

Directors' Profile



Directors' Profile

TAN SRI DATO' WIRA SYED ABDUL JABBAR SYED HASSAN

Non-Independent Non-Executive Chairman

Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan, Malaysian, aged 74, was appointed as a non-independent Chairman of the Company on 7 July 2000. Tan Sri Dato' Wira Syed Abdul Jabbar also chairs the Nomination & Remuneration and Executive Committees of the Board.

Tan Sri 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.

Tan Sri 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.

Tan Sri Dato' Wira Syed Abdul Jabbar is the Chairman of Padiberas Nasional Berhad, Tradewinds (M) Berhad, Aliran Ihsan Resources Berhad and Malakoff Corporation Berhad.

Tan Sri Dato' Wira Syed Abdul Jabbar attended all six Board meetings of the Company held in the financial year ended 31 December 2013.

Tan Sri Dato' Wira Syed Abdul Jabbar does not hold any interest 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.

Directors' Profile



DATO' SRI CHE KHALIB MOHAMAD NOH

Group Managing Director

Dato' Sri Che Khalib Mohamad Noh, Malaysian, aged 49, was appointed the Group Managing Director of MMC on 1 July 2013. He is also a member of the Executive Committee.

A qualified accountant, Dato' Sri Che Khalib is a member of the Malaysian Institute of Accountants (CA, M) and also a Fellow of the Association of Chartered Certified Accountants (FCCA, UK) United Kingdom.

Dato' Sri Che Khalib began his career with Messrs Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad (TNB) on 1 July 2004 where he served TNB for eight years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as Chief Operating Officer of Finance, Strategy and Planning in July 2012.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of companies and Bank Industri & Teknologi Malaysia Berhad.

Dato' Sri Che Khalib currently sits on the Board of Gas Malaysia Berhad, Zelan Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Pos Malaysia Berhad, Bank Muamalat Malaysia Berhad and several private limited companies.

Since his appointment, Dato' Sri Che Khalib attended two Board meetings of the Company held in the financial year ended 31 December 2013.

Dato' Sri Che Khalib does not hold any interest 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.

Directors' Profile

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 72, was appointed to the Board as a non-independent director on 26 August 1999. He is also a member of the Audit Committee.

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 six Board meetings of the Company held in the financial year ended 31 December 2013.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman does not hold any interest 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.



Directors' Profile



DATUK MOHD SIDIK SHAIK OSMAN

Non-Independent Non-Executive Director

Datuk Mohd Sidik Shaik Osman, Malaysian, aged 65, was appointed to the Board as a non-independent director on 23 January 2003 and is a member of the Executive Committee.

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 six Board meetings of the Company held in the financial year ended 31 December 2013.

Datuk Mohd Sidik does not hold any interest 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.

Directors' Profile

DATO' ABDULLAH MOHD YUSOF

Senior Independent Non-Executive Director

Dato' Abdullah Mohd Yusof, Malaysian, aged 74, 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 the Nomination & Remuneration Committee as well as the Finance, Investment & Risk Committee. Dato' Abdullah 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 Abdullah & Zainuddin. He is also the Chairman of Aeon Co. (M) Berhad and Aeon Credit Service (M) Berhad, and a director of Zelan Berhad and THR Hotel (Selangor) Bhd.

Dato' Abdullah attended all six Board meetings of the Company held in the financial year ended 31 December 2013.

Dato' Abdullah does not hold any interest 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.



Directors' Profile



ENCIK OOI TEIK HUAT

Independent Non-Executive Director

Encik Ooi Teik Huat, Malaysian, aged 54, was appointed to the Board as an independent director on 22 May 2008. He is also a member of the Audit, Nomination & Remuneration and Finance, Investment & Risk Committees.

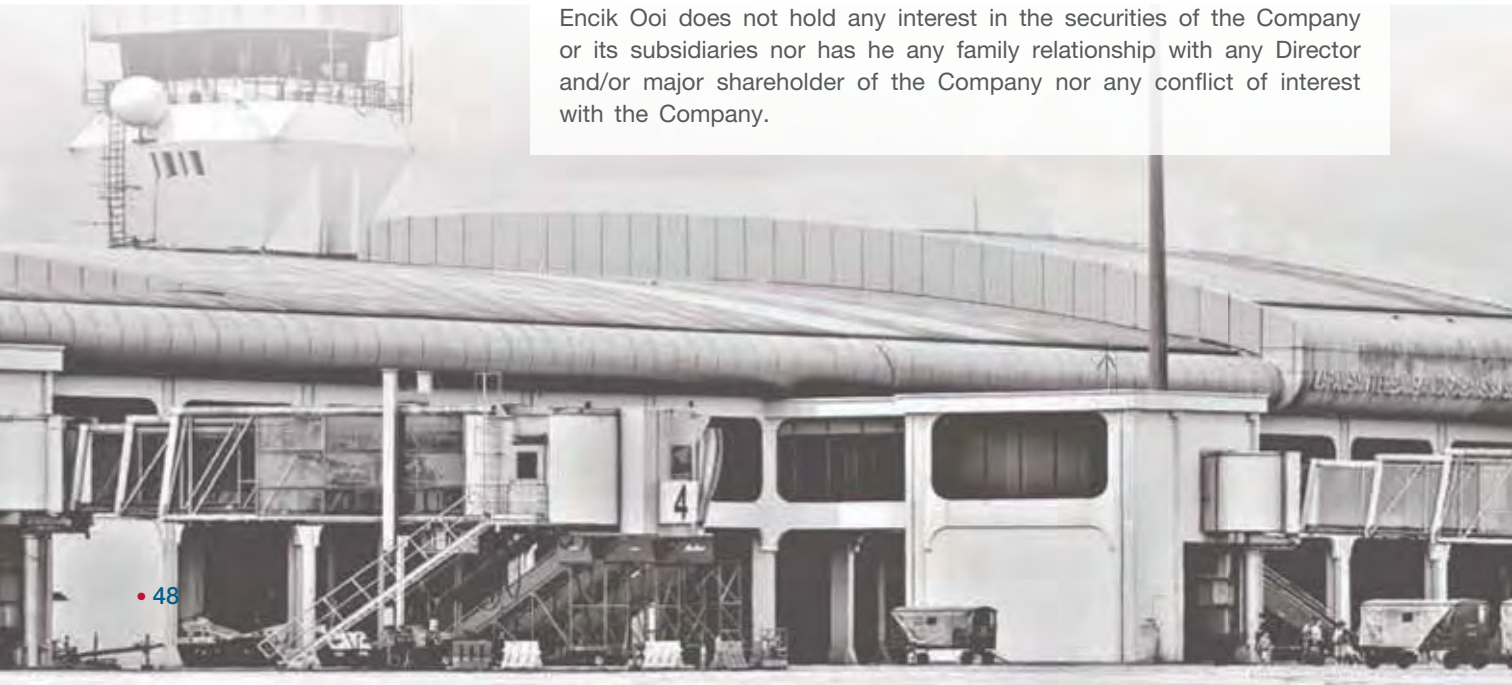
Encik Ooi is a member of Malaysian Institute of Accountants and CPA Australia, and holds a Bachelor Degree in Economics from Monash University, Australia.

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, Malakoff Corporation Berhad and Gas Malaysia Berhad.

Encik Ooi attended all six Board meetings of the Company held in the financial year ended 31 December 2013.

Encik Ooi does not hold any interest 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.



Directors' Profile

ENCIK ABDUL HAMID SH MOHAMED

Independent Non-Executive Director

Encik Abdul Hamid Sh Mohamed, Malaysian, aged 48, was appointed to the Board as an independent director on 10 August 2009. He is the Chairman of the Finance, Investment & Risk Committee and a member of the Audit Committee.

Encik Abdul Hamid is a Fellow of the Association of Chartered Certified Accountants. 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 is currently an Executive Director of Symphony House Berhad and sits on the Boards of SILK Holdings Berhad, Kuwait Finance House Labuan Berhad, Scomi Engineering Bhd and Pos Malaysia Berhad.

Encik Abdul Hamid attended five out of six Board meetings of the Company held in the financial year ended 31 December 2013.

Encik Abdul Hamid does not hold any interest 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



from left:

Dato' Sri Che Khalib
Mohamad Noh
Group Managing Director

Anwar Syahrin Abdul Ajib
Group Chief Financial Officer
Group Head,
Ports & Logistics Division

Dr. Mabel Lee Khuan Eoi
Director,
Group Treasury

Lucy Wong Kam Yang
Chief Internal Auditor



from left:

Ir. Chee Weng Loon
*Group Head,
Engineering & Construction
Division*

Ahmad Aznan Mohd Nawawi
Group Company Secretary

Elina Mohamed
Group Legal Advisor

Ahmad Zaki Abdullah
*Head, Group Corporate
Planning*



from left:

Badrulhisyam Fauzi
*Head,
Group Strategy &
Corporate Affairs*

Izham Ab Wahab
*Head,
Group Human
Resources*

Mohd Nazersham Mansor
*General Manager,
Finance*

Adam Saffian Ghazali
*General Manager,
Special Projects I*

Marvin Lee Hsien-Hoong
*General Manager,
Special Projects II*

Corporate Social Responsibility

The MMC Group recognises corporate social responsibility (CSR) as a vital part of corporate activity. We believe in giving back to the society and is therefore committed to a cause of social responsibility. The Group supports initiatives towards three major pillars which include education & community development, human capital development and environmental preservation.





Education & Community Development

MMC Group of Companies provides a range of programmes and activities as well as support to deserving communities. These initiatives will fulfil the social expectation on education and training which is essential in upgrading the access to quality education of the community.

1

Inaugural Scholarships for 10 Outstanding Students

MMC launched a scholarship scheme by offering full sponsorship to 10 outstanding students from all around Malaysia to pursue their tertiary education.

2

PTP Back to School Programme

Port of Tanjung Pelepas (PTP) organised a Back To School event at the Gelang Patah Community Hall where it presented school supplies to about 50 Orang Asli and 150 underprivileged children. The assistance is hoped to further motivate the children to do well in their studies.

3

MMC Sponsors Utusan Malaysia and Collaborates on ADAP Workshop for Schools

MMC collaborated with Utusan Malaysia to distribute the newspaper's education supplement, *Akhbar Dalam Pembelajaran* (ADAP), to selected schools nationwide for free. Utusan Malaysia also conducted ADAP Workshop at the schools. The newspaper's education supplement featured articles on education, school activities as well as study aids. The ADAP workshop was launched at Sekolah Kebangsaan Sungai Buloh on 18 June 2013.

4

Adopted Schools Education Fund

Malakoff Corporation Berhad (Malakoff) organised a total of 28 motivation and preparatory seminars and tuition classes for UPSR students at 11 of its adopted schools. They were rewarded with special incentives upon achieving 5As in their UPSR examinations. Malakoff also helped the adopted schools to upgrade their libraries, computer and science laboratory.



1



2

Education & Community Development

5

Tuition for Underprivileged School Children

Johor Port Berhad (Johor Port) collaborated with Pejabat Pelajaran Daerah Pasir Gudang to organise the “Hari Kecemerlangan Sekolah Pesisir Pantai”. The programme involves giving free tuition to primary school students in the Pasir Gudang district. The aim of the programme is to provide opportunities to the less fortunate students to further excel in their studies especially those sitting for the UPSR 2013 examinations.

6

MMC Fulfils Zakat Obligations

MMC held an event to distribute zakat funds to 100 underprivileged/asnaf individuals as well as to two tahfiz schools, namely Madrasah Darul Uloom Seri Petaling and Maáhad Al-Quran Ar-Rafiq Kota Damansara.

7

Flood Relief

MMC and Gas Malaysia joined hands to offer aid to those who were affected by the flood in Kuantan last December. RM10,000 was extended to Sekolah Kebangsaan Sungai Isap to help rehabilitate the school.



MMC and its group of companies also coordinated a donation drive to assist colleagues from around the Group who had been affected by the flood.

8

Ramadhan Contribution

MMC organised a breaking of fast gathering with 100 children of Rumah Amal Baitul Barokah, Sepang and Pusat Jagaan Anak Yatim Nur Ikhlas, Kundang, Selangor. The event was attended by the Board of Directors, management and staff of MMC Group of companies. The highlight of the event was the presentation of gifts and “duit raya” to the children.

9

Helping the Needy

Gas Malaysia contributed RM200,000 to the Pertubuhan Membela Miskin Tegar Malaysia (BELAMISKIN) to support its activities for the underprivileged community.



Education & Community Development

10

Religious Contributions

Gas Malaysia contributed some funds to assist in the construction of an Islamic school in Labu, Negeri Sembilan as well as a new mosque in Seri Iskandar, Perak. It also donated books and religious literature to the school and mosque.

11

Malakoff Powerman Asian Championships 2013

Malakoff held the Malakoff Powerman Asian Championships 2013 in conjunction with Malaysia Environment Week organised by Department of Environment. It recorded a participation of 2,160 duathletes and declared 133 winners in 18 categories.

12

Senai Airport Mountain Bike Cross Country Challenge 2013

Senai Airport Terminal Services Sdn Bhd (SATS) organises Mountain Bike Cross Country Challenge 2013 (SAXC 2013) in conjunction with its 10th anniversary. The event attracted local participants as well as from overseas. The challenge was aimed at promoting a healthy lifestyle as well as enhancing the airport's image in the run-up to the Visit Malaysia Year 2014.



Human Capital Development

The Group makes every effort to create a pleasant and motivating working environment for all its employees. Various initiatives and programmes are implemented to ensure that all employees have the necessary competencies to excel in their career with MMC.



1

Honouring Loyal Employees

243 employees who had served MMC Group for 10, 20 or 30 years were presented with Long Service Awards. The Group also acknowledged children of staff who achieved outstanding results in major examinations with tokens of appreciation.

Human Capital Development

2

Training

MMC employees were provided with the opportunity to participate in industry conferences organised by external parties. Amongst events participated by selected staff include Leadership Energy Summit Asia, 16th Conference and Exhibition on Occupational Safety & Health, Safety and Health Improvement Programme (SHIP) and PPP – Project Financial Modeling (Understand PPP & Translating a Project into a Financial Model).

3

MMC Group Bowling Tournament

Kelab Rekreasi MMC (KRMMC) held a bowling tournament which saw 132 bowlers competing. 33 teams from MMC Group of Companies participated, demonstrating positive sporting and team spirit.

4

Monthly Ceramah

Monthly *ceramah* by Islamic scholars are being organised at MMC to instil positive values and enhance Islamic knowledge amongst the staff.



4



3

Environmental Preservation

MMC Group actively engages in environmental preservation efforts as part of its CSR initiatives in order to pass on to future generations a better global environment.

1 Malakoff Coral Rehabilitation Project

Malakoff organised Coral Rehabilitation Project at Pulau Mentinggi in Johor in partnership with several government agencies. The objectives of this project were to protect the nation's marine ecosystem and maintain the attraction of Pulau Mentinggi as a significant tourist destination.



2 PTP's Mangrove Planting Programme

PTP organised Mangrove Planting programme and beach cleaning at Tanjung Piai National Park in Pontian, Johor together with Serkat local community. More than 200 volunteers from PTP and various Government departments planted 1,000 mangrove seedlings in the designated areas of Tanjung Piai National Park.

3 MMC-Gamuda JV Reviving Penang River with EM Mudballs

MMC-Gamuda Jont Venture Sdn Bhd co-organised Effective Microorganism (EM) Mud Ball programme with Majlis Perbandaran Seberang Perai at Kolam Teratai, Sungai Rambai Seberang Perai Pulau Pinang. The EM mudballs are thrown into Sungai Rambai as a green initiative to assist in purification of the river and to help reduce sludge accumulation.



MMC 2013 Corporate Highlights

1 MARCH 2013

MMC Analyst Briefing

MMC held a briefing for investment analysts and fund managers to discuss its 2012 full-year financial results.

26 MARCH 2013



MMC Gamuda KVMRT (T) at the International Construction Week 2013

MMC Gamuda KVMRT (T) Sdn Bhd participated in the International Construction Week (ICW) 2013. The event showcased the latest achievements in the construction industry including mechanisation and automation, green technology as well as ICT. The company's exhibition booth was conferred the Best Booth Award.

20 APRIL 2013



MMC at Minggu Saham Amanah Malaysia PNB 2013

MMC participated in the annual Minggu Saham Amanah Malaysia (MSAM) in Kangar, Perlis to create awareness of MMC's business and brand proposition.

8 APRIL 2013

Senai Aviation Park

Senai Airport Terminal Services Sdn Bhd (SATS) launched the construction of the single-storey Senai Airport Aviation Park that will span about 17,000 sq ft. Besides catering to private and corporate jets, the new terminal is expected to boost maintenance, repair and overhaul as well as fixed-base operator business segments.

13 MAY 2013



MMC 37th AGM

MMC held its 37th Annual General Meeting on 13 May 2013 at Hotel Istana, Kuala Lumpur.

MMC 2013 Corporate Highlights

30 MAY 2013



World's first Variable Density Tunnel Boring Machine launched

MMC Gamuda KVMRT (T) Sdn Bhd and MRT Corporation Sdn Bhd (MRT Corp) launched the first Variable Density Tunnel Boring Machine (TBM) at the Cochrane shaft. The event was officiated by Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak and MRT Corp CEO Datuk Wira Azhar Abdul Hamid.

15 JUNE 2013



KVMRT Visitor Centre on Jalan Cochrane

MMC Gamuda KVMRT (T) Sdn Bhd opened a visitor centre at the tunnelling launch site on Jalan Cochrane Cheras to provide more details to the public on the tunnelling works and progress.

28 JUNE 2013



Malakoff acquires 50% interest in Australian Wind Farm

Malakoff Corporation Berhad (Malakoff) acquired a 50% stake in an Australian wind farm for A\$130 million (RM382 million). Macarthur Wind Farm is the largest wind farm in the Southern Hemisphere, with a generation capacity of 420 MW.

9 JULY 2013



Malakoff Wins Prestigious CSR and HR Awards

Malakoff won three prestigious accolades in recognition of its leadership and commitment to Corporate Social Responsibility (CSR) and Human Resources (HR). The three awards are the regional level Green Leadership Award from the Asia Responsible Entrepreneurship Awards (AREA), the Best Employer to Work for in Asia 2013 from HR Asia and the Global Excellence in Management Award for CSR from the Malaysian Institute of Management (MIM).

MMC 2013 Corporate Highlights

29 JULY 2013



Arrival of Maersk's mega vessel at PTP

The world's largest container vessel, Maersk Mc-Kinney Moller, called at the Port of Tanjung Pelepas (PTP) on its maiden voyage from the Far East to Europe. The vessel can carry up to 18,000 TEUs and holds the world's record deadweight for container vessels at 165,000 tonnes.

31 JULY 2013

Zelan Right Issue

Zelan Berhad (Zelan) undertook a corporate exercise involving the issuance of rights shares with detachable warrants. A substantial portion of the proceeds raised from the exercise has been utilised for repayment and full settlement of its bank borrowings, thus providing the opportunity of a fresh start for the company with a more robust balance sheet.

5 OCTOBER 2013



Hershey invests RM816 Million in Senai Airport City

Hershey Co USA announced that it is making its single largest investment in Asia with a RM816 million state-of-the-art confectionary manufacturing facility in Senai Airport City Free Zone.

MMC 2013 Corporate Highlights

10 OCTOBER 2013



Tun Dr Mahathir Mohamad's inaugural visit to KVMRT underground site in Cochrane, Cheras

Tun Dr Mahathir Mohamad attended an exclusive tour of the KVMRT Underground and Tunnelling work sites at the Cochrane launch shaft. During the visit, Tun Mahathir was taken on a guided tour into the Variable Density Tunnel Boring Machine (VD-TBM) which is in operation with some 700m completed tunnel.

12 NOVEMBER 2013



Johor Port and Felda unit seek areas of possible collaboration

Johor Port Berhad (Johor Port) and Felda-Johore Bulkiers Sdn Bhd (FJB) have signed a Memorandum of Collaboration on possible strategic cooperation. Both companies plan to explore opportunities to jointly promote FJB's liquid vegetable oils storage facilities and Johor Port's expertise in edible oil port terminal operations.

6 DECEMBER 2013

MSC Status for MMCOG

MMC Oil & Gas Engineering Sdn Bhd (MMCOG) was granted MSC Malaysia status by the Government of Malaysia through the Multimedia Development Corporation (MDeC). As an MSC Malaysia status company, MMCOG may enjoy financial incentives such as tax benefits and allowances on its profit and receive consultancy and assistance by MDeC on all aspects of business.

