contracts (Note 39)	**–**	5,914	13,016	**–**	–	–
Amounts due to contract customers (Note 39)	**31,197**	28,607	7,651	**–**	–	–
Amounts due to associated company	**–**	–	11,290	**–**	–	–
Provision for retirement benefits (Note 36(c))	**2,332**	1,373	1,072	**–**	–	–
Deferred income	**64,990**	55,642	40,752	**–**	–	–
	2,087,720	1,871,226	1,626,216	**15,710**	11,242	21,941

36 TRADE AND OTHER PAYABLES (Continued)

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current						
Other payables	**53**	105	2,156	**–**	–	–
Concession fee payable (Note 36(b))	**–**	4,000	8,000	**–**	–	–
Land lease liabilities (Note 36(a))	**13,813**	14,198	14,498	**–**	–	–
	13,866	18,303	24,654	**–**	–	–
Total	**2,101,586**	1,889,529	1,650,870	**15,710**	11,242	21,941

The currency exposure profile of the trade and other payables are as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Functional currency (RM)						
- US Dollar	**11,352**	46,922	22,319	**–**	–	–
- Others	**1,288**	4,696	1,461	**–**	–	–
	12,640	51,618	23,780	**–**	–	–

Credit terms of trade payables granted to the Group and Company vary from immediate payment to 90 days (2011: immediate payment to 90 days).

(a) Land lease liabilities

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Minimum lease payments:			
Not later than 1 year	**5,021**	5,425	5,351
Later than 1 year and not later than 5 years	**7,308**	7,004	6,639
Later than 5 years	**13,269**	15,096	16,923
	25,598	27,525	28,913
Less: Unexpired term charges	**(7,901)**	(9,064)	(10,250)
	17,697	18,461	18,663

36 TRADE AND OTHER PAYABLES (Continued)

(a) Land lease liabilities (continued)

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Present value of finance lease obligations:			
Not later than 1 year	**3,884**	4,263	4,165
Later than 1 year and not later than 5 years	**3,338**	2,785	2,220
Later than 5 years	**10,475**	11,413	12,278
	17,697	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 to be mutually agreed.

(b) Concession fee payable

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Not later than 1 year	**20,000**	16,000	12,000
Later than 1 year and not later than 5 years	**–**	4,000	8,000
	20,000	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 Senai International 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 to be mutually agreed.

The concession fee of RM20 million (2011: RM20 million) is payable to Federal Government which is for the rights granted to operate, manage and develop the Airport, as disclosed above.

The first payment of the concession fee shall be made on the sixth concession year, which is 1 November 2009 and the next four payments shall be on subsequent concession years and each payment shall be made within the first month of the particular concession year.

36 TRADE AND OTHER PAYABLES (Continued)

(c) Provision for retirement benefits

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At 1 January	**60,086**	54,820	49,364
Disposal of a subsidiary	**–**	–	(7)
Charged to profit or loss (Note 8(i))	**6,193**	10,419	8,565
Overprovision in prior financial year	**–**	(686)	–
Utilised during the financial year	**(1,809)**	(4,467)	(3,102)
At 31 December	**64,470**	60,086	54,820
Analysed as:			
Current	**2,332**	1,373	1,072
Non-current	**62,138**	58,713	53,748
	64,470	60,086	54,820
The expense recognised in the profit or loss is analysed as follows:			
Current service cost	**6,128**	5,717	5,914
Realised actuarial (gain)/loss	**(2,825)**	1,289	96
Interest cost	**3,587**	3,389	2,555
Expected (gain)/loss on plan assets	**(697)**	24	–
Expense recognised in the profit or loss	**6,193**	10,419	8,565

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current			
Present value of unfunded obligations	**73,599**	67,012	60,431
The amount recognised in the statement of financial position may be analysed as follows:			
Present value of unfunded obligations	**73,599**	67,012	60,431
Unrealised actuarial losses	**(9,129)**	(6,926)	(5,611)
Net liability recognised in the statement of financial position	**64,470**	60,086	54,820

36 TRADE AND OTHER PAYABLES (Continued)

(c) Provision for retirement benefits (continued)

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

	31.12.2012 %	31.12.2011 %	1.1.2011 %
Discount rates	**6.5 to 6.6**	6.5 to 6.6	5.3 to 5.8
Interest costs	**5.0 to 7.8**	5.0 to 7.8	5.0 to 6.7
Salary inflation	**5.0 to 7.8**	5.0 to 7.8	5.0 to 6.7

37 DEFERRED INCOME

	Group	
	31.12.2012 RM'000	31.12.2011 RM'000
At 1 January	**2,245,572**	1,869,382
Funds received during the financial year	**–**	54,990
Deferred income received during the financial year	**330,787**	329,493
Fair value adjustment	**18,972**	70,146
Recognised as income during the financial year (Note 8 (i))	**(64,569)**	(63,549)
Recognisable within next 12 months (included under other payables)	**(6,285)**	(14,890)
At 31 December	**2,524,477**	2,245,572

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.