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).

The Board is pleased to provide the following statement, which outlines the corporate governance practices that are in place and which sets out how the Company has applied the principles of the Code.

1. CLEAR ROLES AND RESPONSIBILITIES

a. The Responsibilities and Functions of the Board and Management

The Company is led by a Board of Directors which is responsible to the shareholders for the direction of the Company. The Board has the ultimate and overall responsibility for corporate governance and the Company's overall strategic directions and objectives, its acquisition and divestment policies, major capital expenditures 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 agreed key performance indicators (KPIs). 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 a responsibility which was explicitly recommended by the Code.

The Board is chaired by Tan Sri 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 and Remuneration Committee, will continuously review the composition of the Board and source for suitable independent directors to conform to the Code.

There is optimum Board balance and compliance with the independent directors criteria set out under the requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). At least one third of the Board consists of independent directors with expertise and skills from various fields.

The Board represents a diverse range of backgrounds. It also recognises the importance of gender diversity and through the Nomination and Remuneration Committee, will continue to ensure that women candidates with the appropriate skills, experience and characteristics are sought, as part of its selection exercise.

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 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 judgment of the Board.

Statement on Corporate Governance

The interests of shareholders are reflected fairly by the representation of their nominees on the Board. The Chairman encourages healthy debate on important issues and promotes active participation by Board members.

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 Group Managing Director (GMD) as a member, the Board's four committees comprise only non-executive directors. There is an adequate degree of independence therein. 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.

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 GMD, assisted by the senior management, is responsible for the business and day-to-day management of the Company.

b. Codes and Policies

- **Code of Ethics**

The Code of Ethics (COE), revised on 29 August 2012, outlines MMC Group's commitment to appropriate and ethical practices. It sets out the principles, practices and standards of personal and corporate behaviour. All directors and employees of MMC Group are required to comply with the COE. Failure to comply with COE is a serious breach and appropriate action will be taken for its non-compliance.

- **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 whistle-blower and the concerns raised are treated with utmost confidentiality.

- **Corporate Disclosure Policies and Procedures**

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

- **Promoting Sustainability**

MMC is committed to promote sustainability practices in the Group with good balance of environmental, social and governance aspects of business. A report of the Company's corporate responsibility initiatives are set out in pages 52 to 59 of this annual report.

Statement on Corporate Governance

c. Board Policy Manual

The Board Policy Manual which was first adopted on 25 August 2005 was revised on 29 August 2013. It sets out the Board's strategic intent and outlines the following:

- Board's roles and functions;
- Board's composition, operation and processes;
- Division of responsibilities between the Board and Management; and
- Functions of the Board committees.

It also acts as a source reference and primary induction literature to new Board members and senior management. The Board Policy Manual which is made available on the Company's corporate website 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.

d. Board Meetings and Access to Information and Advice

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 quality information in a timely manner to enable the directors to discharge their duties effectively, and due notice is given to directors with regards 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.

A total of six Board meetings were held during the financial year ended 31 December 2013. Set out below is the attendance record of members for Board and Committees meetings for financial year ended 2013.

	Name	Board	Executive Committee	Audit Committee	Nomination Committee#	Remuneration Committee#	Nomination & Remuneration Committee#	Finance, Investment & Risk Committee
1.	Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan	6/6	1/1	-	3/3	1/1	1/1	-
2.	Dato' Sri Che Khalib Mohamad Noh*	2/2	1/1	-	-	-	-	-
3.	Datuk Hj Hasni Harun**	4/4	-	-	-	-	-	-
4.	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob	6/6	-	4/4	-	1/1	-	-
5.	Dato' Abdullah Mohd Yusof	6/6	-	4/4	3/3	-	1/1	2/2
6.	Datuk Mohd Sidik Shaik Osman	6/6	1/1	-	-	1/1	-	-
7.	Encik Ooi Teik Huat	6/6	-	4/4	3/3	-	1/1	2/2
8.	Encik Abdul Hamid Sh Mohamed	5/6	-	4/4	-	-	-	2/2

* Appointed on 1 July 2013

** Retired on 30 June 2013

The Nomination Committee and Remuneration Committee were merged as the Nomination and Remuneration Committee on 30 August 2013

Statement on Corporate Governance

Directors are given access to any information from within the Company and are free to seek independent professional advice at the Company's expense, where 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 the company secretaries whose appointment and removal is a matter for the Board as a whole. The company secretaries advise 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.

2. STRENGTHEN COMPOSITION

a. 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 the GMD. The committee is responsible for strategic and operational plans which fall within their level of authority.

The Nomination and Remuneration Committee comprises three non-executive directors, two of whom are independent. Among others, 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 and Remuneration Committee evaluates the Board's effectiveness and makes recommendations 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 with strictest confidence and are addressed directly to the Chairman of the Board, who is also the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee also assists the Board to assess the independence of its independent directors.

Key activities undertaken by the Nomination and Remuneration Committee during 2013, among others were as follows:

- reviewing the size and composition of the Board;
- recommending to the Board regarding the directors seeking re-election at the 2013 Annual General Meeting (AGM);
- recommending to the Board regarding GMD's KPIs; and
- reviewing succession planning for the GMD and senior management.

Statement on Corporate Governance

The Nomination and Remuneration Committee also 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 Group's proposed bonus and increment for the year and makes the necessary recommendations to the Board concerning the appropriate compensation for the Company's personnel.

The Finance, Investment and Risk Committee which was established on 30 August 2013 comprises three non-executive directors, made up exclusively of independent directors, provides an oversight of the finance, investment and risk management of the MMC Group. It will allow for an in-depth deliberation and focus on the said matters by the committee, prior to making recommendations to the Board.

Details on the Audit Committee are elaborated in the Audit Committee Report which appears on pages 80 to 82 of this annual report.

b. 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 reflects the experience and level of responsibilities undertaken by the directors.

- **Procedure**

The Board, through its Nomination and Remuneration Committee, annually reviews the performance of the executive director as a prelude to determining the executive director's annual remuneration, bonus and other benefits. In discharging this duty, the Nomination and Remuneration Committee evaluates the executive director's performance against the objectives set by the Board, thereby linking the remuneration to performance. The remuneration of the non-executive director is reviewed by the Board as a whole, to ensure that it is aligned to market and to 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:

Statement on Corporate Governance

Category	Fees (RM)	Salaries and emoluments (RM)	Meeting & other allowances and defined contribution plan (RM)	Benefits in kind (RM)
Executive Directors	–	3,454,415	541,187	193,592
Non-Executive Directors*	425,000	–	487,880	195,200

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

Amount of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM100,001 to RM150,000	–	3
RM150,001 to RM200,000	–	2
RM300,000 to RM350,000	–	1
RM1,000,000 to RM1,500,000	1	–
RM3,000,000 to RM3,500,000	1**	–

* Three out of the six non-executive directors received their fees from subsidiaries in their capacity as MMC's nominee director in the subsidiaries. Further details are enumerated in Note 8 of the Audited Financial Statements on page 149 of this annual report.

** One director retired with effect from 30 June 2013.

3. REINFORCE INDEPENDENCE

a. Assessment and Tenure of Independent Directors

Currently, three out of seven Board members are independent directors who are able to exercise independent judgment 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 and Remuneration 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 and Remuneration Committee and shareholders' approval in a general meeting, the independent director may remain as an independent director after serving in that capacity for more than nine years.

Statement on Corporate Governance

Dato' Abdullah Mohd Yusof has served the Board as an independent director for more than nine years cumulatively. In this regard, 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 deliberation. Dato' Abdullah Mohd Yusof is the senior independent director to whom the Board members' concerns may be conveyed. A justification on the continuation of Dato' Abdullah Mohd Yusof as independent director will be provided in the notice of AGM.

b. Roles of the Chairman and GMD

The roles of the Chairman and the GMD of the Company do not vest in the same person. The Chairman is responsible for ensuring the Board's effectiveness and conduct, whilst the GMD has the overall responsibility for the business and day-to-day management of the 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 KPIs and together with the GMD, develops his roles and responsibilities with authority limits. The Board, through the Nomination and 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.

c. Re-election

The Company's Articles of Association provides that all directors should submit themselves for re-election at least once every three years, in compliance with the requirements of Bursa Malaysia. The Articles of Association also provide that one-third of the Board shall retire from office every year and shall be eligible for re-election at every AGM. At the Company's Thirty-Eighth AGM, Dato' Sri Che Khalib Mohamad Noh and Encik Ooi Teik Huat, shall retire accordingly and being eligible, will offer themselves for re-election.

Additionally, directors of or over the age of 70 are to be re-appointed annually at the AGM, a requirement to be followed pursuant to Section 129 of the Companies Act 1965. Tan Sri 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.

Statement on Corporate Governance

4. FOSTER COMMITMENT

a. Time Commitment

All directors had devoted sufficient time and fully committed themselves to drive the Company and undertake the continuous development of skills to enable the fulfilment of their responsibilities to the Company.

From 2013 onwards, all directors are required to notify the Chairman before accepting 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.

b. Directors' Training

All directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia. During the financial year under review, all directors attended at least one training session, either organised internally by the Company or externally, as follows:

- Director Duties, Regulatory Updates and Governance Seminar for Directors of Public Listed Companies
- Top 10 Common Offences under the Companies Act 1965, Corporate Hijacking and Fraud
- Yayasan Tun Ismail Memorial Lecture: The Fall of the West and the Rise of Asia
- Personal Data Protection Act 2010: Issues and Implications
- Forensic Accounting and Financial Crime
- Governance and Risk Management Practices for the Financial Markets in the 21st Century
- Ethics and the Board of Directors
- World Capital Markets Symposium: Redefining Markets Sustaining Growth and Resilience

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.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

a. 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.

Statement on Corporate Governance

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

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

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

b. 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 74 to 79 of this annual report.

c. 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 service to be provided by external auditors must be approved by the Group Chief Financial Officer or GMD (based on the approved Financial Authority Limits) or the Board.

Statement on Corporate Governance

6. RECOGNISE AND MANAGE RISKS

a. Risk Management Framework

The main features of the Company's risk management framework and internal control systems are disclosed in the Statement on Risk Management and Internal Control which appears on pages 74 to 79 of this annual report.

b. Internal Audit Function

The internal audit activities of the Company undertaken during the year under review is elaborated in the Audit Committee report which appears on pages 80 to 82 of this annual report.

7. TIMELY AND HIGH QUALITY DISCLOSURE

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.

8. STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

a. Annual General Meeting

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 each other.

During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

b. 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, MMC participated in investor conferences to provide updates on the latest developments within the Group.

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

The statement has been approved by the Board of Directors at its meeting on 26 February 2014.

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 the Group 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 impact on our stakeholders impacted by the Group. Hence, reporting by the Board on the risk management and internal control system within the Group 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 the Group'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 reviewed, monitored and updated by their risk owners in the Enterprise Risk Management (ERM) risk register.

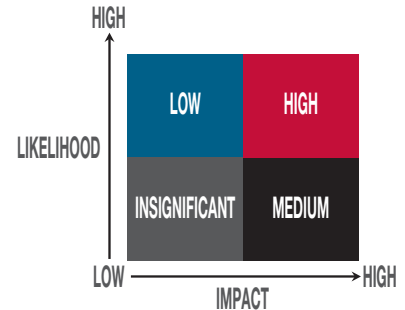
The Risk Management Department extracts from the ERM risk register risks that are rated as 'high', reviews the corrective measures and if required, discuss them with the risk owners. The risks are then compiled into the Group's risk management

Statement on Risk Management and Internal Control

quarterly reports and submitted to the Enterprise Risk Management Committee (ERMC) chaired by the Group Chief Financial Officer (GCFO). The reports are subsequently reviewed by the Group Managing Director (GMD) and tabled to the Finance, Investment and Risk Committee (FIRC). The Board reviews the reports each quarter so that they are aware of major risks within the Group and ensure that appropriate actions are taken by the management to mitigate the risks.

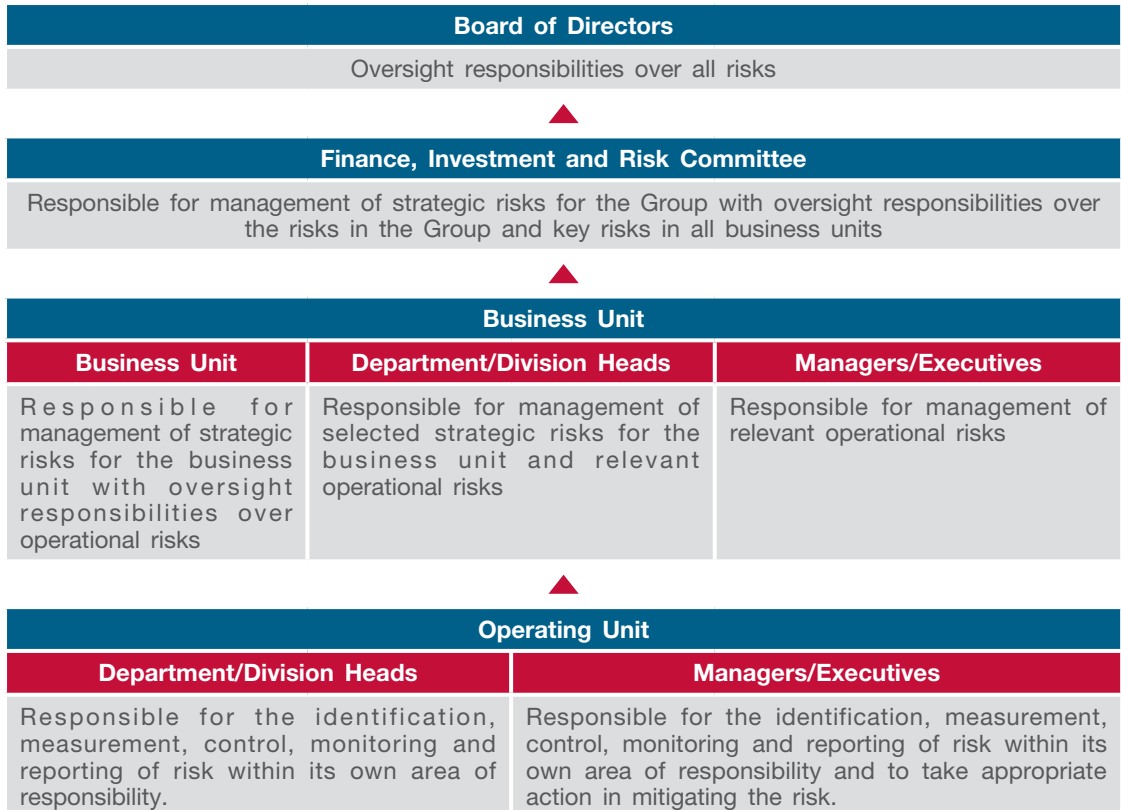
4) Risk Identification Process and Analysis

The Group defines risk as any event which may have an impact upon its business objectives, including economic, reputation and compliance objectives. Risk is measured in terms of likelihood and consequences. Business risks arise as much from the likelihood of loss opportunities as it does from uncertainties and hazards. Our policy is to identify, evaluate and respond appropriately to risks identified 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. In pursuing our vision, we recognise that we will face risks associated with our business strategy and operations. Our risk management structure encompasses the whole organisation.



Statement on Risk Management and Internal Control

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	<ul style="list-style-type: none"> • Oversight responsibilities over all risks • Review and approve quarterly reports.
Finance, Investment and Risk Committee	<ul style="list-style-type: none"> • Review and approve quarterly reports to Board of Directors.
Group Managing Director	<ul style="list-style-type: none"> • 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.
Enterprise Risk Management Committee	<ul style="list-style-type: none"> • Review for exceptions on non-compliance with controls, changes in applicability of risks and controls, and delays in the implementation of action plans for the Group. • Review, assess and ensure that there is adequate framework for risk identification, risk measurement, risk monitoring and 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	<ul style="list-style-type: none"> • 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.

Statement on Risk Management and Internal Control

Designations	Responsibilities
	<ul style="list-style-type: none"> Submit risk management report for the business unit to the corporate office quarterly.
Department/Division Heads	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Perform monthly compliance and assessment in the ERM risk register and review primary and secondary risks.

7) Business Continuity

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

- The succession planning framework 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 off-site facility for an interim period following the loss of computing services.

The Group is committed to employ appropriate strategies in anticipating and controlling crisis situations. As part of this process, the Group is working on a Business Continuity Framework 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 or even in an emergency situation.

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.

Statement on Risk Management and Internal Control

- 2) Risk Assessment
 - As elaborated earlier in Section A, a risk management framework is in place in the Group together with the ERM risk register in the Group's risk management process.
- 3) Control activities
 - Proposals for material capital and investment acquisitions are reviewed by the FIRC before approval by the Board.
 - Business plans and budgets are prepared every year, for approval at company level, before being reviewed by Executive Committees (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.
 - Quarterly performance reports, compared against budgets and objectives, are provided to directors and discussed at the EXCO and/or board meetings.
- 5) Monitoring
 - Monitoring of business performance against budgets, 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 reviews the Group's actual versus planned performance and other key financial and operational performance indicators as a gauge to determine if 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 FIRC quarterly by the ERM 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.

Statement on Risk Management and Internal Control

- 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.

JOINT VENTURES AND ASSOCIATES

The Group ensures that investments and interests in material joint ventures and/or associates, are protected by having board representation at the respective joint ventures and/or associates. The management of the joint ventures/associates is also responsible to oversee the operation and performance of the joint venture and/or associates. Financial and operational information of these joint ventures/associates are provided regularly to the Management of the Group.

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 reviews 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 GCFO 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 during the year under review 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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

The statement has been approved by the Board of Directors at its meeting on 26 February 2014.

Audit Committee Report

The Audit Committee provides critical oversight of the Company's financial reporting and auditing processes as well as plays 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. Dato' Abdullah has exceeded the limit of tenure for independent directors (cumulative of nine years) as required by Bursa Malaysia's Listing Requirements. Dato' Abdullah had sought and obtained approval to remain as an independent director from MMC Corporation Berhad's shareholders at last year's Annual General Meeting, and will be seeking approval to continue as an independent director at the Annual General Meeting to be held on 8 May 2014.

MEETINGS

Meetings are scheduled at least four times a year, and are normally attended by the Group Managing Director, Group Financial Officer, Internal Audit Manager/Chief Internal Auditor and, upon invitation, the external auditors and outsourced internal auditors. Other Board members may also attend meetings upon invitation of the Audit Committee. A total of four Audit Committee meetings were held during the financial year ended 31 December 2013 and all four Audit Committee members attended all the meetings. The external auditors also attended all of the four meetings and met the Audit Committee twice without the presence of management. The outsourced internal auditors, Ernst & Young, tabled to the Audit Committee reports on internal audits which were carried out during the year. The auditors, both the outsourced internal auditors (Ernst & Young) and external auditors PricewaterhouseCoopers (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. The Chairman of the Audit Committee reports key matters discussed at each meeting to the Board.

AUTHORITY

The Audit Committee has the following authority as empowered by the Board:

- The authority to investigate any matter within its terms of reference.
- The authority to utilise resources 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 and outsourced internal auditors or both, without the presence of other directors and employees of the Company, whenever deemed necessary.

Audit Committee Report

DUTIES

The duties of the Audit Committee are to:

- Consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal.
- Review the nature and scope of the audit in general terms and any significant problems that may be foreseen with the external auditors before the audit commences and ensure that adequate tests to verify the accounts and procedures of the Group are performed.
- Review the quarterly results and annual audited statutory financial statements before submission to the Board, focusing particularly on:
 - Any changes in accounting policies and practices
 - Significant adjustments resulting from the audit
 - The going concern assumptions
 - Compliance with accounting standards and other regulatory requirements
- Discuss problems and reservations arising from the interim and final audits, and other matters the external auditors may wish to discuss (without the presence of management where necessary).
- Keep under review the effectiveness of the internal control systems and in particular review the external auditors' management letter and management's response.
- Review the adequacy of the scope, functions and resources of the internal audit function, and ensure it has the necessary authority to carry out its work.
- 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.
- Review any appraisal or assessment of the performance and qualifications of members of the internal audit function.
- Approve the appointment or termination of senior staff members of the Internal Audit Unit.
- Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit reasons for resignation.
- Review any related party transactions that may arise within the Group.
- Consider other related matters, as determined by the Board.

Audit Committee Report

INTERNAL AUDIT FUNCTION

The internal audit activities are carried out by Ernst & Young, to whom the function has been outsourced since February 2004. Up to 31 October 2013, the Internal Audit Unit managed the Group's overall internal audit function and coordinated communication between the Group and Ernst & Young to ensure that the outsourced internal auditors carry out their duties diligently in accordance with the agreed terms between the parties. On 1 November 2013, the Group Internal Audit Department was set up and the Chief Internal Auditor was appointed. The internal audit function is currently under the purview of the Group Internal Audit Department.

The internal audit function also assists the Board to monitor and manage risks and internal controls through independent assessments on the adequacy, effectiveness and efficiency of the internal control systems relating to governance, risk management and control 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 function includes a review of the governance, risk management and control functions of the whole Group. The Group adopts 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 the achievement of the Group's overall goals.

For the financial year 2013, the total cost of the internal audit function was RM1.36 million.

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 2013. This included a review of 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 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 2013.
- Deliberated on the set-up of the Group Internal Audit Department and approved the appointment of the Chief Internal Auditor.

EMPLOYEES' SHARE OPTION SCHEME

There was 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 26 February 2014.

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

During the financial year, there were no proceeds raised from corporate proposals.

SHARE BUY-BACKS

During the financial year, there were no share buy-backs by the Company.

OPTIONS OR 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 RM384,000.

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

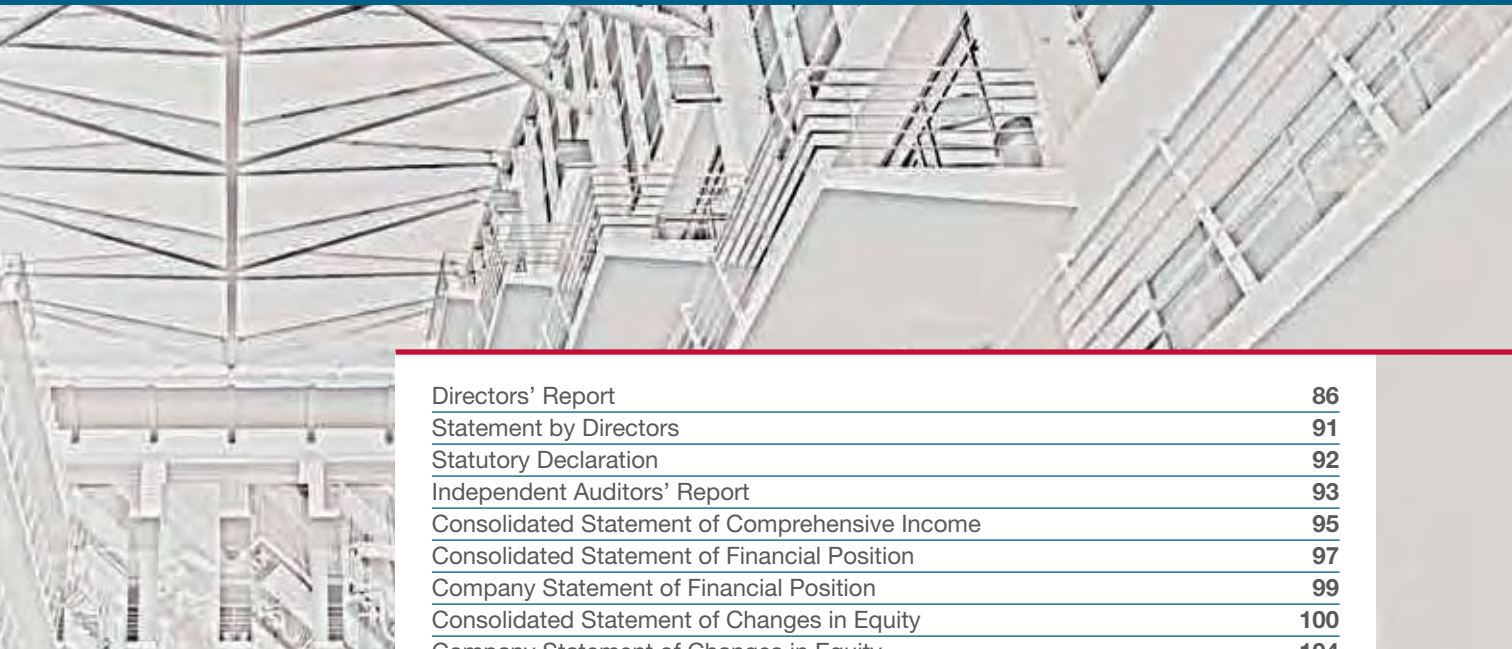
There was no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest, either still subsisting at the end of the financial year 31 December 2013 or entered into since the end of the previous financial year.

CONTRACTS RELATING TO LOAN

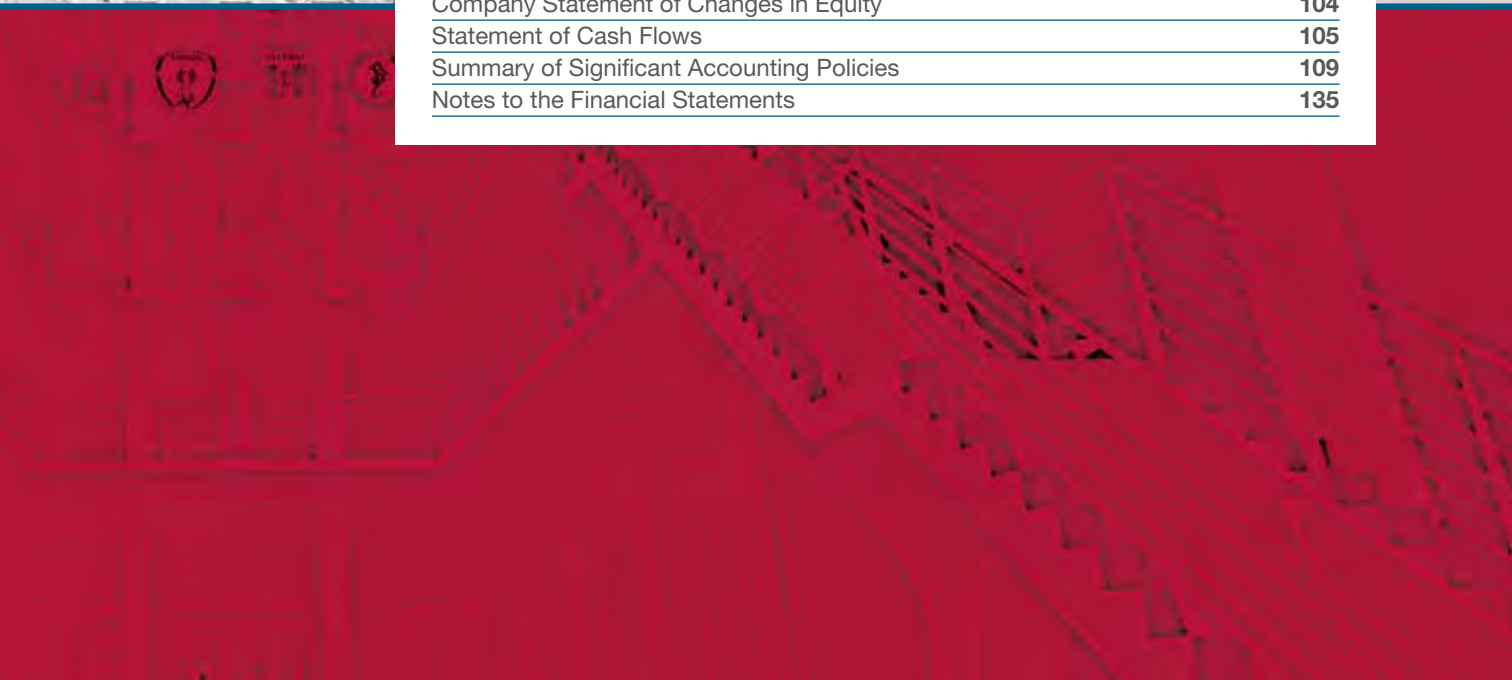
There were no contracts relating to loans by the Company involving directors and major shareholders.

The background of the entire page is an aerial view of a construction site, showing a complex network of steel beams and concrete structures. A semi-transparent red overlay covers the top and bottom portions of the image, while the middle section is white. The text 'Financial Statements' is centered in the white section.

Financial Statements



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Directors' Report

for the financial year ended 31 December 2013

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2013.

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 the Company during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Net profit for the financial year	450,429	175,421
Attributable to:		
– owners of the Parent	228,657	175,421
– non-controlling interests	221,772	–
	450,429	175,421

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 2012 are as follows:

	RM'000
In respect of the financial year ended 31 December 2012, as shown in the Directors' report of that financial year, a final single-tier dividend of 4.5 sen per ordinary share, was paid on 28 June 2013	137,028

Directors' Report

for the financial year ended 31 December 2013 (continued)

DIVIDENDS (CONTINUED)

In respect of the financial year ended 31 December 2013, the Directors recommend the payment of a final single-tier dividend of 3.0 sen per ordinary share on the 3,045,058,552 ordinary shares, amounting to RM91,351,757 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 27 June 2014 to shareholders registered on the Company's Register of Members at the close of business on 2 June 2014. 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 2014.

DIRECTORS

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

Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan, Chairman	
Dato' Sri Che Khalib Mohamad Noh	(appointed on 1 July 2013)
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	
Datuk Hj Hasni Harun	(resigned on 30 June 2013)

In accordance with Article 78 of the Company's Articles of Association, Encik Ooi Teik Huat will retire by rotation and, being eligible, offers himself for re-election.

In accordance with Article 85 of the Company's Articles of Association, Dato' Sri Che Khalib Mohamad Noh, who was appointed after the last Annual General Meeting, will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

The offices of Tan Sri 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' Report

for the financial year ended 31 December 2013 (continued)

DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2013, 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 of the Group and the Company 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 the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written-off for impaired receivables or the amount of the impairment of receivables in the financial statements of the Group and 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 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 the Company misleading or inappropriate.

Directors' Report

for the financial year ended 31 December 2013 (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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 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 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 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; and
- (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 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.

Directors' Report

for the financial year ended 31 December 2013 (continued)

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 3 April 2014.

**TAN SRI DATO' WIRA SYED ABDUL JABBAR
SYED HASSAN**
CHAIRMAN

**DATO' SRI CHE KHALIB
MOHAMAD NOH**
GROUP MANAGING DIRECTOR

Kuala Lumpur

Statement by Directors

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

We, Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan and Dato' Sri Che Khalib Mohamad Noh, two of the Directors of MMC Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 95 to 255 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2013 and of the financial performance and cash flows of the Group and the 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 256 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 3 April 2014.

**TAN SRI DATO' WIRA SYED ABDUL JABBAR
SYED HASSAN**
CHAIRMAN

**DATO' SRI CHE KHALIB
MOHAMAD NOH**
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 95 to 255 and the supplementary disclosure set out on page 256 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: 3 April 2014

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 95 to 255 which comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows of the Group and 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 financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the Companies Act, 1965, in Malaysia. The Directors are also responsible 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 give a true and fair view of the financial position of the Group and the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965, in Malaysia.

Independent Auditors' Report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 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 256 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
3 April 2014

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Revenue	5	7,445,353	9,199,212	462,232	596,988
Cost of sales	6	(5,301,601)	(6,665,533)	–	–
Gross profit		2,143,752	2,533,679	462,232	596,988
Other operating income/(loss):					
– items relating to investments		–	1,011,545	–	(83,789)
– others		305,193	340,257	5,361	3,953
Administrative expenses	6	(769,841)	(744,851)	(46,184)	(69,929)
Other operating expenses	6	(451,487)	(342,889)	(43,817)	(359)
Finance costs	7	(1,159,901)	(1,141,081)	(161,485)	(169,487)
Share of results of:					
– associates	18	140,997	130,118	–	–
– joint ventures	19	52,023	21,527	–	–
Profit before zakat and taxation	8	260,736	1,808,305	216,107	277,377
Zakat expense	9	(3,909)	(5,351)	–	(1,705)
Tax expense	10	193,602	(256,163)	(40,686)	(21,057)
Net profit for the financial year		450,429	1,546,791	175,421	254,615
Other comprehensive income/(loss), net of tax:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit liability		2,086	(13,108)	–	–
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale financial assets – fair value losses		(18,991)	(15,355)	–	–
Movement in associates' capital reserve		1,762	1,928	–	–
Fair value adjustment – cash flow hedge		181,257	(5,107)	–	–
Currency translation differences		3,167	(7,410)	–	–
Other comprehensive income/(loss) for the financial year (net of tax)		169,281	(39,052)	–	–
Total comprehensive income for the financial year		619,710	1,507,739	175,421	254,615

The notes on pages 109 to 255 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Net profit attributable to:					
– owners of the parent		228,657	922,351	175,421	254,615
– non-controlling interests		221,772	624,440	–	–
		450,429	1,546,791	175,421	254,615
Total comprehensive income attributable to:					
– owners of the parent		397,938	883,299	175,421	254,615
– non-controlling interests		221,772	624,440	–	–
		619,710	1,507,739	175,421	254,615
Earnings per ordinary share attributable to the equity holders of the Company (sen):					
– basic	11	7.5	30.3		
– diluted	11	7.5	30.3		

The notes on pages 109 to 255 are an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2013

	Note	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	1.1.2012 RM'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	13	19,144,848	16,779,064	16,269,277
Finance lease receivables	14	2,012,945	–	–
Investment properties	15	29,923	31,391	32,329
Prepaid lease payments	16	–	–	18,835
Investments in associates	18	2,684,793	2,804,490	1,463,122
Investments in joint arrangements	19	271,809	263,212	229,063
Available-for-sale financial assets	20	6,936	7,706	8,573
Property development expenditure	21	2,285,648	2,225,519	2,128,408
Trade and other receivables	23	144,165	162,167	4,062
Derivative financial instruments	38	80,241	–	–
Intangible assets	24	7,278,077	7,714,584	7,577,842
Deferred tax assets	25	1,408,310	1,255,165	1,192,636
		35,347,695	31,243,298	28,924,147
CURRENT ASSETS				
Inventories	26	493,734	507,923	507,488
Trade and other receivables	28	2,596,389	2,381,893	2,495,942
Assets held for sale	27	131	–	–
Derivative financial instruments	38	3,284	–	–
Tax recoverable		335,127	237,186	188,039
Amount due from holding company	29	–	2,518	5,518
Available-for-sale financial assets	20	88,576	88,576	85,588
Deposits, bank and cash balances	30	4,330,902	6,184,639	4,616,358
		7,848,143	9,402,735	7,898,933
TOTAL ASSETS		43,195,838	40,646,033	36,823,080

The notes on pages 109 to 255 are an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2013 (continued)

	Note	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	1.1.2012 RM'000 (Restated)
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT				
Share capital	31	304,506	304,506	304,506
Reserves	32	6,911,537	6,722,669	5,961,173
		7,216,043	7,027,175	6,265,679
Non-controlling interests		2,998,046	3,187,338	3,300,860
TOTAL EQUITY		10,214,089	10,214,513	9,566,539
NON-CURRENT LIABILITIES				
Redeemable preference shares	33	131,508	127,079	140,620
Borrowings	34	21,756,979	18,000,986	15,533,549
Land lease received in advance	35	281,909	296,975	158,433
Provision for retirement benefits	36(c)	78,679	83,574	65,988
Deferred income	37	2,783,247	2,524,477	2,245,572
Derivative financial instruments	38	31,762	162,750	–
Deferred tax liabilities	25	3,289,561	3,402,745	3,532,378
Trade and other payables	36	93,010	95,916	102,021
		28,446,655	24,694,502	21,778,561
CURRENT LIABILITIES				
Borrowings	34	2,221,426	3,374,412	3,443,415
Trade and other payables	36	2,185,830	2,246,080	1,944,155
Tax payables		8,286	51,536	31,705
Deferred income	37	85,121	64,990	58,705
Derivative financial instruments	38	34,431	–	–
		4,535,094	5,737,018	5,477,980
TOTAL LIABILITIES		32,981,749	30,431,520	27,256,541
TOTAL EQUITY AND LIABILITIES		43,195,838	40,646,033	36,823,080

The notes on pages 109 to 255 are an integral part of these financial statements.

Company Statement of Financial Position

as at 31 December 2013

	Note	2013 RM'000	2012 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	13,243	8,297
Investments in subsidiaries	17	7,240,467	7,266,300
Investments in associates	18	55,263	55,263
Investments in joint arrangements	19	15,001	15,001
Amounts due from subsidiaries	22	1,129,352	1,111,739
		8,453,326	8,456,600
CURRENT ASSETS			
Trade and other receivables	28	76,499	81,620
Tax recoverable		20,070	18,778
Amount due from holding company	29	-	2,518
Deposits, bank and cash balances	30	136,285	110,385
		232,854	213,301
TOTAL ASSETS		8,686,180	8,669,901
EQUITY AND LIABILITIES			
Share capital	31	304,506	304,506
Reserves	32	4,998,177	4,959,784
TOTAL EQUITY		5,302,683	5,264,290
NON-CURRENT LIABILITIES			
Amounts due to subsidiaries		537,547	368,651
Borrowings	34	1,982,250	1,016,750
		2,519,797	1,385,401
CURRENT LIABILITIES			
Borrowings	34	849,500	2,004,500
Trade and other payables	36	14,200	15,710
		863,700	2,020,210
TOTAL LIABILITIES		3,383,497	3,405,611
TOTAL EQUITY AND LIABILITIES		8,686,180	8,669,901

The notes on pages 109 to 255 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2013

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Available-for-sale financial assets RM'000
At 1 January 2013		304,506	2,039,770	(30,069)	1,219,271	102,329
Effects of adopting MFRS 119	4	-	-	-	-	-
As restated		304,506	2,039,770	(30,069)	1,219,271	102,329
Net profit for the financial year		-	-	-	-	-
Other comprehensive income/(loss):						
Share of movement in associates' reserves	18	-	-	-	-	(18,234)
Movement in value of investment		-	-	-	-	(757)
Fair value adjustment		-	-	-	-	-
Remeasurement of defined benefit liability		-	-	-	-	-
Currency translation differences		-	-	3,167	-	-
Total other comprehensive income/(loss)		-	-	3,167	-	(18,991)
Total comprehensive income/(loss) for the financial year		-	-	3,167	-	(18,991)
Transactions with owners:						
Transfer to capital reserves		-	-	-	-	-
Decrease in equity interest in an existing subsidiary		-	-	-	-	-
Acquisition of a subsidiary		-	-	-	-	-
Dividends for financial year ended 31 December 2012	12	-	-	-	-	-
Dividends paid to non-controlling shareholders	17	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
At 31 December 2013		304,506	2,039,770	(26,902)	1,219,271	83,338

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

The notes on pages 109 to 255 are an integral part of these financial statements.

Attributable to owners of the parent Non-distributable		Distributable					
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	
(5,107)	79,443	376,803	2,958,138	7,045,084	3,184,984	10,230,068	
-	-	-	(17,909)	(17,909)	2,354	(15,555)	
(5,107)	79,443	376,803	2,940,229	7,027,175	3,187,338	10,214,513	
-	-	-	228,657	228,657	221,772	450,429	
(57,230)	1,762	-	-	(73,702)	-	(73,702)	
-	-	-	-	(757)	-	(757)	
238,487	-	-	-	238,487	-	238,487	
-	-	-	2,086	2,086	-	2,086	
-	-	-	-	3,167	-	3,167	
181,257	1,762	-	2,086	169,281	-	169,281	
181,257	1,762	-	230,743	397,938	221,772	619,710	
-	-	2,300	(2,300)	-	-	-	
-	(72,042)	-	-	(72,042)	(109,079)	(181,121)	
-	-	-	-	-	18	18	
-	-	-	(137,028)	(137,028)	-	(137,028)	
-	-	-	-	-	(302,003)	(302,003)	
-	(72,042)	2,300	(139,328)	(209,070)	(411,064)	(620,134)	
176,150	9,163	379,103	3,031,644	7,216,043	2,998,046	10,214,089	

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2013 (continued)

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	Available- for-sale financial assets RM'000
At 1 January 2012 (restated)		304,506	2,039,770	(22,659)	1,219,271	117,684
Net profit for the financial year (restated)		-	-	-	-	-
Other comprehensive (loss)/income:						
Share of movement in associates' reserves	18	-	-	-	-	(17,476)
Movement in value of investment Fair value adjustment		-	-	-	-	2,121
Remeasurement of defined benefit liability		-	-	-	-	-
Currency translation differences		-	-	(7,410)	-	-
Total other comprehensive (loss)/ income		-	-	(7,410)	-	(15,355)
Total comprehensive (loss)/income for the financial year		-	-	(7,410)	-	(15,355)
Transactions with owners:						
Transfer to capital reserves		-	-	-	-	-
Disposal of a subsidiary		-	-	-	-	-
Dividends for financial year ended 31 December 2011	12	-	-	-	-	-
Dividends paid to non-controlling shareholders	17	-	-	-	-	-
Total transactions with owners		-	-	-	-	-
At 31 December 2012		304,506	2,039,770	(30,069)	1,219,271	102,329

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

The notes on pages 109 to 255 are an integral part of these financial statements.