38 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Derivative used for hedging			
- Interest rate swap	**17,501**	–	–
- Cross currency swap	**145,249**	–	–
	162,750	–	–

Interest rate swap ("IRS") and cross currency swap ("CCS") are used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. In the current financial year, the Group entered into various interest rate swaps and cross currency swaps starting with nominal value of RM96,953,206 and thereafter as per schedule for Junior IRS, RM44,273,673 and thereafter as per schedule for Senior IRS and USD33,752,607 and thereafter as per schedule for CCS to hedge the interest rate risk and foreign exchange risk in relation to the floating interest rates of the respective amortising floating-rate loan facility (i.e. RM Junior Tranche Loan, RM Senior Tranche Loan and USD Loan). The interest rate swaps and cross currency swaps were entered into for a period of 5 years for Junior IRS, 12 years for Senior IRS, and 15 years for CCS, and had a fixed swap rate of 5.15% for Junior IRS, 5.80% for Senior IRS and 5.80% for CCS.

39 CONSTRUCTION CONTRACTS

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Aggregate costs incurred and recognised profits (less losses) to date	**1,029,937**	906,248	871,040
Progress billings	**(1,028,199)**	(899,415)	(858,143)
	1,738	6,833	12,897
Amounts due from contract customers (Note 27)	**32,935**	35,440	20,548
Amounts due to contract customers (Note 36)	**(31,197)**	(28,607)	(7,651)
	1,738	6,833	12,897
Advances received on contracts (Note 36)	**–**	(5,914)	(13,016)
Retentions on contracts	**10,307**	14,209	8,674

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

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Office rental	**647**	673	934
Hire of plant and machinery	**242**	93	351
Staff costs	**58,633**	21,012	50,725
Staff costs consist of the following:			
Salaries, wages and bonuses	**58,099**	20,747	49,619
Defined contribution plan	**280**	213	885
Other employee benefits	**254**	52	221
	58,633	21,012	50,725

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

40 SEGMENTAL INFORMATION

The Board of Directors is the Group's Chief Operating Decision-Maker ("CODM"). Management has determined the operating segments based on the directions provided by the Board of Directors for the purposes of allocating resources and assessing performance. The Heads of Departments are responsible for the development of corporate strategies.

The reportable segments of ports 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) (up to date of disposal by the Group) 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 MFRS 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 MFRS 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.

	Ports 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
2012							
Revenue							
Total	**1,491,579**	**1,062,179**	**5,587,608**	**135,354**	**82,154**	**31,302**	**8,390,176**
Inter-segment	**(14,469)**	**–**	**–**	**–**	**(79,045)**	**–**	**(93,514)**
External	**1,477,110**	**1,062,179**	**5,587,608**	**135,354**	**3,109**	**31,302**	**8,296,662**
Results							
Profit/(loss) before zakat and taxation	**285,606**	**1,141,009****	**707,149**	**(11,027)**	**58,991**	**(372,368)**	**1,809,360**
Finance costs	**127,925**	**195**	**797,279**	**180**	**65**	**212,888**	**1,138,532**
Depreciation and amortisation	**231,142**	**20,915**	**840,559**	**6,949**	**315**	**27,654**	**1,127,534**
EBITDA*	**644,673**	**1,162,119**	**2,344,987**	**(3,898)**	**59,371**	**(131,826)**	**4,075,426**

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

** Included a gain on disposal of a subsidiary amounting to RM1,011,545,000 (Note 16).

40 SEGMENTAL INFORMATION (Continued)

	Ports 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
2012							
Other information							
Segment assets	**7,244,566**	**54,678**	**19,939,256**	**94,883**	**7,588**	**3,748,509**	**31,089,480**
Jointly controlled entities	**–**	**–**	**47,433**	**–**	**175,811**	**55,842**	**279,086**
Associates	**–**	**1,163,936**	**1,451,782**	**45,997**	**52,238**	**90,537**	**2,804,490**
Interest-bearing instruments	**412,019**	**18,143**	**5,153,970**	**262,950**	**56,915**	**257,701**	**6,161,698**
Total assets							**40,334,754**
Segment liabilities	**923,687**	**63,565**	**6,805,922**	**36,515**	**25,612**	**746,909**	**8,602,210**
Interest-bearing instruments	**2,386,345**	**3,011**	**15,263,158**	**5,451**	**19,000**	**3,825,511**	**21,502,476**
Total liabilities							**30,104,686**
Other disclosures							
Capital expenditure	**148,510**	**14,308**	**1,975,581**	**1,357**	**460**	**3,735**	**2,143,951**
Depreciation	**231,142**	**20,737**	**439,004**	**1,359**	**315**	**22,908**	**715,465**
Amortisation of:							
- rights on Power Purchase Agreement and Operations and Maintenance Agreement	**–**	**–**	**401,555**	**–**	**–**	**–**	**401,555**
- prepaid lease payments	**–**	**178**	**–**	**–**	**–**	**–**	**178**
- investment properties	**–**	**–**	**–**	**10**	**–**	**549**	**559**
- rights on water treatment business	**–**	**–**	**–**	**5,581**	**–**	**–**	**5,581**
- rights on airport business	**–**	**–**	**–**	**–**	**–**	**4,196**	**4,196**

40 SEGMENTAL INFORMATION (Continued)

	Ports 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 (Restated)							
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	592,777	52,777	54,575	(293,413)	998,582
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	2,459,138	60,950	54,852	(51,473)	3,513,029
Other information							
Segment assets	7,209,737	1,192,276	17,956,983	69,297	32,779	3,854,005	30,315,077
Jointly controlled entities	–	–	45,504	–	207,611	(6,866)	246,249
Associates	–	–	1,193,787	79,367	104,640	85,328	1,463,122
Interest-bearing instruments	654,831	343,414	3,102,094	249,741	11,357	218,119	4,579,556
Total assets							36,604,004
Segment liabilities	763,577	511,762	5,803,136	37,183	39,814	760,859	7,916,331
Interest-bearing instruments	2,821,522	3,108	12,257,874	4,476	19,000	4,011,604	19,117,584
Total liabilities							27,033,915

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

40 SEGMENTAL INFORMATION (Continued)

	Ports 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 (Restated)							
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

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.