Attributable to owners of the parent Non-distributable		Distributable				
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
–	77,515	374,503	2,155,089	6,265,679	3,300,860	9,566,539
–	–	–	922,351	922,351	624,440	1,546,791
–	1,928	–	–	(15,548)	–	(15,548)
–	–	–	–	2,121	–	2,121
(5,107)	–	–	–	(5,107)	–	(5,107)
–	–	–	(13,108)	(13,108)	–	(13,108)
–	–	–	–	(7,410)	–	(7,410)
(5,107)	1,928	–	(13,108)	(39,052)	–	(39,052)
(5,107)	1,928	–	909,243	883,299	624,440	1,507,739
–	–	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)
(5,107)	79,443	376,803	2,940,230	7,027,176	3,187,337	10,214,513

Company Statement of Changes in Equity

for the financial year ended 31 December 2013

	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	*Capital reserves RM'000	**Capital reserves RM'000	Retained earnings RM'000	
At 1 January 2013		304,506	2,039,770	59,710	243,074	2,617,230	5,264,290
Net profit for the financial year		-	-	-	-	175,421	175,421
Transactions with owners:							
Dividends for the financial year ended 31 December 2012	12	-	-	-	-	(137,028)	(137,028)
At 31 December 2013		304,506	2,039,770	59,710	243,074	2,655,623	5,302,683
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.

The notes on pages 109 to 255 are an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2013

Note	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
OPERATING ACTIVITIES				
Profit before zakat and taxation	260,736	1,808,305	216,107	277,377
Adjustments for:				
Depreciation of:				
– property, plant and equipment	738,394	720,886	2,334	1,574
– investment properties	510	559	–	–
Amortisation of:				
– prepaid lease payments	–	178	–	–
– rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
– subsidiaries	427,163	401,555	–	–
– associates	42,673	38,538	–	–
– rights on water treatment business	5,174	5,581	–	–
– rights on airport business	4,195	4,196	–	–
– land lease received in advance	(16,052)	(10,943)	–	–
– deferred income	(73,976)	(64,569)	–	–
Impairment loss on:				
– investment in a subsidiary	–	–	–	15
– investments in associates	–	2,456	–	83,774
Impairment of:				
– amount due from a subsidiary	–	–	2,318	–
– trade and other receivables	189,723	28,068	–	359
(Gain)/loss on disposal of:				
– subsidiary	8,17	(1,011,545)	–	–
– associate	–	(26,700)	–	–
(Gain)/loss on disposal of:				
– property, plant and equipment	10,870	(997)	(206)	2
– investment properties	(1,473)	(3,294)	–	–
– property development expenditure	–	(392)	–	–
– available for sale financial assets	12	–	–	–
Write-off of property, plant and equipment	116,931	2,691	–	–
Write-back of impairment of trade and other receivables	(16,435)	(14,516)	–	–
Dividend income	(651)	(3,255)	(422,232)	(503,988)

The notes on pages 109 to 255 are an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Distributions from joint ventures		–	–	(40,000)	(93,000)
Interest income		(180,145)	(190,965)	(3,061)	(2,772)
Interest expense		1,159,901	1,141,081	161,485	169,487
Share of results in:					
– associates	18	(140,997)	(130,118)	–	–
– joint ventures	19	(52,023)	(21,527)	–	–
Net unrealised (gain)/loss on foreign exchange		(29,634)	3,737	2	(79)
Provision for retirement benefits	36(c)	14,386	9,009	–	–
Fair value loss on borrowings		14,262	15,642	–	–
Adjustment for property, plant and equipment		(458)	85	–	–
		2,473,086	2,703,746	(83,253)	(67,251)
Changes in working capital:					
Inventories		14,189	123	–	–
Trade and other receivables		(437,063)	(122,082)	3,187	(270)
Trade and other payables		(57,206)	121,000	(1,511)	4,467
Cash generated from/(used in) operations		1,993,006	2,702,787	(81,577)	(63,054)
Designated accounts withdrawn		–	16,381	–	–
Deferred income received	37	329,882	330,787	–	–
Income tax (paid)/refund		(213,918)	(290,741)	(8,644)	34,640
Zakat paid		(3,909)	(5,351)	–	(1,705)
Land lease received in advance	35	16,035	160,428	–	–
Retirement benefits paid	36(c)	(1,905)	(1,673)	–	–
Net cash flow generated from/ (used in) operating activities		2,119,191	2,912,618	(90,221)	(30,119)

The notes on pages 109 to 255 are an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
INVESTING ACTIVITIES					
Investment in joint ventures		–	(9,875)	–	(9,875)
Investment in subsidiaries	45 (i)	(360,151)	(347,563)	–	–
Acquisition of assets and liabilities of Hicom Power Sdn. Bhd., net of cash gained	45 (ii)	–	(76,665)	–	–
Advances to subsidiaries		–	–	(17,876)	(55,670)
Redemption of Redeemable Unquoted Loan Stocks in a subsidiary		–	44,735	–	–
Proceeds from selective capital return of an unquoted associate	18	47,530	–	–	–
Dividends received from:					
– subsidiaries		–	–	351,899	469,156
– associates		127,233	132,655	–	–
– joint ventures		37,000	–	37,000	–
– others		651	3,255	–	–
Distributions received from joint operations		–	–	40,000	93,000
Interest received		180,145	190,965	3,061	2,772
Net cash inflows/proceeds from sale of:					
– subsidiary	17	–	81,080	–	–
– associate		–	74,568	–	–
Proceeds from sale of:					
– property, plant and equipment		4,901	1,239	610	5
– investment properties		2,300	3,673	–	–
– property development expenditure		–	923	–	–
Purchases of property, plant and equipment	13	(3,236,447)	(2,155,739)	(7,684)	(1,209)
Additional property development expenditure	21	(60,129)	(97,642)	–	–
Net cash flow (used in)/generated from investing activities		(3,256,967)	(2,154,391)	407,010	498,179

The notes on pages 109 to 255 are an integral part of these financial statements.

Statement of Cash Flows

for the financial year ended 31 December 2013 (continued)

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
FINANCING ACTIVITIES					
Dividends paid		(137,028)	(121,802)	(137,028)	(121,802)
Dividends paid to non-controlling interests of subsidiaries		(302,003)	(299,926)	–	–
Interest paid		(1,159,901)	(1,141,081)	(161,485)	(169,487)
Repayment from holding company		–	–	2,518	3,000
Borrowings:					
– drawdown		13,032,761	10,169,276	300,000	710,000
– repayment		(11,972,380)	(7,769,200)	(489,500)	(960,500)
Purchase of additional shares in a subsidiary from non-controlling interests		(181,121)	–	–	–
Advances from subsidiaries		–	–	194,730	101,037
Repayments to an associate		–	–	(124)	–
Net cash flow (used in)/generated from financing activities		(719,672)	837,267	(290,889)	(437,752)
Net change in cash and cash equivalents		(1,857,448)	1,595,494	25,900	30,308
Foreign exchange differences		3,167	(12,519)	–	–
Cash and cash equivalents at beginning of the financial year		6,182,842	4,599,868	110,385	80,077
Cash and cash equivalents at end of the financial year		4,328,561	6,182,843	136,285	110,385
Cash and cash equivalents comprise:					
Cash and bank balances	30	432,217	181,129	9,662	1,121
Deposits	30	3,898,685	6,003,510	126,623	109,264
Bank overdrafts	34	(2,341)	(1,796)	–	–
		4,328,561	6,182,843	136,285	110,385

The notes on pages 109 to 255 are an integral part of these financial statements.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013

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

(a) Basis of preparation

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

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

The preparation of financial statements in conformity with 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 judgment in the process of applying the Group and the Company’s accounting policies. Although these estimates and judgment are based on Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group and the Company’s financial year beginning on or after 1 January 2013 are as follows:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosures of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- The revised MFRS 127, Separate Financial Statements
- The revised MFRS 128, Investments in Associates and Joint Ventures
- Amendments to MFRS 101, Presentation of Items of Other Comprehensive Income
- Amendment to MFRS 116, Property, Plant and Equipment
- Amendment to MFRS 119, Employee Benefits
- Amendment to MFRS 7, Financial Instruments: Disclosures
- Amendments to MFRS 10, 11 & 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- IC Interpretation 20, Stripping Costs in The Production Phase of A Surface Mine

The adoption of the above new/revised standards and interpretations did not have a significant financial impact on the Group and did not result in substantial changes in the Group’s policies except for as discussed and disclosed in Note 4.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(a) Basis of preparation (continued)

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.

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 2014

- Amendments to MFRS 10, Consolidated Financial Statements
- Amendments to MFRS 12, Disclosure of Interests in Other Entities
- Amendments to MFRS 127, Consolidated and Separate Financial Statements
- Amendments to MFRS 132, Financial Instruments: Presentation
- IC Interpretation 21, Levies

MFRSs, Interpretations and amendments effective date yet to be determined by Malaysian Accounting Standards Board

- MFRS 9, Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities

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

- 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 impact of initial application of a standard, an amendment or an interpretation are discussed below:

Amendments to MFRS 10, MFRS 12 and MFRS 127

Amendments to MFRS 10, MFRS 12 and MFRS 127 introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(a) Basis of preparation (continued)

The impact of initial application of a standard, an amendment or an interpretation are discussed below: (continued)

Amendments to MFRS 132, Consolidated Financial Statements

Amendment to MFRS 132, Financial Instruments: Presentation does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

IC Interpretation 21, Levies

IC Interpretation 21, Levies sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that a liability to pay a levy is recognised when the obligating event occurs. Obligating event is the event identified by the legislation that triggers the payment of the levy.

MFRS 9, Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities

MFRS 9, Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch. The Group has yet to assess MFRS 9's full impact. The Group will also consider the impact of the remaining phases of MFRS 9 when completed by the Board.

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

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(b) Consolidation

(i) Subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

Management consider that the Group has de facto control of certain subsidiaries as disclosed in Note 44 even though it has less than 50% of the voting rights. The Group is the majority shareholder of these subsidiaries. There is no history of other shareholders forming a group to exercise their votes collectively.

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.

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.

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

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

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

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 the 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 the profit or loss.

(ii) Joint arrangements

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

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

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

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(b) Consolidation (continued)

(ii) Joint arrangements (continued)

In relation to the Group's interest in the joint operation, the Group recognises its assets (including its share of any assets held jointly), liabilities (including its share of any liabilities held jointly), revenue from the sale of its share of the output arising from the joint operation (including share of the revenue from the sale of the output by the joint operation) and expenses (including its share of any expenses incurred jointly).

(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.

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 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.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(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 the 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 recognises 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(c) Property, plant and equipment (continued)

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.

Gains and losses on disposals are determined by comparing net proceeds with carrying amount and are included in profit or 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 the profit or loss over the lease term on the same basis as the lease expense.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(d) Leases (continued)

(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 the 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.

(b) Group as lessor

Power purchase agreement

Effective 1 January 2011, the Group 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(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.

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 and machinery	3 – 30 years
Pipeline system	30 years
C-inspection costs	3 – 6 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(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.

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 profit or loss 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, joint arrangements 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 disposals proceed and its carrying amount is charged/credited to the profit or loss.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(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.

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 the 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(j) Intangibles (continued)

(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).

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(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 initial recognised amount and the redemption value is recognised in the 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 the 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(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) Taxation

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(r) 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.

(s) 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.

(ii) Defined benefit plans

The Group has adopted MFRS 119, Employee Benefits, during the financial year and accordingly changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans.

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

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

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(s) Employee benefits (continued)

(ii) Defined benefit plans (continued)

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

The Group and the Company determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group and the Company determined interest income on plan assets based on their long-term rate of expected return.

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

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

The change in accounting policy has been made retrospectively. The effects from the adoption of MFRS 119 (2011) are disclosed in Note 4.

(t) 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.

(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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(t) Revenue recognition (continued)

(iv) Construction contracts

(a) Fixed price contracts

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

(b) Cost plus contracts

Cost plus contracts where reimbursements are made on costs incurred for works carried out on an agreed contract rate, are recognised as revenue attributed to the proportion of work done progressively over the duration of the contracts.

(v) Port operations, repairing and cleaning containers

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

(vi) 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(t) 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/receivable from Tenaga National Berhad in relation to the PPAs. The amount is credited on the straight-line basis over the term of the respective PPAs under "Revenue" in the profit or loss.

(u) 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".

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(u) Accounting for zakat (continued)

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.

(v) 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.

(w) 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(w) Financial instruments (continued)

(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 categorised 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 28 and 30 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.

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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(w) Financial instruments (continued)

(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 the 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 the 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 the profit or loss when the Group's right to receive payments is established.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(w) 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 the 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 the 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(w) Financial instruments (continued)

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

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 the 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 the profit or loss. The amount of cumulative loss that is reclassified to the 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 the profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

De-recognition

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

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 the profit or loss.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(w) Financial instruments (continued)

(vi) Hedge accounting

Cash flow hedge

During the financial year, the Group 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 the profit or loss.

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

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

(x) 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.

Summary of Significant Accounting Policies

for the financial year ended 31 December 2013 (continued)

(y) 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.

(z) 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 2013

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 17 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 3 April 2014.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (continued)

(i) Foreign currency exchange risk (continued)

The Group also maintains a natural hedge by maintaining foreign currency denominated cash reserves in licensed bank accounts 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.

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	AUD RM'000	USD RM'000	EUR RM'000	CHF RM'000	KWD RM'000	Others RM'000
<u>2013</u>						
Deposits with licensed bank	42,751	29,693	-	43,767	23,368	-
Trade & other receivables	-	573,811	1,077	-	5,396	-
Borrowings	(1,937,704)	(285,951)	-	-	-	-
Trade & other payables	(23,013)	(60,642)	(61,989)	-	-	(916)
Net exposure	(1,917,966)	256,911	(60,912)	43,767	28,764	(916)
<u>2012</u>						
Deposits with licensed bank	26	36,329	-	-	11,298	1
Trade & other receivables	-	179,846	111	-	-	-
Borrowings	-	(275,247)	-	-	-	-
Trade & other payables	-	(11,352)	(169)	-	-	(1,119)
Net exposure	26	(70,424)	(58)	-	11,298	(1,118)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (continued)

(i) Foreign currency exchange risk (continued)

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia (“RM”). A 10% (2012: 10%) strengthening of the RM against the following currencies would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	2013	2012
	RM'000	RM'000
Profit or loss		
AUD	(191,797)	3
USD	25,691	(7,042)
EUR	(6,091)	(6)
CHF	4,377	–
KWD	2,876	1,130
Others	(92)	(112)
Net exposure	(165,036)	(6,027)

A 10% (2012: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(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 or loss of a defined interest rate shift.

The impact on profit after taxation attributable to shareholders of a 0.25% increase/decrease, with all other variables held constant, the weighted average interest rate of the Group’s borrowings and deposits would result in an increase/decrease of RM60 million in finance costs.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial risk factors (continued)

(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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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.

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
<u>At 31 December 2013</u>					
Trade and other payables	2,185,830	64,587	18,354	10,069	2,278,840
Redeemable preference shares	18,381	23,918	71,753	35,837	149,889
Borrowings:					
- fixed rate	2,300,606	1,894,340	7,026,741	21,525,831	32,747,518
- floating rate	933,554	312,975	1,431,944	342,193	3,020,666
	3,234,160	2,207,315	8,458,685	21,868,024	35,768,184
<u>At 31 December 2012</u>					
Trade and other payables	2,246,080	82,839	2,602	10,475	2,341,996
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

Details of borrowings are stated under Note 34.

(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 2013 and 31 December 2012.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Capital risk management (continued)

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 24(A) Port Business, Note 24(B) Electricity Generation Business and Note 24(C)(i) Airport Operations; to the financial statements.

(b) Residual value of power plants

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

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(b) Residual value of power plants (continued)

- (1) extension of five to ten years of the PPAs at the end of the initial concession period, in view of: (continued)
- (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	Residual value
		RM'million at 31.12.2013	RM'million at 31.12.2012
Segari Energy Ventures Sdn. Bhd. (“SEV”)	2027	370	370*
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	3,123

- * 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 20% 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.

(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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(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 profits will be available against which the temporary differences, estimating the future taxable profits involves significant assumptions, especially in respect of capital expenditure and operating costs. These assumptions have been built based on past performance and adjusted for non-recurring circumstances and a reasonable growth rate. 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 24 (A).

(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 profits 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 24 (C).

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES

The accounting policies are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012 except for the adoption of the new and revised Malaysian Financial Reporting Standards (“MFRS”) effective for the financial year beginning on 1 January 2013.

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

(a) MFRS 11, Joint Arrangements

MFRS 11 replaces MFRS 131 Interests in Joint Ventures and IC interpretation 113 Jointly-Controlled Entities-Non Monetary Contributions by Venturers for annual periods beginning on or after 1 January 2013. Therefore, the Group is required to comply with the requirements of MFRS 11 for the financial year ended 31 December 2013.

Pursuant to the previous accounting standard (MFRS 131), the Group recognised its interests in joint ventures using equity method (the allowed alternative method).

Pursuant to the new accounting standard (MFRS 11), a joint arrangement can be either a joint operation or a joint venture. A joint operator recognises and measures its assets, liabilities, revenue and expenses in accordance with the terms of the arrangement. A joint venturer recognises its interest in a joint venture using the equity method, whereby an investment is initially recognised at cost and the carrying amount is increased or decreased by the joint venturer's share of the profit and loss in the joint venture.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 11, Joint Arrangements (continued)

Some of the Group's joint arrangements met the characteristics of a joint venture and therefore, the Group continue to recognise its interests in the joint venture using equity method. However, some of the Group's joint arrangements met the characteristics of a joint operation and therefore, the Group recognises its share of each of the assets, liabilities, income and expenses in its consolidated financial statements. A change from equity method to accounting for the Group's share of underlying assets, liabilities, income and expense items arising from the joint operations would affect the Group's assets, liabilities, income and expenses but not the net profit or equity. This change would be applied retrospectively.

(b) Amendments to MFRS 116, Property, Plant and Equipment

The Group has changed its accounting policy in relation to the recognition of property, plant and equipment following the adoption of the amendment to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle). The amendment clarifies that spare parts are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. Previously, spare parts were classified as inventory, even if it was used for more than one period. Following the amendment, spare parts used for more than one period is classified as property, plant and equipment. The amendment to MFRS 116 was adopted by the Group retrospectively and the comparatives have been restated accordingly via reclassification from inventory to property, plant and equipment.

(c) Amendments to MFRS 119, Employee Benefits

During the financial year, the Group changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans in accordance with MFRS 119 (2011), Employee Benefits.

The Group's and the Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation is performed at regular interval by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Amendments to MFRS 119, Employee Benefits (continued)

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

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

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

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

The change in accounting policy has been made retrospectively.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following Note (i) disclose the impact of changes in accounting policies on the financial statements of the Group:

(i) Restatement of comparatives

Impact on the Group's statement of comprehensive income for the financial year ended 31 December 2012:

	As previously reported RM'000	MFRS 11 RM'000	MFRS 119 RM'000	As restated RM'000
Revenue	8,296,662	902,550	–	9,199,212
Cost of sales	(5,859,140)	(806,393)	–	(6,665,533)
Other Income	338,858	1,399	–	340,257
Administrative expenses	(743,796)	–	(1,055)	(744,851)
Other operating expenses	(341,954)	(935)	–	(342,889)
Finance costs	(1,138,532)	(2,549)	–	(1,141,081)
Share of result of joint ventures	115,599	(94,072)	–	21,527
Tax expenses	(258,321)	–	2,158	(256,163)
Net profit for the financial year	1,545,688	–	1,103	1,546,791
Net profit attributable to:				
– owners of the Parent	921,788	–	563	922,351
– non-controlling interest	623,900	–	540	624,440

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

4 IMPACT OF CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The following Note (i) disclose the impact of changes in accounting policies on the financial statements of the Group: (continued)

(i) Restatement of comparatives (continued)

Impact on the Group's statement of financial position as at 31 December 2012:

	As previously reported RM'000	MFRS 11 RM'000	MFRS 116 RM'000	MFRS 119 RM'000	As restated RM'000
Property, plant and equipment	16,533,465	30,303	215,296	–	16,779,064
Trade and other receivables (non-current)	142,266	19,901	–	–	162,167
Deferred tax assets	1,249,280	–	–	5,885	1,255,165
Inventories	722,290	929	(215,296)	–	507,923
Trade and other receivables (current)	2,134,699	247,194	–	–	2,381,893
Deposits, bank and cash balances	6,161,698	22,941	–	–	6,184,639
Reserves	6,740,578	–	–	(17,909)	6,722,669
Non-controlling interests	3,184,984	–	–	2,354	3,187,338
Provision for retirement benefits	62,138	–	–	21,436	83,574
Deferred tax liabilities	3,402,617	128	–	–	3,402,745
Trade and other payables (non-current)	13,866	82,050	–	–	95,916
Trade and other payables (current)	2,022,730	223,350	–	–	2,246,080
Tax payables	51,666	(130)	–	–	51,536

Impact on the Group's statement of financial position as at 1 January 2012:

Property, plant and equipment	16,029,865	25,868	213,544	–	16,269,277
Trade and other receivables (non-current)	3,305	757	–	–	4,062
Deferred tax assets	1,188,910	–	–	3,726	1,192,636
Inventories	719,906	1,126	(213,544)	–	507,488
Trade and other receivables (current)	2,327,958	167,984	–	–	2,495,942
Deposits, bank and cash balances	4,579,556	36,802	–	–	4,616,358
Reserves	5,966,536	–	–	(5,363)	5,961,173
Non-controlling interests	3,299,047	–	–	1,813	3,300,860
Provision for retirement benefits	58,713	–	–	7,275	65,988
Trade and other payables (non-current)	18,303	83,718	–	–	102,021
Trade and other payables (current)	1,812,521	131,634	–	–	1,944,155

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

5 REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Electricity generation	4,612,563	5,452,073	–	–
Sale of gas	–	914,816	–	–
Water treatment services	77,745	75,161	–	–
Port operations	1,407,213	1,364,800	–	–
Airport operations	33,977	24,673	–	–
Contract revenue	1,101,762	1,110,077	–	–
Services	50,942	163,846	–	–
Property lease	160,500	90,511	–	–
Dividends (Note 8(i))	651	3,255	422,232	503,988
Distributions from joint operations	–	–	40,000	93,000
	7,445,353	9,199,212	462,232	596,988

6 ANALYSIS OF EXPENSES

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
<u>Cost of sales</u>				
Cost of electricity generation	3,512,341	4,069,313	–	–
Cost of gas sold	–	821,421	–	–
Cost of water treatment services	66,994	30,820	–	–
Cost of port operations	778,083	709,419	–	–
Contract cost recognised as an expense	944,183	1,034,560	–	–
	5,301,601	6,665,533	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

6 ANALYSIS OF EXPENSES (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
<u>Administrative and other operating expenses</u>				
Consultants and professional fees	88,696	78,789	7,217	31,331
Depreciation, amortisation and impairment	320,097	336,563	2,334	1,574
Contributions and Corporate Social Responsibility activities	66,517	81,012	40,473	2,091
Office administration expenses	33,855	32,376	1,300	938
Repair and maintenance	7,393	4,780	644	238
Rental expenses	32,303	63,508	2,079	2,313
Staff related costs	214,901	203,563	26,663	22,734
Utilities	17,702	24,812	202	186
Insurance, cess fund and licenses	91,454	95,225	228	239
Impairment in an associate	–	2,456	–	–
Impairment of receivables	170,149	9,788	–	–
Travelling expenses	28,014	28,755	164	437
Others	150,247	126,113	8,697	8,207
	1,221,328	1,087,740	90,001	70,288

Included in the cost of electricity generation is the amortisation of intangible assets relating to rights on PPAs and OMAs amounting to RM470 million (2012: RM440 million).

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

7 FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Al-Istisna Bonds	18,815	24,456	–	–
Medium Terms Notes	333,276	569,948	–	–
Term Loans	279,757	242,992	133,348	146,602
Junior Sukuk	113,400	63,013	–	–
Bai' Bithaman Ajil Islamic Debt Securities	19,711	28,925	–	–
Sukuk Ijarah Bonds	241,412	86,720	–	–
Subordinated Loan Notes	19,126	9,977	–	–
Commercial Papers	7,204	9,123	–	–
Islamic Medium Term Notes	81,331	75,193	–	–
Sukuk Wakalah	11,025	–	–	–
Others	34,844	30,734	28,137	22,885
	1,159,901	1,141,081	161,485	169,487

8 PROFIT BEFORE ZAKAT AND TAXATION

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
(i) Profit before zakat and taxation is arrived at:				
<u>After charging:</u>				
Auditors' remuneration:				
– statutory audit (PwC)	606	601	276	258
– audit related services (PwC)	675	249	331	249
– non-audit services (PwC)	384	206	293	29
Other auditors' remuneration:				
– statutory audit (non-PwC)	766	708	–	–
– non-audit related services (non-PwC)	599	446	–	–
– non-audit services (non-PwC)	5,337	2,890	–	–
Directors' fees (Note 8(ii))	1,094	1,010	425	425
Depreciation of:				
– property, plant and equipment (Note 13)	738,394	720,886	2,334	1,574
– investment properties (Note 15)	510	559	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

8 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
After charging: (continued)				
Amortisation of:				
– prepaid lease payments	–	178	–	–
– rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
– subsidiaries (Note 24)	427,163	401,555	–	–
– associates	42,673	38,538	–	–
– rights on water treatment business (Note 24)	5,174	5,581	–	–
– rights on airport business (Note 24)	4,195	4,196	–	–
Impairment of trade and other receivables (Note 28)	189,723	28,068	–	359
Realised loss on foreign exchange	448	510	–	–
Unrealised loss on foreign exchange	811	4,100	2	–
Impairment loss on:				
– investment in a subsidiary	–	–	–	15
– investments in associates	–	2,456	–	83,774
Provision for retirement benefits (Note 36(c))	14,386	9,009	–	–
Hire of plant and machinery	108,518	90,175	–	–
Rent of leasehold land and buildings	60,491	71,301	2,079	2,313

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

8 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
<u>After charging: (continued)</u>				
Write-off of property, plant and equipment	116,931	2,691	–	–
Contributions and Corporate Social Responsibility activities	66,517	81,012	40,473	2,091
Staff costs (including Executive Directors' remuneration (Note 8(ii)):				
– wages, salaries and bonuses	360,771	357,812	12,941	12,232
– defined contribution plan	39,727	41,189	1,927	1,801
– other employee benefits	43,262	28,153	1,854	1,601
<u>After crediting:</u>				
Realised gain on foreign exchange	627	586	–	–
Unrealised gain on foreign exchange	30,445	363	–	79
Amortisation of:				
– land lease received in advance (Note 35)	16,052	10,943	–	–
– deferred income (Note 37)	73,976	64,569	–	–
Gain/(loss) on disposal of:				
– property, plant and equipment	(10,870)	997	206	(2)
– investment properties	1,473	3,294	–	–
– property development expenditure	–	392	–	–
– available for sale financial assets	(12)	–	–	–
Rental income	1,328	6,201	50	60
Write-back of impairment of receivables (Note 28)	16,435	14,516	–	–
Interest income	180,145	190,965	3,061	2,772
Gain on disposal of a subsidiary (including fair value measurement gain of RM753,515,000 on remaining non-controlling interest (Note 17))	–	1,011,545	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

8 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
After crediting: (continued)				
Gain on disposal of an associate	–	26,700	–	–
Gross dividend income:				
– subsidiaries: unquoted in Malaysia	–	–	385,232	489,852
– subsidiaries: quoted in Malaysia	–	–	–	14,136
– associates: unquoted in Malaysia	55,688	106,524	–	–
– associates: quoted in Malaysia	71,545	26,131	–	–
– joint ventures: unquoted in Malaysia	–	–	37,000	–
– other investments: quoted in Malaysia	651	3,255	–	–

(ii) Directors' remuneration:

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors of the Company				
Non-Executive Directors:				
– fees	1,094	1,010	425	425
– other emoluments	2,217	1,468	481	492
– defined contribution plan	285	269	7	7
– estimated monetary value of benefits-in-kind	245	200	195	185
Executive Directors:				
– salaries and other emoluments	3,591	3,062	3,454	2,861
– defined contribution plan	542	492	541	486
– estimated monetary value of benefits-in-kind	194	170	194	165
	8,168	6,671	5,297	4,621

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

9 ZAKAT EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Movement in zakat liability:				
– current financial year's expense	3,909	5,351	–	1,705
– paid during the financial year	(3,909)	(5,351)	–	(1,705)
At the end of the financial year	–	–	–	–

10 TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Malaysian income tax				
Current tax:				
– in respect of profit for the financial year	68,051	254,101	41,422	22,483
– under/(over) accrual in prior financial years (net)	4,676	17,715	(736)	(1,426)
	72,727	271,816	40,686	21,057
Deferred tax (Note 25):				
– origination and reversal of temporary differences	(269,144)	(28,246)	–	–
– under accrual in prior financial years (net)	2,815	12,593	–	–
	(266,329)	(15,653)	–	–
	(193,602)	256,163	40,686	21,057

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 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	256,827	1,802,954	216,107	275,672
Tax calculated at the applicable Malaysian tax rate of 25% (2012: 25%)	64,207	450,739	54,027	68,918
Tax effects of:				
– expenses not deductible for tax purposes	62,979	232,739	36,632	44,503
– income not subject to tax	(163,170)	(350,936)	(82,225)	(115,914)
– change in tax rate	(36,689)	–	–	–
– temporary differences not recognised	1,697	7,928	212	431
– utilisation of previously unrecognised temporary differences and tax losses	(4,108)	(39,620)	–	–
– utilisation of investment tax allowance	(87,145)	(17,158)	–	–
– share of results of associates and joint ventures (net)	(38,864)	(57,837)	–	–
– share of tax in joint operations	–	–	32,776	24,545
– under/(over) accrual in prior financial years (net)	7,491	30,308	(736)	(1,426)
Income tax expense	(193,602)	256,163	40,686	21,057

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

11 EARNINGS PER ORDINARY SHARE

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

	Group	
	2013	2012 (Restated)
Profit attributable to ordinary equity holders of the Company (RM'000)	228,657	922,351
Weighted average number of ordinary shares in issue ('000)	3,045,058	3,045,058
Basic earnings per share (sen)	7.5	30.3
Diluted earnings per share (sen)	7.5	30.3

12 DIVIDENDS

	Group and Company	
	2013 RM'000	2012 RM'000
Dividends paid:		
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
In respect of financial year ended 31 December 2012:		
A final single-tier dividend of 4.5 sen per ordinary share on 3,045,058,552 ordinary shares paid on 28 June 2013	137,028	–

At the forthcoming Annual General Meeting, a final single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2013 on 3,045,058,552 ordinary shares, amounting to RM91,351,757 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

13 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000	Mining leases properties RM'000
<u>Cost/valuation</u>				
At 1 January 2012 (restated)	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 (restated)	80,764	954,129	3,904,770	347
Disposals	–	–	–	–
Additions	2	–	11,108	–
Reclassification	–	–	238,471	–
Write-offs	–	–	(1,697)	–
#Adjustments	–	–	95	–
At 31 December 2013	80,766	954,129	4,152,747	347

Note:

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

Power plants RM'000	Plant and machinery RM'000	Pipeline system RM'000	Capital work in progress RM'000	C-inspection and parts cost RM'000	Total RM'000
10,659,388	2,704,295	1,205,662	300,964	755,636	20,526,901
–	(65,489)	(1,216,438)	(16,843)	–	(1,320,465)
–	(5,444)	–	–	–	(5,444)
12,230	66,189	10,776	1,967,880	85,679	2,155,739
–	73,531	–	(132,975)	–	–
–	(14,093)	–	(1,961)	–	(16,054)
–	2,344	–	9,251	–	(85)
10,671,618	2,761,333	–	2,126,316	841,315	21,340,592
–	(25,516)	–	–	(110,470)	(135,986)
24,599	69,250	–	2,661,179	470,309	3,236,447
–	103,394	–	(341,893)	–	(28)
(135,312)	(1,220)	–	–	(34,643)	(172,872)
–	363	–	–	–	458
10,560,905	2,907,604	–	4,445,602	1,166,511	24,268,611

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000	Mining leases properties RM'000
<u>Accumulated depreciation</u>				
At 1 January 2012 (restated)	(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 (restated)	(12,811)	(81,479)	(660,465)	–
Depreciation (Note 8(ii))	(2,057)	(20,501)	(83,483)	–
Disposals	–	–	–	–
Write-offs	–	–	–	–
Reclassification	–	–	–	–
At 31 December 2013	(14,868)	(101,980)	(743,948)	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

Power plants RM'000	Plant and machinery RM'000	Pipeline system RM'000	Capital work in progress RM'000	C-inspection and parts cost RM'000	Total RM'000
(1,661,889)	(1,114,980)	(356,841)	–	(448,168)	(4,239,060)
–	15,308	375,432	–	–	396,006
(345,185)	(189,512)	(18,591)	–	(64,759)	(720,886)
–	5,202	–	–	–	5,202
–	13,363	–	–	–	13,363
–	85	–	–	–	85
(2,007,074)	(1,270,534)	–	–	(512,927)	(4,545,290)
(337,461)	(193,739)	–	–	(101,153)	(738,394)
–	21,630	–	–	98,585	120,215
25,925	1,177	–	–	28,839	55,941
–	3	–	–	–	3
(2,318,610)	(1,441,463)	–	–	(486,656)	(5,107,525)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000	Mining leases properties RM'000
<u>Accumulated impairment losses</u>				
At 1 January 2012	(11,257)	–	(1,348)	–
Disposal of a subsidiary	–	–	–	–
At 31 December 2012	(11,257)	–	(1,348)	–
At 31 December 2013	(11,257)	–	(1,348)	–
<u>Net book value</u>				
At 31 December 2012	56,696	872,650	3,242,957	347
At 31 December 2013	54,641	852,149	3,407,451	347

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

Power plants RM'000	Plant and machinery RM'000	Pipeline system RM'000	Capital work in progress RM'000	C-inspection and parts cost RM'000	Total RM'000
–	(3,633)	(2,326)	–	–	(18,564)
–	–	2,326	–	–	2,326
–	(3,633)	–	–	–	(16,238)
–	(3,633)	–	–	–	(16,238)
8,664,544	1,487,166	–	2,126,316	328,388	16,779,064
8,242,295	1,462,508	–	4,445,602	679,855	19,144,848

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold properties RM'000	Leasehold properties RM'000	Mining leases properties RM'000	Plant, machinery and equipment RM'000	Total RM'000
Cost					
At 1 January 2012	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
Additions	–	–	–	7,684	7,684
Disposals	–	–	–	(3,312)	(3,312)
At 31 December 2013	826	5,620	347	24,323	31,116
Accumulated depreciation					
At 1 January 2012	–	(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)
Depreciation (Note 8(i))	–	(57)	–	(2,277)	(2,334)
Disposals	–	–	–	2,908	2,908
At 31 December 2013	–	(1,349)	–	(16,524)	(17,873)
Net book value					
At 31 December 2012	826	4,328	347	2,796	8,297
At 31 December 2013	826	4,271	347	7,799	13,243

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2013 RM'000	2012 RM'000
Net book value of property, plant and equipment pledged as security for borrowings	16,934,704	14,870,958

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 RM14.8 million (2012: RM7.6 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	
	2013 RM'000	2012 RM'000
Freehold properties	8,263	8,823

14 FINANCE LEASE RECEIVABLES

The finance lease receivable relates to the 25-year lease agreement for the right to use and occupy 3 parcels of land, substation and assets.

The future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Group	
	2013 RM'000	2012 RM'000
Minimum lease payments:		
Within one year	141,499	–
1-2 years	146,452	–
2-5 years	492,726	–
Over 5 years	4,166,757	–
Gross finance lease	4,947,434	–
Less : unearned finance income	(2,934,489)	–
Present value of minimum lease payments	2,012,945	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

14 FINANCE LEASE RECEIVABLES (CONTINUED)

	Group	
	2013 RM'000	2012 RM'000
Analysed as:		
Within one year	-	-
1-2 years	-	-
2-5 years	-	-
Over 5 years	2,012,945	-
Total finance lease receivable	2,012,945	-
Comprising:		
Current	-	-
Non-current	2,012,945	-
	2,012,945	-

For the financial year ended 31 December 2013, the Group recognised a finance lease income of RM80,268,000 in the statement of comprehensive income.

15 INVESTMENT PROPERTIES

	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1 January	36,845	37,461
Disposals	(871)	(616)
Transfer to assets held for sale (Note 27)	(185)	-
At 31 December	35,789	36,845

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

15 INVESTMENT PROPERTIES (CONTINUED)

	Group	
	2013 RM'000	2012 RM'000
Accumulated depreciation		
At 1 January	(4,566)	(4,244)
Depreciation (Note 8(i))	(510)	(559)
Disposals	44	237
Transfer to assets held for sale (note 27)	54	–
At 31 December	(4,978)	(4,566)
Accumulated impairment losses		
At 1 January/31 December	(888)	(888)
Net book value	29,923	31,391
Fair value	155,444	147,644

All investment properties are freehold properties.

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

	Group	
	2013 RM'000	2012 RM'000
Rental income	1,278	1,925
Direct operating expenses	881	1,347

16 PREPAID LEASE PAYMENTS

	Group	
	2013 RM'000	2012 RM'000
At 1 January	–	18,835
Amortisation for the financial year	–	(178)
Disposal of subsidiary (Note 17)	–	(18,657)
At 31 December	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

17 INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Investment in subsidiaries at cost:		
– shares quoted in Malaysia	–	150,774
– unquoted shares	7,251,712	7,126,771
	7,251,712	7,277,545
Less: Accumulated impairment losses of unquoted shares	(11,245)	(11,245)
Total	7,240,467	7,266,300
Market value of quoted investments:		
– quoted in Malaysia	–	299,109

Details of the Group's subsidiaries are shown in Note 44.