41 SIGNIFICANT CONTINGENT LIABILITIES

(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, general damages which the Daya Group indicated are in the region 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 on liability only against Pelita and dismissed Pelita's counterclaim. The quantum of damages, if any, will be assessed in separate proceedings. Pelita's solicitors are unable to provide an assessment of possible damages against Pelita as documents for the assessment have not been provided by solicitors of the Daya Group to-date.

Both the Daya Group and Pelita have lodged appeals to the Court of Appeal. Case management has been fixed for 16 April 2013. No proceedings to assess damages have been filed by the Daya Group as yet. Based on the advice of 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.

41 SIGNIFICANT CONTINGENT LIABILITIES (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.

In the course of the proceedings, Wayss & Freytag's claim was amended to RM120,422,812.57 and the JV's claim was amended to RM80,405,432.98.

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.

A Settlement and Release Agreement was entered into between PPSB, Natural Analysis Sdn Bhd and Malakoff Corporation Berhad on the one part, and GE on the other part, on 12 December 2012. As a result of the said Settlement and Release Agreement, the parties agree to, amongst others, immediately withdraw and discontinue all legal proceedings, of which the same were accordingly withdrawn and discontinued.

(e) At 31 December 2012, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Bank guarantees issued to third parties for performance (secured/unsecured)	**483,748**	1,018,304	**–**	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.

42 COMMITMENTS

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(a) Capital commitments:				
Property, plant and equipment				
Authorised but not contracted for	**468,343**	269,094	**–**	598
Authorised and contracted for	**5,583,358**	229,393	**–**	–
Total	**6,051,701**	498,487	**–**	598

(b) Non-cancellable operating lease commitments

		Group	
		2012 RM'000	2011 RM'000
(i)	For computer hardware		
	Not later than 1 year	**1,578**	3,896
	Later than 1 year and not later than 5 years	**2,385**	2,781
		3,963	6,677
(ii)	For the port area		
	Not later than 1 year	**30,201**	30,201
	Later than 1 year and not later than 5 years	**126,024**	123,004
	Later than 5 years	**1,703,444**	1,736,667
		1,859,669	1,889,872
(iii)	For rental of office building and equipment		
	Not later than 1 year	**4,795**	4,867
	Later than 1 year and not later than 5 years	**3,800**	8,073
		8,595	12,940
(iv)	For rental of aircraft		
	Not later than 1 year	**3,526**	14,106
	Later than 1 year and not later than 5 years	**–**	3,526
		3,526	17,632
Total		**1,875,753**	1,927,121

43 SIGNIFICANT RELATED PARTY DISCLOSURES

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

Dr/(Cr)	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
(a) The following transactions were carried out with related parties:				
Transactions with subsidiaries:				
Purchase of natural gas from the holding company of a subsidiary's shareholder, Petroliam Nasional Berhad ("PETRONAS")	**778,975***	1,606,509	**–**	–
Purchase of LPG from a company which shares a common holding company with one of the subsidiary's shareholder - Petronas Dagangan Berhad	**7,793***	18,484	**–**	–
Transfer of equity interest in a subsidiary company	**–**	–	**–**	253,689
Management fees paid to a subsidiary	**–**	–	**–**	480

* Represent transactions between 1 January 2012 to 11 June 2012, being the date the Group lost control over the subsidiary.

Transactions with associated companies:				
Interest income on unsecured subordinated loan notes	**(59,922)**	(68,159)	**–**	–
Companies subject to common significant influence:				
Operation and maintenance fee expense	**277,947**	306,990	**–**	–
Operation and maintenance subcontract	**(118,412)**	(127,093)	**–**	–
Borrowings	**–**	175,000	**–**	(50,000)
Deposits	**2,737**	2,708	**–**	–
Rental expense	**1,984**	1,883	**1,984**	1,883

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

43 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: (continued)

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
Dr/(Cr)	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
(b) Financial year-end balances arising from:						
Subsidiaries:						
Transfer of equity interest in a subsidiary company	**–**	–	–	**874,479**	874,479	620,790
Management fees paid to a subsidiary	**–**	–	–	**(1,920)**	(1,920)	(1,440)
Associated companies:						
Interest income on unsecured subordinated loan notes	**268,568**	465,885	402,780	**–**	–	–
Companies subject to common significant influence:						
Operation and Maintenance fee expense	**–**	(1,582)	(44,244)	**–**	–	–
Operation and maintenance subcontract	**–**	(1,520)	11,630	**–**	–	–
Borrowings	**175,000**	175,000	–	**–**	–	50,000
Deposits	**5,445**	2,708	–	**–**	–	–
Rental expense	**1,984**	1,883	1,610	**1,984**	1,883	1,610

43 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: (continued)