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

	2013			Total RM'000
	Malakoff Corporation Berhad RM'000	Pelabuhan Tanjung Pelepas Sdn Bhd RM'000	Other individually immaterial subsidiaries RM'000	
NCI percentage of ownership interest and voting interest	49%	30%	10% – 72.5%	
Carrying amount of NCI	2,185,819	522,886	289,341	2,998,046
Profit allocated to NCI	157,210	43,716	20,846	221,772
Dividends paid to NCI of the Group	283,590	1,200	17,213	302,003

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

	2012					
	Malakoff Corporation Berhad RM'000	Pelabuhan Tanjung Pelepas Sdn Bhd RM'000	Aliran Ihsan Resources Berhad RM'000	MMC Shapadu (Holdings) Sdn Bhd RM'000	Other Individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	49%	30%	37%	24%	10%–72.5%	
Carrying amount of NCI	2,309,845	479,170	108,306	287,013	3,003	3,187,337
Profit/(Loss) allocated to NCI	309,387	26,192	(918)	288,511	1,268	624,440
Dividends paid to NCI of the Group	131,359	–	8,368	160,199	–	299,926

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The summarised financial statements before intra-group elimination of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2013	
	Malakoff Corporation Berhad RM'000	Pelabuhan Tanjung Pelepas Sdn Bhd RM'000
NCI percentage of ownership interest and voting interest	49%	30%
As at 31 December		
Non-current assets	22,514,369	4,405,188
Current assets	5,597,897	273,198
Non-current liabilities	(21,964,604)	(2,473,916)
Current liabilities	(1,964,537)	(455,018)
Net Assets	4,183,125	1,749,452
Year ended 31 December		
Revenue	4,717,419	906,458
Profit for the year	244,725	145,718
Total comprehensive income	402,475	145,718
Cash flows generated from operating activities	1,671,262	373,873
Cash flows used in investing activities	(2,713,994)	(642,469)
Cash flows (used in)/generated from financing activities	(569,501)	178,796
Net decrease in cash and cash equivalents	(1,612,233)	(89,800)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The summarised financial statements before intra-group elimination of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows: (continued)

	2012		
	Malakoff Corporation Berhad RM'000	Pelabuhan Tanjung Pelepas Sdn Bhd RM'000	Aliran Ihsan Resources Berhad RM'000
NCI percentage of ownership interest and voting interest	49%	30%	37%
As at 31 December			
Non-current assets	18,903,663	3,854,725	59,414
Current assets	7,348,499	335,749	288,944
Non-current liabilities	(19,546,071)	(2,250,554)	(53)
Current liabilities	(2,544,444)	(342,687)	(30,629)
Net Assets	4,161,647	1,597,233	317,676
Year ended 31 December			
Revenue	5,587,608	889,383	99,499
Profit/(Loss) for the year	549,277	87,307	(2,469)
Total comprehensive income/(expenses)	536,824	87,307	(2,469)
Cash flows generated from/(used in) operating activities	2,042,444	518,015	(15,472)
Cash flows (used in)/generated from investing activities	(2,163,763)	(77,304)	53,152
Cash flows generated from/(used in) financing activities	2,189,518	(444,922)	(22,572)
Net increase/(decrease) in cash and cash equivalents	2,068,199	(4,211)	15,108

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 profit or loss 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.

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 interests	(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)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

17 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: (continued)

	2012 RM'000
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 flows of the discontinued operations is as follows:

Operating cash flows	39,262
Investing cash flows	(14,317)
Financing cash flows	(40,725)
Total cash flows	(15,780)

18 INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares, at cost	2,034,547	2,049,573	-	-
Selective capital return of an unquoted associate	(47,530)	-	-	-
	1,987,017	2,049,573	-	-
Shares quoted in Malaysia, at cost	1,288,731	1,288,731	139,037	139,037
Share of post-acquisition loss	(83,569)	(26,428)	-	-
	3,192,179	3,311,876	139,037	139,037
Accumulated impairment losses	(507,386)	(507,386)	(83,774)	(83,774)
Total	2,684,793	2,804,490	55,263	55,263

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Market value of quoted associates:				
Shares quoted in Malaysia	2,077,188	1,398,356	54,711	55,263

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.

The financial year end of all of the associates are the same with the Group except for Zelan Berhad (31 March 2014), Kapar Energy Ventures Sdn. Bhd. (31 August 2014) and Port Dickson Power Berhad (30 June 2014). The management accounts as of 31 December 2013 for these associates have been used in the equity accounting of Group's share of profit or loss and reserves up to period ended on that date.

All the associates are strategic to the Group's activities.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2013						
<u>Summarised financial information</u>	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%
As at 31 December							
Non-current assets	981,926	315,135	134,949	3,002,390	6,531,350	3,257,531	1,443,321
Current assets	525,312	154,860	152,386	1,733,203	429,933	293,508	147,515
Non-current liabilities	(170,763)	(76,790)	(15,387)	(3,277,784)	(5,294,617)	(2,985,281)	(935,953)
Current liabilities	(332,407)	(323,604)	(35,461)	(1,027,967)	(553,766)	(414,676)	(109,494)
Net assets	1,004,068	69,601	236,487	429,842	1,112,900	151,082	545,389
Year ended 31 December							
Profit/(Loss) for the year	171,436	(20,740)	78,500	(18,930)	237,302	69,916	61,565
Other comprehensive (loss)/income	-	(41,932)	-	-	-	263,751	-
Total comprehensive income/(expense)	171,436	(62,672)	78,500	(18,930)	237,302	333,667	61,565

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2013						
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%
Revenue	2,317,219	254,917	321,602	2,622,256	902,163	976,116	219,821
Depreciation and amortisation	(47,565)	(7,025)	(22,937)	(244)	(232,130)	(165,311)	(68,481)
Interest income	7,848	16,939	1,713	16,937	-	13	-
Interest expense	(342)	(92,748)	(1,314)	(288,523)	(324,195)	(156,318)	(29,929)
Income tax expense	(45,941)	(4,323)	(26,548)	(10,608)	-	-	-
Fair value based on quoted market price	2,022,477	54,711					

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies applied between the Group and the associates.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2013								
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
Reconciliation of net assets to carrying amount:									
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%		
As at 31 December									
Group's share of net assets	408,651	27,627	59,122	171,939	127,903	60,390	111,364	52,688	1,019,684
Goodwill	-	-	-	-	-	284,765	-	-	284,765
Intangible assets	-	-	-	197,281	-	72,518	-	-	269,799
Redeemable unsecured loan stocks	-	-	-	357,030	-	-	-	-	357,030
Fair value measurement	753,515	-	-	-	-	-	-	-	753,515
Carrying amount in the statement of financial position	1,162,166	27,627	59,122	726,250	127,903	417,673	111,364	52,688	2,684,793

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2013								
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of result									
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%		
Year ended 31 December									
Group's share of profit/(loss) for the year	69,775	(8,140)	19,625	(7,572)	29,949	27,945	12,311	(2,896)	140,997
Group's share of other comprehensive (loss)/income	-	(16,457)	-	-	(108,591)	71,873	-	(20,527)	(73,702)
Group's share of total comprehensive income/(expense)	69,775	(24,597)	19,625	(7,572)	(78,642)	99,818	12,311	(23,423)	67,295
Other information									
Gross dividends received by the Group	71,545	-	27,750	-	-	23,947	-	3,991	127,233

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2012						
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000
<u>Summarised financial information</u>							
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%
As at 31 December							
Non-current assets	944,749	445,676	116,988	3,462,526	6,193,650	3,154,110	1,370,328
Current assets	568,731	351,586	223,670	1,296,217	388,962	270,757	106,152
Non-current liabilities	(175,830)	(165,151)	(23,210)	(3,039,952)	(5,763,543)	(3,196,221)	(925,726)
Current liabilities	(329,238)	(499,760)	(48,461)	(1,290,314)	(172,816)	(354,610)	(111,944)
Net assets/(liabilities)	1,008,412	132,351	268,987	428,477	646,253	(125,964)	438,810
Year ended 31 December							
Profit/(Loss) for the year	99,196	(93,910)	107,581	53,168	248,586	68,655	46,556
Other comprehensive (loss)/income	-	(26,707)	-	-	33,112	20,562	-
Total comprehensive income/(expense)	99,196	(120,617)	107,581	53,168	281,698	89,217	46,556

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2012						
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%
Revenue	1,210,478	254,917	239,148	3,086,729	881,066	951,779	219,821
Depreciation and amortisation	(25,483)	(7,924)	(25,226)	(269)	(225,301)	(150,590)	(67,351)
Interest income	4,341	9,307	2,005	13,205	-	13	-
Interest expense	(271)	(16,815)	(1,024)	(287,587)	(317,508)	(161,509)	(26,597)
Income tax (expense)/credit	(27,057)	-	(36,127)	15,923	-	-	-
Fair value based on quoted market price	1,343,093	55,263					

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies applied between the Group and the associates.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2012								
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
<u>Reconciliation of net assets to carrying amount:</u>									
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%		
As at 31 December									
Group's share of net assets	410,421	52,238	67,247	171,391	77,550	50,348	90,537	196,155	1,115,887
Goodwill	-	-	-	-	-	265,583	-	-	265,583
Intangible assets	-	-	-	234,717	-	77,758	-	-	312,475
Redeemable unsecured loan stocks	-	-	-	357,030	-	-	-	-	357,030
Fair value measurement	753,515	-	-	-	-	-	-	-	753,515
Carrying amount in the statement of financial position	1,163,936	52,238	67,247	763,138	77,550	393,689	90,537	196,155	2,804,490

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

18 INVESTMENTS IN ASSOCIATES (CONTINUED)

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

	2012								
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Port Dickson Power Berhad RM'000	Kapar Energy Ventures Sdn Bhd RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
Group's share of result									
Effective percentage of ownership interest	30.9%	39.2%	12.8%	20.4%	6.1%	20.4%	20.0%		
Year ended 31 December									
Group's share of profit/ (loss) for the year	40,373	(36,855)	26,895	21,267	29,830	27,441	9,311	11,856	130,118
Group's share of other comprehensive (loss)/ income	-	(10,481)	-	-	(13,286)	8,219	-	-	(15,548)
Group's share of total comprehensive income/ (expense)	40,373	(47,336)	26,895	21,267	16,544	35,660	9,311	11,856	114,570
Other information									
Gross dividends received by the Group	26,131	18,937	-	5,125	35,842	-	-	46,620	132,655

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS

All the Group's joint arrangements have a financial year ending 31 December, which is consistent with the Group.

All the joint arrangements are strategic to the Group's activities.

Investment in joint ventures

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At cost:				
Unquoted shares	15,001	15,001	15,001	15,001
Unquoted shares, outside Malaysia	64,118	64,118	-	-
Share of post-acquisition reserves	192,690	184,093	-	-
	271,809	263,212	15,001	15,001

Details of the Group's joint ventures are shown in Note 44.

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

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

	2013				
	MMC Gamuda Joint Venture Sdn Bhd RM'000	MMC Gamuda KVMRT (PDP) Sdn Bhd RM'000	MMC Gamuda KVMRT (T) Sdn Bhd RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd RM'000	Almiyah Attilemcania SPA RM'000
<u>Summarised financial information</u>					
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%
As at 31 December					
Non-current assets	29,530	186,088	289,969	633,505	535,944
Current assets	818,224	667,698	1,417,329	27,051	192,352
Non-current liabilities	(81,539)	(146,748)	(135,607)	(302,005)	(511,791)
Current liabilities	(666,916)	(650,112)	(1,575,264)	(49,997)	(73,004)
Deposits, cash & bank balances	522,267	10,382	39,446	24,742	60,024
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-	-	(302,005)	(508,628)
Current financial liabilities (excluding trade and other payables and provisions)	-	(30,000)	(452,500)	(10,498)	-

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

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

	2013				
	MMC Gamuda Joint Venture Sdn Bhd RM'000	MMC Gamuda KVMRT (PDP) Sdn Bhd RM'000	MMC Gamuda KVMRT (T) Sdn Bhd RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd RM'000	Almiyah Attilemcania SPA RM'000
<u>Summarised financial information</u> (continued)					
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%
Year ended 31 December					
Profit/(Loss) for the year	9,284	104,937	(16,418)	(1,344)	10,636
<u>Included in the total comprehensive income/(expense) is:</u>					
Revenue	1,357,732	2,272,554	2,512,493	36,719	121,082
Depreciation and amortisation	(2,207)	(4,938)	(5,578)	(1,022)	(23,156)
Interest income	12,024	1,847	1,834	1,243	-
Interest expense	(323)	-	(27,233)	(18,322)	(19,752)
Income tax credit/(expense)	1,900	(27,749)	(7,658)	-	-

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies applied between the Group and the joint ventures.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

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

	2013						
	MMC Gamuda Joint Venture Sdn Bhd RM'000	MMC Gamuda KVMRT (PDP) Sdn Bhd RM'000	MMC Gamuda KVMRT (T) Sdn Bhd RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd RM'000	Almiah Attilemcania SPA RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
<u>Reconciliation of net assets to carrying amount:</u>							
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%		
As at 31 December							
Group's share of net assets/(liabilities)/ Carrying amount in the statement of financial position	49,648	28,462	(1,787)	154,276	51,230	(10,020)	271,809
<u>Group's share of result</u>							
Year ended 31 December							
Group's share of profit/(loss) for the year	4,642	52,468	(8,209)	(673)	3,795	-	52,023
Other information							
Distribution received	-	37,000	-	-	-	-	37,000

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

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

	2012				
	MMC Gamuda Joint Venture Sdn Bhd RM'000	MMC Gamuda KVMRT (PDP) Sdn Bhd RM'000	MMC Gamuda KVMRT (T) Sdn Bhd RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd RM'000	Almiah Attilemcania SPA RM'000
<u>Summarised financial information</u>					
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%
As at 31 December					
Non-current assets	257,505	10,115	55,085	641,176	477,103
Current assets	871,351	320,656	638,278	23,259	236,535
Non-current liabilities	(80,294)	(25,378)	(7,156)	(312,503)	(509,702)
Current liabilities	(958,547)	(279,404)	(662,084)	(42,076)	(71,070)
Deposits, cash & bank balances	565,412	41,735	102,030	21,457	77,665
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-	-	(312,503)	(500,165)
Current financial liabilities (excluding trade and other payables and provisions)	-	-	-	(6,460)	-

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

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

	2012				
	MMC Gamuda Joint Venture Sdn Bhd RM'000	MMC Gamuda KVMRT (PDP) Sdn Bhd RM'000	MMC Gamuda KVMRT (T) Sdn Bhd RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd RM'000	Almiyah Attilemcania SPA RM'000
<u>Summarised financial information</u> (continued)					
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%
Year ended 31 December					
Profit/(Loss) for the year	21,708	16,232	14,126	(7,450)	5,402
<u>Included in the total comprehensive income/(expense) is:</u>					
Revenue	1,758,523	640,391	702,306	34,507	111,170
Depreciation and amortisation	(2,660)	(3,168)	(1,046)	(698)	(20,576)
Interest income	24,506	778	3,933	691	–
Interest expenses	(2,124)	–	(37,223)	(18,290)	(20,455)
Income tax expenses	(7,944)	(5,727)	(11,824)	–	–

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies applied between the Group and the joint ventures.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

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

	2012						
	MMC Gamuda Joint Venture Sdn Bhd RM'000	MMC Gamuda KVMRT (PDP) Sdn Bhd RM'000	MMC Gamuda KVMRT (T) Sdn Bhd RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd RM'000	Almiyah Attilemcania SPA RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
Reconciliation of net assets to carrying amount:							
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%		
As at 31 December							
Group's share of net assets/(liabilities)/ Carrying amount in the statement of financial position	45,008	12,994	12,062	154,928	47,433	(9,213)	263,212
Group's share of result Year ended 31 December							
Group's share of profit/ (loss) for the year	10,854	8,116	7,063	(3,725)	1,929	(2,710)	21,527
Other information							
Distribution received	-	-	-	-	-	-	-

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

19 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

Investment in joint ventures (continued)

The Group's share of capital commitment and contingent liabilities in the joint ventures are as set out below:

	Group	
	2013	2012
	RM'000	RM'000
Capital commitment:		
Property, plant and equipment:		
Authorised and contracted for	94,615	144,877
Contingent liabilities:		
Performance bond to Government of Malaysia	919,098	886,426
Advance payment Guarantee	196,752	196,752
Bank Guarantee	50,416	151,179

Investment in joint operations

Details of the Group's joint operations are shown in Note 44.

All the joint operations are incorporated and operated in Malaysia.

In relation to the Group's share of interest in the joint operation, the Group consistently recognises its assets (including its share of any assets held jointly), liabilities (including its share of any liabilities held jointly), revenue from the sale of its share of the output arising from the joint operation (including share of the revenue from the sale of the output by the joint operation) and expenses (including share of any expenses incurred jointly).

The accounting policy on the Group's joint operations is disclosed in Note 4(a).

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Fair value of financial instruments

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted price included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); 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	
	2013	2012
	RM'000	RM'000
At 1 January	96,282	94,161
Net (losses)/gains transferred to equity	(757)	2,121
Disposals	(13)	–
At 31 December	95,512	96,282
Less: non-current portion	(6,936)	(7,706)
Current portion	88,576	88,576

Available-for-sale financial assets comprise the following:

Listed equity securities:

– in Malaysia	88,576	88,576
– outside Malaysia	6,936	7,706
	95,512	96,282

Available-for-sale financial assets are denominated in the following currencies:

Ringgit Malaysia	88,576	88,576
Australian Dollar	6,936	7,706
	95,512	96,282

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

21 PROPERTY DEVELOPMENT EXPENDITURE

	Group		
	Freehold land RM'000	Development expenditure RM'000	Total RM'000
1 January 2012	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
Additions	–	60,129	60,129
At 31 December 2013	1,813,457	472,191	2,285,648

Freehold land

Freehold land comprise several contiguous pieces of land with a total area of approximately 2,592.87 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.

22 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	
	2013 RM'000	2012 RM'000
Fair values of amounts due from subsidiaries are as follows:		
Amounts due from subsidiaries	1,129,352	1,111,739

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

23 TRADE AND OTHER RECEIVABLES

Analysis of amounts recoverable after 12 months:

	Group	
	2013 RM'000	2012 RM'000
Trade receivables	14,368	19,901
Staff loans	2,858	3,183
Other receivables	126,939	139,083
	144,165	162,167

Staff loans to eligible staff	3,143	3,549
Repayments due within the next twelve months	(285)	(366)
	2,858	3,183

Analysis of repayment schedule:

Within 1 year	285	366
After 5 years	2,858	3,183
	3,143	3,549

	Group and Company	
	2013 RM'000	2012 RM'000
Mining exploration expenditure, at cost	9,962	9,962
Accumulated impairment losses	(9,962)	(9,962)
Carrying value	-	-

Trade receivables represent advance to subcontractors for construction materials purchase on behalf and cash advance in accordance with contracts. The advances are secured by advance payment guarantee from subcontractors, non-interest bearing and are repayable either upon termination or fully recouped upon completion of contracts.

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

24 INTANGIBLE ASSETS

<u>Group</u>	Rights on Power Purchase Agreement and Operations Maintenance Agreement RM'000	Goodwill on consolidation RM'000	Rights on water treatment business RM'000	Rights on airport business RM'000	Total RM'000
<u>Cost</u>					
1 January 2012	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
Reclassification	-	-	28	-	28
At 31 December 2013	7,651,870	2,043,263	30,060	188,909	9,914,102
<u>Accumulated amortisation/impairment losses</u>					
1 January 2012	(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)
Amortisation charge (Note 8(i))	(427,163)	-	(5,174)	(4,195)	(436,532)
Reclassification	-	-	(3)	-	(3)
At 31 December 2013	(2,588,319)	-	(25,926)	(21,780)	(2,636,025)
<u>Net book value</u>					
At 31 December 2012	5,490,714	2,043,263	9,283	171,324	7,714,584
At 31 December 2013	5,063,551	2,043,263	4,134	167,129	7,278,077

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

24 INTANGIBLE ASSETS (CONTINUED)

Goodwill on consolidation

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

	2013	2012
	RM'000	RM'000
Pelabuhan Tanjung Pelepas Sdn. Bhd. - port business	1,512,366	1,512,366
Malakoff Corporation Berhad - electricity generation business	340,392	340,392
Senai Airport Terminal Services Sdn. Bhd. - manage, operate, maintain and develop the Senai International Airport in Johor Darul Takzim and to provide airport and aviation related services and property development ("Airport City")	190,505	190,505
	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 RM1,514 million.

The VIU is derived based on management's cash flow projections for 5 financial years from 2014 to 2018 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 2014 to 2018, will be in the region of 8.5 million TEUs;
- (b) The cash flow projections after 2018 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

24 INTANGIBLE ASSETS (CONTINUED)

(A) Port Business (continued)

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.

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 14.0% per annum in the total projected annual TEU in each financial year over the projection period; or
- (ii) Long term growth rate beyond the explicit projection period is lower than 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 14.5% per annum in the total projected annual TEU in each financial year over the projection period), the impairment charge would approximately be RM55.6 million.