(c) Key management compensation

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Fees	**1,010**	719	**425**	425
Salaries and bonuses	**7,758**	7,432	**7,644**	7,320
Defined contribution plan - contributions	**1,493**	1,415	**1,225**	1,170
Other employee benefits	**2,050**	2,438	**967**	940
	12,311	12,004	**10,261**	9,855

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

44 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
		2012 %	2011 %	
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

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
MMC Frigstad Offshore Sdn. Bhd.	Malaysia	**100.0**	100.0	Property investment
MMC Marketing Sdn. Bhd.	Malaysia	**100.0**	100.0	Property investment
Timah Securities Berhad	Malaysia	**100.0**	100.0	Property investment
Tronoh Holdings (Selangor) Sdn. Bhd.	Malaysia	**100.0**	100.0	Property investment
MMC Engineering Group Berhad	Malaysia	**100.0**	100.0	Engineering, management services and investment holding
MMC Engineering & Construction Sdn. Bhd.	Malaysia	**100.0**	100.0	Civil engineering construction works
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

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
	MMC-Shapadu (Holdings) Sdn. Bhd.	Malaysia	**76.0**	76.0	Investment holding
	Pelepas-Brigantine Services Sdn. Bhd.	Malaysia	**49.0**	49.0	Repair, prepare and trade of containers, containerisation system and other related works
	Tepat Teknik Sdn. Bhd.	Malaysia	**70.0**	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
*	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
*	JP Logistics Sdn. Bhd.	Malaysia	**100.0**	100.0	Providing logistics services
*	JP Logistics Pte Ltd	Singapore	**100.0**	100.0	Providing logistics services

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
*	Seaport Worldwide Sdn. Bhd.	Malaysia	**100.0**	100.0	Investment holding and property development
#	MMC International Holdings Ltd	British Virgin Islands	**100.0**	100.0	Investment holding
#	MMC Saudi Holdings Ltd	British Virgin Islands	**100.0**	100.0	Investment holding
#	City Island Holdings Limited	British Virgin Islands	**100.0**	100.0	Investment holding
#	MMC Utilities Limited	British Virgin Islands	**100.0**	100.0	Investment holding and provision of project management services
*	MMC Saudi Arabia Ltd	Kingdom of Saudi Arabia	**100.0**	100.0	Investment holding
*	Malakoff Corporation Berhad	Malaysia	**51.0**	51.0	Investment holding
*	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

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	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

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	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
*	Malakoff Utilities Sdn. Bhd. (formerly known as Wirazone Sdn. Bhd.)	Malaysia	**51.0**	51.0	Build, own and operate an electricity distribution system and a centralised chilled water plant system
*	Hypergantic Sdn. Bhd.	Malaysia	**51.0**	51.0	Investment holding
*	Desa Kilat Sdn. Bhd.	Malaysia	**27.5**	27.5	Land reclamation, development and/or sale of reclaimed land

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
*	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**	51.0	Operation and maintenance of power plant
#	Malakoff International Limited	Cayman Islands	**51.0**	51.0	Investment holding
#	Malakoff Hidd Holding Company Limited (formerly known as IP Middle East Holding Company Limited)	Guernsey	**51.0**	–	Asset, property, investment, intellectual property and other holding companies
#	Malakoff Summit Hidd Holding Company Limited (formerly known as IPSUM Hidd Holding Company Limited)	Guernsey	**29.1**	–	Asset, property, investment, intellectual property and other holding companies
#	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

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
#	Malakoff Jordan Generation Limited (Disposed)	British Virgin Islands	–	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
#	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
++*	Aliran Ihsan Resources Berhad	Malaysia	**62.8**	62.8	Investment holding
*	Southern Water Corporation Sdn. Bhd.	Malaysia	**62.8**	62.8	Investment holding, water treatment and rehabilitation of water treatment plants, construction of water works
*	Southern Water Technology Sdn. Bhd.	Malaysia	**62.8**	62.8	Construction of water work and water treatment plant
*	Southern Water Engineering Sdn. Bhd.	Malaysia	**62.8**	62.8	Water treatment specialist and the operation, maintenance and provision of services related to water treatment and equipment

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
*	Aliran Utara Sdn. Bhd.	Malaysia	**62.8**	62.8	Operation, maintenance, and management of water treatment plant
*	Senai Airport Terminal Services Sdn. Bhd.	Malaysia	**100.0**	100.0	To manage, operate, maintain and develop the Senai International Airport
*	Senai High Tech Park Sdn. Bhd.	Malaysia	**100.0**	100.0	Construct, develop, equip, maintain, carry on, market and manage the Senai High Technology Park in Johor
*	MMC Petroleum & Resources 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**	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

44 COMPANIES IN THE GROUP (Continued)

Subsidiaries (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Principal activities
*	Tanjung Bin Energy Sdn. Bhd.	Malaysia	**51.0**	51.0	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000MW coal fired electricity generating facility
*	Tanjung Bin Energy Issuer Berhad	Malaysia	**51.0**	51.0	Administer and manage the development of a 1,000MW coal fired electricity generating facility
*	Tanjung Bin O&M Berhad (formerly known as Sterling Asia Berhad)	Malaysia	**51.0**	–	Operation and maintenance of power plant

44 COMPANIES IN THE GROUP (CONTINUED)

Inactive subsidiaries

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %
*	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 (Philippines) Pte Ltd	Samoa	**100.0**	100.0
	MMC Rail Ventures Sdn. Bhd. (formerly known as 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
*	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
#	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. (dissolved)	Malaysia	**–**	49.0
*	SPJ Corporation Berhad	Malaysia	**100.0**	100.0
	MMC Power Sdn. Bhd. (under voluntary liquidation)	Malaysia	**100.0**	100.0
	MMC-VME Sdn. Bhd. (winding-up)	Malaysia	**61.0**	61.0
	MMC AMEC Sdn. Bhd.	Malaysia	**51.0**	51.0

44 COMPANIES IN THE GROUP (Continued)

Associates

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Accounting date for inclusion of company results	Principal activities
++	Zelan Berhad	Malaysia	**39.2**	39.2	31.12.2012	Investment holding, civil engineering and construction of power plant and buildings
	Kapar Energy Ventures Sdn. Bhd.	Malaysia	**20.4**	20.4	31.08.2012	Generation and sale of electricity
	Port Dickson Power Berhad	Malaysia	**12.8**	12.8	30.06.2012	Generation and sale of electricity
*	Lekir Bulk Terminal Sdn. Bhd.	Malaysia	**10.2**	10.2	31.12.2012	Bulk terminal jetty and coal handling services
*	Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	**20.4**	20.4	31.12.2012	Investment holding
*	Saudi-Malaysia Water & Electricity Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2012	Investment holding
*	Shuaibah Water & Electricity Company Limited	Kingdom of Saudi Arabia	**6.1**	6.1	31.12.2012	Design, construction, commissioning, testing, ownership, operation and maintenance of oil fired power generation and water desalination plant

44 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Accounting date for inclusion of company results	Principal activities
*	Shuaibah Expansion Holding Company Limited	Kingdom of Saudi Arabia	**6.1**	6.1	31.12.2012	Development, construction, ownership, operation and maintenance of Shuaibah Expansion Project phase 3 for water production in the Shuaibah region in KSA, and transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock
*	Shuaibah Expansion Project Company Limited	Kingdom of Saudi Arabia	**6.0**	6.0	31.12.2012	Development, construction, possession, operation and maintenance of Shuaibah expansion project 3 for water expansion project at Shuaibah region, transfer and sale water and all relevant works and activities

44 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Accounting date for inclusion of company results	Principal activities
#	Oman Technical Partners Limited	British Virgin Islands	**22.1**	22.1	31.12.2012	Investment holding
#	Salalah Power Holdings Limited	Bermuda	**22.1**	22.1	31.12.2012	Investment holding
*	Enara Energy Investment Company	Jordan	**–**	12.7	N/A	Investment holding
*	Central Electricity Generating Company Limited (disposed)	Jordan	**–**	6.5	N/A	Generate electrical energy in different regions of Jordan
*	Al-Imtiaz Operation and Maintenance Company Limited	Kingdom of Saudi Arabia	**10.2**	10.2	31.12.2012	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	31.12.2012	Operation and maintenance of power and water desalination plant

44 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Accounting date for inclusion of company results	Principal activities
*	Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	**20.0**	20.0	31.12.2012	Operation and maintenance of container terminals
*	Red Sea Ports Development Company	Kingdom of Saudi Arabia	**20.0**	20.0	31.12.2012	Operation and maintenance of container terminals
*	Jazan Economic City Land Company	Kingdom of Saudi Arabia	**50.0**	50.0	31.12.2012	Development of Jazan Economic City in the Kingdom of Saudi Arabia
*	Equiventures Sdn. Bhd.	Malaysia	**30.8**	30.8	31.12.2012	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**	18.8	31.12.2012	Operation, maintenance and management of water treatment plants

44 COMPANIES IN THE GROUP (Continued)

Associates (continued)

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %	Accounting date for inclusion of company results	Principal activities
*	Hyflux-TJSB Algeria SPA	Algeria	**24.9**	24.9	31.12.2012	Operation and maintenance of water desalination plant
*	Gas Malaysia Berhad	Malaysia	**30.9**	41.8	31.12.2012	Selling, marketing and promotion of natural gas to the industrial, commercial and residential sectors as well as construct and operate the Natural Gas Distribution System in Peninsular Malaysia
*	Pelantar Teknik (M) Sdn. Bhd.	Malaysia	**30.9**	41.8	31.12.2012	Property holding
*	Gas Malaysia (LPG) Sdn. Bhd.	Malaysia	**30.9**	41.8	31.12.2012	Selling of LPG via a reticulation system
#	Hidd Power Company B.S.C (Note 45(i))	Bahrain	**40.0**	-	31.12.2012	Building, operating and maintaining of electricity power station for special purpose

44 COMPANIES IN THE GROUP (CONTINUED)

Inactive associates

	Name of company	Country of incorporation	Group's effective interest 2012 %	Group's effective interest 2011 %
*	Ajil Minerals Sdn. Bhd.	Malaysia	**49.0**	49.0
*	Tepat Teknik-VME Sdn. Bhd.	Malaysia	**34.9**	34.9
*	M.O.S.T. Power JV Sdn. Bhd.	Malaysia	**30.0**	30.0