Had the pre-tax discount rate been 0.1% higher from the breakeven point as mentioned in Note 24(A) (iii) above (discount rate of 10.8%), the impairment charge would be approximately RM6.8 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 24 financial years from 2014 to 2037.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

24 INTANGIBLE ASSETS (CONTINUED)

(B) Electricity Generation Business (continued)

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	9 – 24 years
(c)	Dependable capacity	
	- power	350MW – 2,420MW
	- water	17,047 m ³ /hour
(d)	Capacity factor	
	- power	1% to 99% of dependable capacity
	- water	95% to 98% of dependable capacity
(e)	Net electrical output	
	- power (million kW/hour)	735 – 15,864
	- water (thousand m ³)	67,370 – 73,238
(f)	Capacity Rate	
	- power (RM/kW/month)	5.85 – 50.00
	- water (RM/m ³ /month)	1,117 – 1,241
(g)	Fixed Operating Rate under Revenue (RM/kW/month)	4.75 – 10.50
(h)	Variable Operating Rate under Revenue	
	- power (RM/kW/month)	0.0064 – 5.12
	- water (RM/m ³ /month)	77.25 – 111.58
(i)	Fuel price (RM/mmBtu)	6.07 – 57.07
(j)	Variable Operating Rate under Cost (RM/kWh/month)	0.0071 – 0.0240
(k)	Fixed Operating Rate under Cost (RM/kW/month)	2.16 – 12.99
(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)	Pre-tax discount rate	10.0%

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 9 to 24 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

24 INTANGIBLE ASSETS (CONTINUED)

(C) Airport City (continued)

(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 2014 to 2053 and the key assumptions used in the calculation of the VIU are as follows:

- (a) Pre-tax discount rate of 8.0% per annum;
- (b) Total passengers are forecasted to grow with a Projected Compounded Annual Growth Rate of 12% per annum from 2014 to 2019 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 39 years.

(ii) Property Development Land

The recoverable amount of the property development land is determined based on the market value of the land which as of September 2013, 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

25 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	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
To be realised after more than 12 months:				
Deferred tax assets	1,408,310	1,255,165	-	-
Deferred tax liabilities	(3,289,561)	(3,402,745)	-	-
	(1,881,251)	(2,147,580)	-	-
At 1 January	(2,147,580)	(2,339,742)	-	-
(Charged)/credited to profit or loss (Note 10):				
- property, plant and equipment	(75,299)	(191,478)	5	(11)
- payables	-	(900)	-	-
- deferred expense	(18,763)	-	-	-
- tax losses	37,500	643	-	-
- deferred income	44,652	72,416	-	-
- provisions	79,152	9,942	(28)	12
- intangibles	112,818	111,912	-	-
- investment tax allowances	81,225	7,155	-	-
- others	5,044	5,963	23	(1)
	266,329	15,653	-	-
Disposal of a subsidiary company (net)	-	176,509	-	-
At 31 December	(1,881,251)	(2,147,580)	-	-

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

25 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Subject to income tax:				
Deferred tax assets (before offsetting)				
Property, plant and equipment	639,195	770,750	–	–
Tax losses	62,223	24,723	–	–
Provisions	153,681	74,529	90	118
Deferred income	641,928	597,276	–	–
Investment tax allowances	730,730	649,505	–	–
Others	38,397	33,353	29	6
	2,266,154	2,150,136	119	124
Offsetting	(857,844)	(894,971)	(119)	(124)
Deferred tax assets (after offsetting)	1,408,310	1,255,165	–	–
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	(2,957,010)	(3,013,266)	(119)	(124)
Intangibles	(1,171,632)	(1,284,450)	–	–
Deferred expense	(18,763)	–	–	–
	(4,147,405)	(4,297,716)	(119)	(124)
Offsetting	857,844	894,971	119	124
Deferred tax liabilities (after offsetting)	(3,289,561)	(3,402,745)	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

25 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 assets have been recognised in the statement of financial position are as follows:

	Group	
	2013 RM'000	2012 RM'000
Deductible temporary differences	70,977	66,913
Unused tax losses	274,564	283,804
	345,541	350,717

26 INVENTORIES

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Spares, consumables and container repair materials	248,968	240,616
Diesels and fuels	70,275	73,016
Coals	173,724	193,619
Chemicals	653	518
Raw materials	114	154
	493,734	507,923

Inventories of the Group of RM28.4 million (2012: RM30.9 million) comprising spare parts, consumables and container repair materials are pledged as security for borrowings as disclosed in Note 34.

27 ASSETS HELD FOR SALE

	Group	
	2013 RM'000	2012 RM'000
Investment properties (Note 15)	131	–

In September 2013, a wholly-owned subsidiary of the Group, entered into a sales and purchase agreement to dispose its property for sales consideration of RM1,343,000. The disposal was completed at the end of February 2014.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

28 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Trade receivables	1,774,573	1,461,030	8	8
Less: Impairment of trade receivables	(242,752)	(79,482)	(8)	(8)
	1,531,821	1,381,548	-	-
Other receivables	470,807	464,579	32,917	35,533
Less: Impairment of other receivables	(12,965)	(14,804)	(864)	(864)
	457,842	449,775	32,053	34,669
Deposits	179,582	79,867	1,132	1,707
Prepayments	44,316	44,359	-	-
	681,740	574,001	33,185	36,376
Amounts due from contract customers (Note 39)	46,388	112,541	-	-
Amounts due from associates	293,259	268,568	133	9
Amounts due from joint ventures	43,181	45,235	43,181	45,235
	2,596,389	2,381,893	76,499	81,620

Credit terms of trade receivables of the Group and Company vary from 30 to 60 days (2012: 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 51% (2012: 78%) 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

28 TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2013, trade and other receivables of RM436.7 million (2012: RM540.8 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Neither past due nor impaired	1,935,822	1,715,892	75,367	79,913
Past due not impaired:				
Up to 3 months	364,252	442,830	–	–
3 to 6 months	7,474	15,649	–	–
More than 6 months	64,943	82,296	–	–
	436,669	540,775	–	–
Impaired	255,717	94,286	872	872
	2,628,208	2,351,953	76,239	80,785

As at 31 December 2013, trade and other receivables amounting to RM255.7 million (2012: RM94.3 million) for the Group and RM872,000 (2012: RM872,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate to customers, which some have defaulted in payment. The aging analysis of these trade and other receivables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Up to 3 months	41,041	–	–	–
3 to 6 months	186	14,473	–	–
More than 6 months	214,490	79,813	872	872
	255,717	94,286	872	872

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

28 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	
	2013 RM'000	2012 RM'000
Functional currency (RM)		
– US Dollar	573,811	179,846
– others	6,473	111
	580,284	179,957

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
At 1 January	94,286	86,727	872	513
Impairment during the financial year (Note 8(i))	189,723	28,068	–	359
Write-off	(11,857)	(5,993)	–	–
Write-back of impairment of receivables (Note 8(i))	(16,435)	(14,516)	–	–
At 31 December	255,717	94,286	872	872

The allowance and the write-back of allowance for impaired trade and other receivables have been included in "other operating expenses" in the statement of comprehensive income.

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

29 AMOUNT DUE FROM HOLDING COMPANY

	Group and Company	
	2013 RM'000	2012 RM'000
Amount due from holding company	-	2,518

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

30 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Deposits with:				
Licensed banks	3,072,874	4,204,033	53,623	61,000
Investment banks	122,020	632,578	12,000	35,264
Other financial institutions	703,791	1,166,899	61,000	13,000
	3,898,685	6,003,510	126,623	109,264
Cash and bank balances	432,217	181,129	9,662	1,121
	4,330,902	6,184,639	136,285	110,385

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

Functional currency (RM)				
- US Dollar	29,693	36,329	-	-
- Australian Dollar	42,751	26	-	26
- Kuwait Dinar	23,368	11,298	-	-
- Swiss Franc	43,767	-	-	-
- IRD Indonesian	-	1	-	-
	139,579	47,654	-	26

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

30 DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

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	
	2013 % per annum	2012 % per annum	2013 % per annum	2012 % per annum
Deposits placed with:				
Licensed banks	3.24	3.26	3.53	3.36
Investment banks	3.27	3.18	3.26	3.18
Other financial institutions	3.38	3.34	3.51	3.10

Deposits of the Group have an average maturity of 65 days (2012: 89 days).

31 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000
Authorised:				
Ordinary shares of RM0.10 each:				
At 31 December	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At 31 December	3,045,058	3,045,058	304,506	304,506

32 RESERVES

As at 31 December 2013, 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

33 REDEEMABLE PREFERENCE SHARES (“RPS”)

	Group	
	2013 RM'000	2012 RM'000
Nominal value of RPS at RM0.01 each:		
At 1 January/31 December	1,140	1,140
Premium on RPS:		
At 1 January/31 December	112,911	112,911
	114,051	114,051
Dividend on RPS	35,838	30,849
Classified as liabilities	149,889	144,900
Amount recognised within the next twelve months (Note 36)	(18,381)	(17,821)
Classified as non-current liabilities	131,508	127,079

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 holder 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

34 BORROWINGS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Current</u>				
Secured:				
Commercial Papers	198,173	–	–	–
Term loans	498,142	1,667,206	314,500	1,439,500
Al-Bai' Bithaman Ajil Bonds	130,000	120,000	–	–
Al-Istisna Bonds	63,736	63,639	–	–
Islamic Medium Term Notes	16,213	16,131	–	–
Sukuk Medium Term Notes	500,000	700,000	–	–
Sukuk Ijarah Medium Term Notes	–	150,000	–	–
Revolving Credits	26,947	200,000	–	200,000
Sukuk Wakalah	20,000	–	–	–
USD term loan	8,844	8,258	–	–
AUD term loan	10,872	–	–	–
Unsecured:				
Term loans	170,000	–	170,000	–
Revolving Credits	521,000	403,000	365,000	365,000
Bank overdrafts	2,341	1,796	–	–
Multi-option line	3,491	2,715	–	–
Government Loan	51,667	41,667	–	–
	2,221,426	3,374,412	849,500	2,004,500
<u>Non-current</u>				
Secured:				
Term loans	3,402,662	2,515,330	1,582,250	746,750
Al-Bai' Bithaman Ajil Bonds	–	130,000	–	–
Al-Istisna Bonds	129,495	193,231	–	–
Sukuk Medium Term Notes	4,244,338	4,641,439	–	–
Islamic Medium Term Notes	1,097,779	704,963	–	–
Sukuk Ijarah Medium Term Notes	3,544,065	3,508,439	–	–
Senior Sukuk Murabahah	3,290,000	3,290,000	–	–
USD term loan	277,107	266,989	–	–
AUD term loan	1,926,832	–	–	–
Sukuk Wakalah	450,000	–	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

34 BORROWINGS (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
<u>Non-current</u> (continued)				
Unsecured:				
Term loan	300,000	170,000	300,000	170,000
Revolving Credits	100,000	100,000	100,000	100,000
Subordinated Loan Notes	183,798	61,061	–	–
Government Loan	48,333	58,333	–	–
Junior Sukuk Musharakah	1,800,000	1,800,000	–	–
Junior EBL Term Loan	726,905	330,102	–	–
Islamic Medium Term Notes	235,665	231,099	–	–
	21,756,979	18,000,986	1,982,250	1,016,750
Total	23,978,405	21,375,398	2,831,750	3,021,250
Fair values of borrowings	25,192,070	21,658,073	2,831,750	3,021,250
Analysis of repayment schedule:				
Within 1 year	2,221,426	3,374,412	849,500	2,004,500
From 1 to 2 years	1,161,011	1,547,825	297,250	384,500
From 2 to 5 years	5,616,329	4,440,094	1,360,000	632,250
After 5 years	14,979,639	12,013,067	325,000	–
	23,978,405	21,375,398	2,831,750	3,021,250

- (i) 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 loan is 5 years with repayments over 6 equal instalments and bullet repayment on maturity.
- (ii) Interest on term loans of a subsidiary, are charged at a fixed rate which ranges from 3.75% to 4.11% (2012: 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

34 BORROWINGS (CONTINUED)

- (iii) The term loans are secured by:
- (a) a fixed and floating charge by way of debenture over all the assets and undertaking of the subsidiary.
 - (b) a charge on the specific Designated Accounts and all monies standing to the credit of the subsidiary.
 - (c) assignment of certain rights and benefits of the subsidiary.
- (iv) 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.
- (v) A term loan (Commodity Murabahah Term Financing loan) relating to a subsidiary, carries effective islamic cost of funds rate plus 1.20% per annum. 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, the gearing ratio shall not exceed 1 times and minimum profit coverage 5 times at the subsidiary level.
- (vi) A revolving credit (Murabahah Tawarruq Revolving Credit) relating to a subsidiary is subject to profit rate of 1% above the Islamic cost of funds rate and repayable in full at the end of each profit period, unless rollover. Profit is to be paid in arrears upon maturity of each period at prevailing rate.
- (vii) The Al-Ijarah Muntahiah Bitamlik (included under secured long term loans) of a subsidiary, carries a profit rate of 5.75% to 8.55% (2012: 5.75% to 8.55%) per annum and is repayable in 18 quarterly instalments from 20 June 2012. The repayment of the facility has been renegotiated to extend by another 3 years, repayable in 28 quarterly instalments from March 2015. It carries Effective Islamic Cost of Funds rate plus 2.25% (2012: 2.25%) per annum.

The term loan is secured as follows:

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

34 BORROWINGS (CONTINUED)

- (viii) Pursuant to the Islamic Financing Facility Agreement based on Islamic principle of Al-Ijarah Muntahiah Bitamlik:
- (a) the subsidiary is required to maintain a finance service cover ratio of at least 1.50 times throughout the tenure of the facility.
 - (b) the subsidiary shall maintain maximum total Debt/Equity Ratio of no higher than 80:20, throughout the tenure of the facility.

(ix) 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.

(x) 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.

(xi) The term loans of the Company are secured by certain assets of the Company and a subsidiary company. Interest rates on the term loans and revolving credits of the Company range from 4.40% to 5.85% (2012: 4.40% to 5.85%) per annum. The tenure of the loans ranges from 1 - 6 years with bullet repayments on maturity from the dates of drawdown and up to 6 semi-annual/annual instalments. The revolving credit facility of the Company is unsecured and bears interest ranging from 4.00% to 4.33% (2012: 4.00% to 4.33%) per annum.

(xii) The Commercial Papers, bonds, Medium Term and Loan Notes and Senior Sukuk of subsidiaries are secured over property, plant and equipment with a carrying amount of RM12,365 million (2012: RM10,648 million). These borrowings are subject to the fulfilment of the following significant covenants:

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.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

34 BORROWINGS (CONTINUED)

- (xii) 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 RM12,365 million (2012: RM10,648 million). These borrowings are subject to the fulfilment of the following significant covenants: (continued)

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.

USD term loan: Maintain a Debt/Equity Ratio of the Guarantor 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 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 to be no greater than 80:20 and a Finance Service Cover Ratio of not less than 1.05:1.

AUD term loan: Maintain a total debt to tangible net worth of the parent (the Company) of not more than 1.25:1 and a Group total debt to tangible net worth of not more than 7:1 and maintain a minimum projected debt service cover ratio of 1.30:1 and a gearing ratio of not more than 85%.

Sukuk Wakalah: Maintain a debt-to-equity ratio of not more than 80:20 commencing 24 months after the issue date until the final maturity and a finance service cover ratio of at least 1.25 times.

Sukuk Medium Term Note: Maintain an aggregated debt-to-equity of not more than 1.0:1 and the Group debt-to-equity of not more than 5.5:1.

Term loan: Maintain a debt-to-equity ratio of not more than 1.50:1 and a debt service cover ratio of not less than 1.20 times.

The profit rates and interest rates per annum for the above facilities range from 3.65% to 9.30% (2012: 4.65% to 9.20%) and from 12.0% to 16.0% (2012: 12.0% to 16.0%) respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

35 LAND LEASE RECEIVED IN ADVANCE

	Group	
	2013 RM'000	2012 RM'000
<u>At cost:</u>		
At 1 January	296,975	158,433
Additions during the financial year	16,035	160,428
Recognised as income during the financial year (Note 8(i))	(16,052)	(10,943)
Recognisable within next 12 months (included under other payables) (Note 36)	(15,049)	(10,943)
At 31 December	281,909	296,975

Included in the land lease received in advance is an amount of RM99,951,542 (2012: RM103,936,727) 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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
<u>Current</u>				
Trade payables	522,441	500,191	1,158	1,103
Other payables	805,779	1,006,567	3,884	8,003
Accruals	581,246	653,145	9,158	6,604
Dividend payable on RPS (Note 33)	18,381	17,821	-	-
Land lease received in advance (Note 35)	15,049	10,943	-	-
Land lease liabilities (Note 36(a))	3,468	3,884	-	-
Concession fee payable (Note 36(b))	20,000	20,000	-	-
Amounts due to contract customers (Note 39)	217,476	31,197	-	-
Provision for retirement benefits (Note 36(c))	1,990	2,332	-	-
	2,185,830	2,246,080	14,200	15,710
<u>Non-current</u>				
Trade payables	79,934	82,050	-	-
Other payables	-	53	-	-
Land lease liabilities (Note 36(a))	13,076	13,813	-	-
	93,010	95,916	-	-
Total	2,278,840	2,341,996	14,200	15,710

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Functional currency (RM):				
- Australian Dollar	23,013	-	-	-
- US Dollar	60,642	11,352	-	-
- EURO	61,989	169	-	-
- Others	916	1,119	-	-
	146,560	12,640	-	-

Credit terms of trade payables granted to the Group and Company vary from immediate payment to 90 days (2012: immediate payment to 90 days).

(a) Land lease liabilities

	Group	
	2013 RM'000	2012 RM'000
Minimum lease payments:		
Not later than 1 year	4,559	5,021
Later than 1 year and not later than 5 years	7,396	7,308
Later than 5 years	11,354	13,269
	23,309	25,598
Less: Unexpired term charges	(6,765)	(7,901)
	16,544	17,697
Present value of finance lease obligations:		
Not later than 1 year	3,468	3,884
Later than 1 year and not later than 5 years	3,007	3,338
Later than 5 years	10,069	10,475
	16,544	17,697

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

(b) Concession fee payable

	Group	
	2013 RM'000	2012 RM'000
Not later than 1 year	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, 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 (2012: 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 payable 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.

(c) Provision for retirement benefits

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Present value of unfunded obligations	97,459	88,263
Fair value of plan assets	(16,790)	(2,357)
Net liability recognised in the statement of financial position	80,669	85,906
Analysed as:		
Current	1,990	2,332
Non-current	78,679	83,574
	80,669	85,906

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits (continued)

Movement in defined benefit liabilities:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Defined benefit liabilities at beginning of the year	87,791	69,474
Included in profit or loss:		
Current service cost	9,185	6,515
Interest cost	4,277	3,202
Other service cost	997	–
	14,459	9,717
Included under other comprehensive income:		
Actuarial (gain)/loss arising from:		
– (gain)/loss due to financial assumption changes	(1,773)	9,697
– experience adjustment	694	2,856
Others	(831)	–
	(1,910)	12,553
Other movement:		
Benefits paid by the plan	(1,892)	(2,464)
Benefits paid directly by the employer	(989)	(1,017)
	(2,881)	(3,481)
Defined benefit obligations at end of the year	97,459	88,263

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits (continued)

Movement in fair value of plan assets:

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Plan assets at beginning of the year	(1,885)	(2,112)
Included in profit or loss:		
Interest income	(73)	(708)
Included under other comprehensive income:		
Return on scheme assets	(176)	552
Other movements:		
Benefits paid by the plan	976	1,808
Employer contribution	(15,632)	(1,897)
	(14,656)	(89)
Plan assets at end of the year	(16,790)	(2,357)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits (continued)

Movement in net defined benefit liabilities:

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Net defined benefit liabilities at beginning of the year	85,906	67,362
The expense included under profit or loss is analysed as follows:		
Current service cost	9,185	6,515
Interest cost	4,204	2,494
Other service cost	997	–
Expenses recognised in the profit or loss	14,386	9,009
The expense included under other comprehensive income is analysed as follows:		
Actuarial (gain)/loss arising from:		
- (gain)/loss due to financial assumption changes	(1,773)	9,697
- experience adjustment	694	2,856
Return on scheme assets	(176)	552
Others	(831)	–
Expenses recognised in the other comprehensive Income	(2,086)	13,105
Other movement is analysed as follows:		
Benefits paid directly by the employer	(989)	(1,017)
Benefits paid by the plan	(916)	(656)
Employer contribution	(15,632)	(1,897)
	(17,537)	(3,570)
Net defined benefit liabilities at end of the year	80,669	85,906

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits (continued)

Plan assets

The major categories of plan assets are as follows:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Equity instruments	8,237	925
Malaysian government securities	3,492	392
Foreign investments	2,965	333
Cash and cash equivalents	1,847	207
Others	249	28
At 31 December	16,790	1,885

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

	2013	2012
	%	%
Discount rates	5.3 to 6.6	5.0 to 6.6
Salary inflation rates	5.0 to 7.9	5.0 to 7.9

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

36 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits (continued)

Plan assets (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group	
	2013	2012
	%	%
Impact on the aggregate service and interest costs:		
Discount rate:		
One percentage point increase	(784)	(199)
One percentage point decrease	892	226
Salary inflation:		
One percentage point increase	1,818	501
One percentage point decrease	(1,541)	(429)
Impact on the defined benefit obligation:		
Discount rate:		
One percentage point increase	(9,517)	(2,575)
One percentage point decrease	11,244	2,996
Salary inflation:		
One percentage point increase	11,852	3,189
One percentage point decrease	(10,196)	(2,785)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

37 DEFERRED INCOME

	Group	
	2013 RM'000	2012 RM'000
At 1 January	2,589,467	2,304,277
Deferred income received during the financial year	329,882	330,787
Grant recognised during the financial year	22,995	–
Fair value adjustment	–	18,972
Recognised as income during the financial year (Note 8 (i))	(73,976)	(64,569)
At 31 December	2,868,368	2,589,467
Non-current	2,783,247	2,524,477
Current	85,121	64,990
At 31 December	2,868,368	2,589,467

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		Company	
	2013 Assets RM'000	2012 Liabilities RM'000	2013 Assets RM'000	2012 Liabilities RM'000
<u>Current</u>				
Derivative used for hedging:				
Interest rate swap	–	34,319	–	–
Forward foreign exchange	3,284	112	–	–
	3,284	34,431	–	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

38 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Group		Company	
	2013 Assets RM'000	2012 Liabilities RM'000	2013 Assets RM'000	2012 Liabilities RM'000
<u>Non-Current</u>				
Derivative used for hedging:				
Interest rate swap	16,134	31,762	-	17,501
Cross currency swap	64,107	-	-	145,249
	80,241	31,762	-	162,750

Interest rate swap and cross currency swap are used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. The Group entered into interest rate swaps and cross currency swaps, to hedge the interest rate risk and foreign exchange risk. The interest rate swaps and cross currency swaps were entered into for a period of 5 years to 25 years tenure.