Jointly controlled entities

	Name of company	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
*	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 (UGW) Joint Venture	Execution of the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project	**50.0**	50.0
*	MMC Gamuda KVMRT (PDP) Sdn. Bhd.	Undertake, construct, maintain, improve, develop, implement, control, execute and manage any Mass Rapid Transit project in Malaysia or elsewhere	**50.0**	50.0
*	MMC Gamuda KVMRT (T) Sdn. Bhd. (formerly known as Viable Synergy Sdn. Bhd.)	Undertake pre-qualifying and tendering of the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project	**50.0**	50.0

44 COMPANIES IN THE GROUP (Continued)

Jointly controlled entities (continued)

	Name of company	Principal activities	Proportion of ownership interest	
			2012 %	2011 %
*	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
*	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

45 ACQUISITIONS

(i) Acquisition of Subsidiaries

Group

On 10 May 2012, Malakoff International Limited ("MIL"), a wholly-owned subsidiary of Malakoff Corporation Berhad, which in turn is a 51%-owned subsidiary of MMC Corporation Berhad, acquired 100% and 57.1% of the equity interest in Malakoff Hidd Holding Company Limited (formerly known as IP Middle East Holding Company Limited) ("MHHCL") and Malakoff Summit Hidd Holding Company Limited (formerly known as IPSUM Hidd Holding Company Limited), respectively for a total cash consideration of RM347,563,000. Both the subsidiaries are principally engaged in investment holding activities. As a result of the acquisition, the Group has an effective equity interest of 20.4% on Hidd Power Company B.S.C. ("HPC") and it became an associate of the Group. No revenue was contributed by the subsidiaries acquired during the year. From the acquisition date to 31 December 2012, the Group's share of profit of HPC amounting to RM20,357,000. If the acquisition had occurred on 1 January 2012, management estimates that the consolidated profit for the financial year would have been RM55,259,000.

Intangible asset and goodwill arising from the acquisition amounted to RM81,103,000 and RM266,460,000.

The following summarises the recognised amounts of assets and liabilities acquired at the acquisition date:

	Acquiree's carrying amounts RM'000	Fair value recognised on acquisition RM'000
Property, plant and equipment	3,082,618	3,082,618
Receivables	306,109	306,109
Inventories	47,140	47,140
Cash and cash equivalents	54,217	54,217
Bank borrowings	(2,643,294)	(2,643,294)
Derivative financial instruments	(611,695)	(611,695)
Deferred revenue	(111,940)	(111,940)
Other liabilities	(290,614)	(290,614)
Net liabilities	(167,459)	(167,459)
Intangible asset arising from acquisition		370,369
Net intangible asset		202,910
Group share of intangible asset		81,103
Purchase consideration/cash outflow on acquisition		(347,563)
Goodwill		266,460

45 ACQUISITIONS (CONTINUED)

(i) Acquisition of Subsidiaries (continued)

Group (continued)

At the end of the reporting period, the goodwill arising on the acquisition of HPC during the financial year was translated at the financial year-end closing rate. Accordingly, the exchange difference of RM877,000 was recognised as part of the translation reserve in the consolidated statements of changes in equity.

(ii) Acquisition of Assets and Liabilities

Group

On 18 October 2012, Tanjung Bin O&M Berhad (formerly known as Sterling Asia Berhad), a wholly-owned subsidiary of Malakoff Corporation Berhad, which in turn is a 51%-owned subsidiary of MMC Corporation Berhad, entered into a conditional asset sale agreement with Hicom Power Sdn. Bhd.("HPSB") for the acquisition of certain rights, assets and liabilities of HPSB for a total cash consideration of RM575,000,000. The acquisition was financed by borrowings of RM460,000,000 and cash from the Malakoff Group of RM115,000,000. The acquisition was completed on 17 December 2012.

Intangible asset arising from the acquisition amounted to RM548,074,000.

The following summarises the recognised amounts of assets and liabilities acquired at the acquisition date:

	Acquiree's carrying amounts RM'000	Fair value recognised on acquisition RM'000
Property, plant and equipment	222	222
Trade and other receivables	67,296	67,296
Cash and cash equivalents	38,335	38,335
Inventories	558	558
Trade and other payables	(79,485)	(79,485)
Net assets	26,926	26,926
Purchase consideration		(575,000)*
Intangible asset (Note 23)		548,074
Net cash outflow arising from the acquisition:		
Cash and cash equivalents acquired		38,335
Less: Total deposit paid as at acquisition date		(115,000)*
Cash outflow on acquisition, net of cash and cash equivalents acquired		(76,665)

* The remaining unpaid balance of RM460,000,000 is included under other payables in statement of financial position.

45 ACQUISITIONS (CONTINUED)

(ii) Acquisition of Assets and Liabilities (continued)

Group (continued)

Acquisition-related costs:

The Group incurred acquisition-related cost of RM18 million related to stamp duty. The stamp duty has been included in other operating expenses in the profit or loss.

46 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 9 July 2012, the Company announced its intention to privatise Aliran Ihsan Resources Berhad ("AIRB"), a 62.8%-owned subsidiary, via a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965. All required approvals for the exercise have been obtained and the exercise was completed on 8 February 2013. AIRB is now a wholly-owned subsidiary of the Company and the shares of AIRB have been delisted from the Official List of Bursa Malaysia Securities Berhad on 22 February 2013.

(b) On 11 December 2012, the Company announced its intention to list Malakoff Corporation Berhad ("MCB"), a 51.0%-owned subsidiary, on the Main Market of Bursa Securities Malaysia Berhad. Approvals had been obtained from the Ministry of International Trade and Industry ("MITI") on 14 February 2013, the Securities Commission Malaysia ("SC") on 7 March 2013 and Bursa Malaysia Securities Berhad on 19 March 2013.

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

For 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 the Group and the Company basis, in the annual audited financial statements.

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

	Group		Company	
	2012 RM'000	**2011** RM'000 (Restated)	**2012** RM'000	**2011** RM'000
Total retained earnings of the Company and its subsidiary companies:				
- realised earnings	**2,795,443**	1,996,365	**2,617,230**	2,484,417
- unrealised (losses)/earnings	**(70,256)**	205,948	**–**	–
	2,725,187	2,202,313	**2,617,230**	2,484,417
Total retained earnings from associated companies:				
- realised earnings	**348,366**	56,128	**–**	–
- unrealised losses	**(2,718)**	(28,371)	**–**	–
	345,648	27,757	**–**	–
Total (accumulated losses)/retained earnings from jointly controlled entities:				
- realised (losses)/earnings	**(225,429)**	37,215	**–**	–
- unrealised losses	**(53,029)**	(24,974)	**–**	–
	(278,458)	12,241	**–**	–
	2,792,377	2,242,311	**2,617,230**	2,484,417
Less: Consolidation adjustments	**165,761**	(81,859)	**–**	–
	2,958,138	2,160,452	**2,617,230**	2,484,417

List of properties

Pursuant to Appendix 9C Part A (25) of the Listing Requirements of Bursa Malaysia Securities Berhad

Location	Tenure	Area (hectares)	Description/ Existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
PTD No. 2423, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	349.04	Port terminal, office buildings, commercial & industrial land	2055		13	1995
PTD Nos. 2424-2504, 2514, 2516, 2517, 2520, 2521, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	726.30	Commercial & industrial land	2055		–	1995
PTD No. 1586, Serkat, District of Pontian, Johor	Grant in perpetuity	114.92	Land for port terminal & buildings	2055	1,844,553	–	1995
PTD No. 2519 Tanjung Kupang District of Johor Bahru, Johor	Leasehold	0.22	Commercial & Industrial land	2055		–	1995
PTD No. 2526 Tanjung Kupang District of Johor Bahru, Johor	Leasehold	2.79	Building	2055		–	2010
H.S. (D) 23569, PTD 8797, Mukim of Senai, District of Kulaijaya, Johor	Leasehold	495.98	Senai International Airport	2033	841,559	9	2003
PTD Nos. 1836-1838, 1851 & 1357, Serkat/Sg. Karang, District of Pontian, Johor	Leasehold	912.78	Industrial/vacant	2103	503,471	7	2005

LIST OF PROPERTIES

Pursuant to Appendix 9C Part A (25) of the Listing Requirements of Bursa Malaysia Securities Berhad

Location	Tenure	Area (hectares)	Description/ Existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Plentong, District of Johor Bahru, Johor	Leasehold	112.10	Break bulk and dry bulk cargo berths 7-11	2052	110,026	15	1997
Plentong, District of Johor Bahru, Johor	Leasehold	13.44	Container terminal berths 1-3	2052	69,562	20	1992
Mukim of Serkat, District of Pontian, Johor	Leasehold	362.43	Industrial land with power plant	2048	70,449	6	2003
Plentong, District of Johor Bahru, Johor	Leasehold	–	Dangerous cargo jetty 4	2052	32,494	13	1999
Plentong, District of Johor Bahru, Johor	Leasehold	–	Dangerous cargo jetty	2052	17,908	20	1992
Mukim Ulu Sepetang, Taiping, Perak	Freehold	737.90	Oil palm plantation	–	21,516	–	1994
Lot Nos. 762 & 763 Setul, District of Seremban, Negeri Sembilan	Leasehold	5.56	Factory building	2089	19,939	21	1992

Location	Tenure	Area (hectares)	Description/ Existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Lot 84, No. Hakmilik GM 12; Lot 85, No. Hakmilik GM 13; Lot 87, No. Hakmilik GM 14; Lot 89, No. Hakmilik GM 16; Lot 90, No. Hakmilik GM 17; Lot 91, No. Hakmilik GM 18; Lot 92, No. Hakmilik GM 19; Lot 93, No. Hakmilik GM 20; Lot 94, No. Hakmilik GM 21; Lot 95, No. Hakmilik GM 22; Lot 97, No. Hakmilik GM 24; Lot 98, No. Hakmilik GM 23; Lot 100, No. Hakmilik GM 25; Lot 825, No. Hakmilik GRN 237425; Lot 1877, No. Hakmilik GRN 237289; Lot 3590, No. Hakmilik GRN 237420; H.S.(D) 50570, PTD 102255,; H.S.(D) 50571, PTD 102256,; H.S.(D) 50574, PTD 102259,; H.S.(D) 50575, PTD 102260,; H.S.(D) 50576, PTD 102261 and H.S.(D) 50577, PTD 102262, Mukim of Senai, District of Kulaijaya, Johor	Freehold	439.52	Land held for development of Senai Airport City		1,813,988	–	2008
Lot 86, No. Hakmilik GM 36, Mukim of Kulai, District of Kulaijaya, Johor	Freehold	1.59	Land held for development of Senai Airport City			–	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	Freehold	651.63	Land held for development of Senai Airport City			–	2008

Shareholding Statistics

as at 11 March 2013

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	:	8,236

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct	**%**	**Indirect**	**%**
Seaport Terminal (Johore) Sdn. Bhd.	1,576,108,840	51.76	–	–
Amanahraya Trustees Berhad - (Skim Amanah Saham Bumiputera)	623,725,000	20.48	–	–
Citigroup Nominees (Tempatan) Sdn. Bhd. - (Employees Provident Fund Board)	197,861,700	6.50	–	–
Employees Provident Fund Board	1,490,000	0.05	–	–
Indra Cita Sdn. Bhd.	–	–	*1,576,108,840	51.76
Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor	–	–	@1,576,108,840	51.76

Notes:

* deemed interested through Seaport Terminal (Johore) Sdn. Bhd.

@ deemed interested through Indra Cita Sdn Bhd

ANALYSIS BY SIZE OF SHAREHOLDING

Size of Holdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares Held**	**% of Issued Capital**
Less than 100 shares	307	3.73	7,433	0.00
100 – 1,000	1,131	13.73	873,209	0.03
1,001 – 10,000	5,086	61.75	22,709,168	0.74
10,001 – 100,000	1,392	16.90	41,068,185	1.35
100,001 to less than 5% of issued shares	317	3.85	582,705,017	19.14
5% and above of issued shares	3	0.03	2,397,695,540	78.74
Total	**8,236**	**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	623,725,000	20.48
3.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	197,861,700	6.50
4.	Kumpulan Wang Persaraan (Diperbadankan)	147,640,400	4.85
5.	Lembaga Tabung Haji	59,887,600	1.97
6.	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	44,398,600	1.46
7.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	30,062,092	0.99
8.	Amanah Trustees Berhad - Amanah Saham Malaysia	21,931,000	0.72
9.	Amanahraya Trustees Berhad - Amanah Saham Didik	20,859,500	0.69
10.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	15,810,100	0.52
11.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	14,108,880	0.46
12.	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	12,373,200	0.41
13.	Amanahraya Trustees Berhad - AS 1Malaysia	10,958,300	0.36
14.	Permodalan Nasional Berhad	8,405,700	0.28
15.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.A.E)	7,979,734	0.26

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	% of issued capital
16.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	7,434,200	0.24
17.	Citigroup Nominees (Asing) Sdn. Bhd. - CBHK PBGSGP for Sunnyvale Holdings Ltd	6,382,100	0.21
18.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AM Inv)	5,313,400	0.17
19.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	4,911,100	0.16
20.	Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	4,509,900	0.15
21.	Cartaban Nominees (Asing) Sdn Bhd - Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	4,226,300	0.14
22.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund C021 for College Retirement Equities Fund	4,088,774	0.13
23.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	4,085,499	0.13
24.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio of a Investment Dimensions Group Inc	3,202,800	0.11
25.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund ZVMY for Malaysia MSCI Index Common Trust Fund	2,808,944	0.09
26.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for Skandinaviska Enskilda Banken AB (Swedish Clients)	2,787,600	0.09
27.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt AN for the Bank of New York Mellon (Mellon Acct)	2,576,600	0.08
28.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (Alliance Inv)	2,500,000	0.08
29.	HSBC Nominees (Asing) Sdn. Bhd. - BNY Brussels for City of New York Group Trust	2,311,300	0.08
30.	Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	2,290,000	0.08
	Total	**2,851,539,163**	**93.64**

Administrative Details

ADMINISTRATIVE DETAILS FOR THE THIRTY-SEVENTH ANNUAL GENERAL MEETING OF MMC CORPORATION BERHAD TO BE HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON MONDAY, 13 MAY 2013 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 to ascertain where you should register for the meeting and join the queue accordingly.
- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter.
- After the verification and registration, you will be given an identification tag. No person will be allowed to enter the Ballroom without the identification tag.

REFRESHMENT

- Light refreshment will be served outside Mahkota II before the commencement of the Annual General Meeting.
- Lunch will be served at the room next to Mahkota II upon conclusion of the meeting.

DOOR GIFTS/MEAL VOUCHERS

- 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 7 May 2013. Only depositors whose names appear on the Record of Depositors as at 7 May 2013 shall be entitled to attend the Annual General 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 Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Monday, 13 May 2013 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

		For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2012 and the Reports of the Directors and Auditors thereon.		
	Ordinary Business		
2.	Declaration of Final Single-Tier Dividend of 4.5 sen per share (Resolution 1)		
3.	Re-election of Datuk Mohd Sidik Shaik Osman pursuant to Article 78 of the Articles of Association of the Company (Resolution 2)		
4.	Re-appointment of Dato' Wira Syed Abdul Jabbar Syed Hassan pursuant to Section 129(6) of the Companies Act, 1965 (Resolution 3)		
5.	Re-appointment of Dato' Abdullah Mohd Yusof pursuant to Section 129(6) 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(6) of the Companies Act, 1965 (Resolution 5)		
7.	Re-appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company (Resolution 6)		
	Special Business		
8.	Special Resolution : Proposed Amendments to the Articles of Association of the Company (Resolution 7)		

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 7 May 2013 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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MMC Corporation Berhad 30245-H
Ground Floor, Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel : (603) 2071 1000
Fax : (603) 2026 1921

www.mmc.com.my