The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2013 were RM67,069,000 (2012: Nil). The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2013 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

39 CONSTRUCTION CONTRACTS

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Aggregate costs incurred and recognised profits (less losses) to date	5,910,036	4,794,537
Progress billings	(6,081,124)	(4,713,193)
	(171,088)	81,344
Amounts due from contract customers (Note 28)	46,388	112,541
Amounts due to contract customers (Note 34)	(217,476)	(31,197)
	(171,088)	81,344

	Group	
	2013 RM'000	2012 RM'000
Retentions on contracts	10,775	10,307

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

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Office rental	2,302	1,955
Hire of plant and machinery	14,953	10,679
Staff costs	110,785	102,560

Staff costs consist of the following:

Salaries, wages and bonuses	93,978	92,204
Defined contribution plan-contribution	4,845	4,112
Other employee benefits	11,962	6,244
	110,785	102,560

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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) 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 RM'000	Energy and utilities		Utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
		Gas RM'000	Energy RM'000				
<u>2013</u>							
<u>Revenue</u>							
Total	1,526,397	-	4,717,419	117,956	1,227,384	35,938	7,625,094
Inter-segment	(13,908)	-	-	-	(165,833)	-	(179,741)
External	1,512,489	-	4,717,419	117,956	1,061,551	35,938	7,445,353
<u>Results</u>							
Profit/(loss) before zakat and taxation	265,162	69,775	94,214	3,015	144,573	(316,003)	260,736
Finance costs	109,966	-	840,318	198	971	208,448	1,159,901
Depreciation and amortisation	227,678	-	902,890	6,586	6,810	31,472	1,175,436
EBITDA*	602,806	69,775	1,837,422	9,799	152,354	(76,083)	2,596,073

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

40 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics	Energy and utilities			Engineering and construction	Others	Total
	RM'000	Gas RM'000	Energy RM'000	Utilities RM'000	RM'000	RM'000	RM'000
<u>2013</u>							
<u>Other information</u>							
Segment assets	7,868,023	-	23,516,320	65,894	717,058	3,741,039	35,908,334
Joint ventures	-	-	51,230	-	230,603	(10,024)	271,809
Associates	-	1,162,166	1,386,640	(3,004)	27,627	111,364	2,684,793
Interest-bearing instruments	352,624	-	3,541,737	113,516	90,196	232,829	4,330,902
Total assets							43,195,838
Segment liabilities	994,820	-	6,385,754	49,203	694,589	747,470	8,871,836
Interest-bearing instruments	2,778,192	-	17,543,385	6,585	16,000	3,765,751	24,109,913
Total liabilities							32,981,749
<u>Other disclosures</u>							
Capital expenditure	702,728	-	2,534,967	173	7,415	(8,836)	3,236,447
Depreciation	227,678	-	475,727	1,412	6,810	26,767	738,394
Amortisation of:							
- rights on Power Purchase Agreement and Operations and Maintenance Agreement	-	-	427,163	-	-	-	427,163
- investment properties	-	-	-	-	-	510	510
- rights on water treatment business	-	-	-	5,174	-	-	5,174
- rights on airport business	-	-	-	-	-	4,195	4,195

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

40 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics RM'000	Energy and utilities		Utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
		Gas RM'000	Energy RM'000				
<u>2012 (Restated)</u>							
Revenue							
Total	1,491,579	914,816	5,587,608	135,354	1,132,067	31,302	9,292,726
Inter-segment	(14,469)	-	-	-	(79,045)	-	(93,514)
External	1,477,110	914,816	5,587,608	135,354	1,053,022	31,302	9,199,212
<u>Results</u>							
Profit/(loss) before zakat and taxation	285,606	1,132,119**	706,094	(11,027)	67,881	(372,368)	1,808,305
Finance costs	127,925	51	797,279	180	2,758	212,888	1,141,081
Depreciation and amortisation	231,142	20,482	840,559	6,949	6,169	27,654	1,132,955
EBITDA*	644,673	1,152,652	2,343,932	(3,898)	76,808	(131,826)	4,082,341

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

** Included a gain on disposal of a subsidiary amounting to RM1,011,545,000 (Note 17).

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

40 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics RM'000	Gas RM'000	Energy and utilities Energy RM'000	Utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
<u>2012 (Restated)</u>							
<u>Other information</u>							
Segment assets	7,244,566	–	19,945,140	94,883	360,594	3,748,509	31,393,692
Joint ventures	–	–	47,433	–	224,992	(9,213)	263,212
Associates	–	1,163,936	1,451,782	45,997	52,238	90,537	2,804,490
Interest-bearing instruments	412,019	–	5,153,970	262,950	97,999	257,701	6,184,639
Total assets							40,646,033
Segment liabilities	923,687	–	6,827,358	36,515	394,574	746,909	8,929,043
Interest-bearing instruments	2,386,345	–	15,263,158	5,451	22,012	3,825,511	21,502,477
Total liabilities							30,431,520
<u>Other disclosures</u>							
Capital expenditure	148,510	13,581	1,977,333	1,357	11,223	3,735	2,155,739
Depreciation	231,142	20,304	439,004	1,359	6,169	22,908	720,886
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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

40 SEGMENTAL INFORMATION (CONTINUED)

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 privatisation 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, which hearing is pending. 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 against the MMCEG-Gamuda Joint Venture ("the JV") ("the Court Action"). The Court Action is for inter-alia, a declaration that 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. 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 pending arbitration between the parties. On the same day, Wayss & Freytag filed an appeal to the High Court against the order granted by the Senior Assistant Registrar. On 30 October 2009, the High Court dismissed Wayss & Freytag's appeal with costs.

On 10 May 2013 Wayss & Freytag withdrew the Court Action.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

41 SIGNIFICANT CONTINGENT LIABILITIES (CONTINUED)

- (c) The arbitral tribunal in the arbitration proceedings between Wayss & Freytag and the JV delivered its award (“the Award”) on 16 April 2013 and 30 May 2013, which amongst others states as follows:
- (i) that the JV’s claim against Wayss & Freytag is dismissed;
 - (ii) that Wayss & Freytag’s claim succeeds in substantial part and the JV pays RM97,574,035-39 to Wayss & Freytag with interest thereon at 5% per annum date of the Award (16 April 2013) until payment in full;
 - (iii) that the JV pays RM9,000,000-00 to Wayss & Freytag as costs; and
 - (iv) that the JV pays RM28,229,638-73 to Wayss & Freytag, being interest on RM97,574,035-39 at 4% per annum from the date of termination (23 January 2006) until the date of Award (16 April 2013).

On 23 May 2013, the JV filed an application to refer questions of law arising out of the Award to the High Court, the consequence of which is that the Award may be set aside by the High Court. On 4 July 2013 the JV filed another application to set aside the award on the basis of, among others, the award being in conflict with the public policy in Malaysia and that there has been a breach of duty by one of the arbitrators in the arbitral tribunal. Based on the advice of solicitors acting for the JV, the Company is of the view that the JV has a fair chance of succeeding in the applications of setting aside the Award.

- (d) On 28 November 2013, Logistic Air FCZ and Logistic Air, Inc., companies incorporated in the United Arab Emirates and the United States of America respectively (“LA”) instituted legal proceedings against Senai Airport Terminal Services Sdn Bhd (“SATS”), MMC Corporation Berhad’s wholly-owned subsidiary, claiming for inter alia damages of RM37.23 million and unspecified general damages, arising from alleged breaches of tenancy agreements and alleged unlawful detention of aircrafts, aircraft parts and aviation components. The matter is presently pending determination by the High Court.

The Directors are of the view, based on advice by the solicitors acting for SATS, that SATS have a good chance of defending the aforesaid claim by LA.

- (e) At 31 December 2013, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	2013 RM’000	2012 RM’000	2013 RM’000	2012 RM’000
Bank guarantees issued to third parties for performance (secured/unsecured)	426,980	492,263	–	–

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 the 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 the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

42 COMMITMENTS

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(a) Capital commitments:				
Property, plant and equipment				
Authorised but not contracted for	345,936	468,343	1,066	–
Authorised and contracted for	2,820,141	5,583,358	–	–
Total	3,166,077	6,051,701	1,066	–

(b) Non-cancellable operating lease commitments

	Group	
	2013 RM'000	2012 RM'000
(i) For computer hardware		
Not later than 1 year	1,574	1,578
Later than 1 year and not later than 5 years	811	2,385
	2,385	3,963
(ii) For the port area		
Not later than 1 year	30,201	30,201
Later than 1 year and not later than 5 years	129,044	126,024
Later than 5 years	1,670,224	1,703,444
	1,829,469	1,859,669
(iii) For rental of office building and equipment		
Not later than 1 year	4,295	4,795
Later than 1 year and not later than 5 years	1,321	3,800
	5,616	8,595
(iv) For rental of aircraft		
Not later than 1 year	–	3,526
Total	1,837,470	1,875,753

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 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*	-	-
Purchase of LPG from a company which shares a common holding company with one of the subsidiary's shareholder – Petronas Dagangan Berhad	-	7,793*	-	-
Transfer of equity interest in a subsidiary company	-	-	25,833	-

* 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	(65,402)	(59,922)	-	-
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Companies subject to common significant influence:

Operation and maintenance fee expense	-	277,947	-	-
Operation and maintenance subcontract	-	(118,412)	-	-
Borrowings	125,000	-	-	-
Deposits	(134,550)	63,225	50,000	-
Rental expense	-	1,984	-	1,984

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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)

Dr/(Cr)	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(b) Financial year-end balances arising from:				
Subsidiaries:				
Transfer of equity interest in a subsidiary company	-	-	900,312	874,479
Management fees paid to a subsidiary	-	-	(1,920)	(1,920)
Associated companies:				
Interest income on unsecured subordinated loan notes	293,960	268,568	-	-
Companies subject to common significant influence:				
Borrowings	340,000	215,000	-	-
Deposits	287,479	442,029	50,000	-
Rental expense	-	1,984	-	1,984

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(c) Key management compensation				
Fees	1,094	1,010	425	425
Salaries and bonuses	7,960	7,758	7,861	7,644
Defined contribution plan - contributions	1,621	1,493	1,342	1,225
Other employee benefits	3,101	2,050	1,277	967
	13,776	12,311	10,905	10,261

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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
		2013 %	2012 %	
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. (Under Members' voluntary liquidation)	Malaysia	100.0	100.0	Trust management
Labohan Dagang Galian Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Pernas Charter Management Sdn. Bhd.	Malaysia	100.0	100.0	Provision of management services to holding company and fellow subsidiaries
MMC Frigstad Offshore Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
MMC Marketing Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
Timah Securities Berhad	Malaysia	100.0	100.0	Property investment
Tronoh Holdings (Selangor) Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
MMC Engineering Group Berhad	Malaysia	100.0	100.0	Engineering, management services and investment holding

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
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. Berhad	Malaysia	100.0	100.0	Contractor for civil engineering and construction works
MMC-Shapadu (Holdings) Sdn. Berhad (Under Members' voluntary liquidation)	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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
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
* 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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
* Malakoff Corporation Berhad	Malaysia	51.0	51.0	Investment holding
* Malakoff Power Berhad	Malaysia	51.0	51.0	Operations 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
* Teknik Janakuasa Sdn. Bhd.	Malaysia	51.0	51.0	Investment holding and provision of operations and maintenance and any related services
* 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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
* 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	Dormant
* Malakoff Utilities Sdn Bhd	Malaysia	51.0	51.0	Build, own and operate an electricity distribution system and a centralised chilled water plant system
* Hypergantic Sdn. Bhd.	Malaysia	51.0	51.0	Investment holding
* Desa Kilat Sdn. Bhd. ^	Malaysia	27.5	27.5	Land reclamation, development and/or sale of reclaimed land
* Malakoff AIDjazair 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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
* Natural Analysis Sdn. Bhd.	Malaysia	51.0	51.0	Dormant
* TJSB Services Sdn. Bhd.	Malaysia	51.0	51.0	Provision of maintenance repair and overhaul and any related services to power plants and any other plants of similar main and auxiliary operating systems
# Malakoff International Limited	Cayman Islands	51.0	51.0	Offshore - Investment holding
# Malakoff Hidd Holding Company Limited	Guernsey	51.0	51.0	Asset, property, investment, intellectual property and other holding companies
# Malakoff Summit Hidd Holding ^ Company Limited	Guernsey	29.1	29.1	Asset, property, investment, intellectual property and other holding companies
# Malakoff Gulf Limited	British Virgin Islands	51.0	51.0	Offshore - Investment holding
# Malakoff Technical (Dhofar) Limited	British Virgin Islands	51.0	51.0	Offshore - Investment holding
# Malakoff Oman Desalination Company Limited	British Virgin Islands	51.0	51.0	Offshore - Investment holding
* Tlemcen Desalination ^ Investment Company SAS	France	35.7	35.7	Offshore - Investment holding
# TJSB International Limited	Cayman Islands	51.0	51.0	Offshore - Investment holding
# TJSB International (Shoaiba) Limited	British Virgin Islands	51.0	51.0	Offshore - Investment holding

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
# TJSB Middle East Limited	British Virgin Islands	51.0	51.0	Operation and maintenance of power plant
* PT. Teknik Janakuasa ^	Indonesia	48.5	–	Provision of Operations and maintenance services to power plant and/or other utility plants
* Aliran Ihsan Resources Berhad	Malaysia	100.0	62.8	Investment holding
* Southern Water Corporation Sdn. Bhd.	Malaysia	100.0	62.8	Investment holding, water treatment and rehabilitation of water treatment plants, construction of water works
* Southern Water Technology Sdn. Bhd.	Malaysia	100.0	62.8	Construction of water work and water treatment plant
* Southern Water Engineering Sdn. Bhd.	Malaysia	100.0	62.8	Water treatment specialist and the operation, maintenance and provision of services related to water treatment and equipment
* Aliran Utara Sdn. Bhd.	Malaysia	100.0	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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
* 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 and gas and resources industries
* Malakoff R&D Sdn. Bhd.	Malaysia	51.0	51.0	Promoting, developing, acquiring and enhancing the group's capability and innovation in the energy business
* Enigma Harmoni Sdn. Bhd.	Malaysia	100.0	100.0	Property development
* 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 facilities
* Tanjung Bin Energy Issuer Berhad	Malaysia	51.0	51.0	Administer and manage the development of a 1,000MW coal fired electricity generating facility

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2013 %	2012 %	
* Tanjung Bin O&M Berhad	Malaysia	51.0	51.0	Operation and maintenance of power plants
* Pacific Goldtree Sdn Bhd	Malaysia	51.0	–	Investment holding
* Skyfirst Power Sdn Bhd	Malaysia	51.0	–	Investment holding
* Malakoff Australia Pty. Ltd.	Australia	51.0	–	Investment holding company
* Wind Macarthur Holdings (T) Pty. Limited	Australia	51.0	–	Investment holding
* Malakoff Holdings Pty. Ltd.	Australia	51.0	–	Investment company
* Wind Macarthur (T) Pty. Limited	Australia	51.0	–	Leasing of plant and equipment
* Wind Macarthur Finco Pty Limited.	Australia	51.0	–	Financing operations for Macarthur wind farm project
* Malakoff Wind Macarthur Holdings Pty. Ltd. (formerly known as Meridian Wind Macarthur Holdings Pty. Ltd.)	Australia	51.0	–	Investment holding
* Malakoff Wind Macarthur Pty. Ltd.	Australia	51.0	–	Leasing of wind turbine assets

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Inactive subsidiaries

Name of company	Country of incorporation	Group's effective interest	
		2013 %	2012 %
* Anglo-Oriental do Brasil Ltd.	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.	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
* 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
* SPJ Corporation Berhad	Malaysia	100.0	100.0
MMC Power Sdn. Bhd.	Malaysia	–	100.0
MMC-VME Sdn. Bhd. (winding-up)	Malaysia	61.0	61.0
MMC AMEC Sdn. Bhd. (under creditors' liquidation)	Malaysia	51.0	51.0
MMC Ventures Sdn. Bhd.	Malaysia	100.0	–
MMC Utilities Holdings Sdn. Bhd.	Malaysia	100.0	–
Aliran Jebat Sdn. Bhd. (formerly known as Redhill Avenue Sdn. Bhd.)	Malaysia	80.0	–

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Associates

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2013 %	2012 %		
++ Zelan Berhad &	Malaysia	39.2	39.2	31.12.2013	Investment holding, civil engineering and construction of power plant and buildings
& Kapar Energy Ventures Sdn. Bhd.	Malaysia	20.4	20.4	31.12.2013	Generation and sale of electricity
& Port Dickson Power Berhad	Malaysia	12.8	12.8	31.12.2013	Supply electricity exclusively to TNB
* Lekir Bulk Terminal Sdn. Bhd.	Malaysia	10.2	10.2	31.12.2013	Development, ownership and management of dry bulk terminal
* Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	20.4	20.4	31.12.2013	Investment holding
* Saudi-Malaysia Water & Electricity Company Limited	Kingdom of Saudi Arabia	10.2	10.2	31.12.2013	Offshore – Investment holding
* Shuaibah Water & Electricity Company Limited	Kingdom of Saudi Arabia	6.1	6.1	31.12.2013	Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Associates (continued)

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2013 %	2012 %		
* Shuaibah Expansion Holding Company Limited	Kingdom of Saudi Arabia	6.1	6.1	31.12.2013	Development, construction, ownership, operation and maintenance of the Shuaibah Phase 3 Expansion Independent Water Producer ("IWP") 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	31.12.2013	Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities
# Oman Technical Partners Limited	British Virgin Islands	22.1	22.1	31.12.2013	Offshore – Investment holding

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Associates (continued)

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2013 %	2012 %		
# Salalah Power Holdings Limited	Bermuda	22.1	22.1	31.12.2013	Offshore – Investment holding
* Al-Imtiaz Operation and Maintenance Company Limited	Kingdom of Saudi Arabia	10.2	10.2	31.12.2013	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	31.12.2013	Operation and maintenance of power and water desalination plant
* Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	20.0	20.0	31.12.2013	Operation and maintenance of container terminals
* Red Sea Ports Development Company	Kingdom of Saudi Arabia	20.0	20.0	31.12.2013	Operation and maintenance of container terminals
* Jazan Economic City Land Company	Kingdom of Saudi Arabia	50.0	50.0	31.12.2013	Development of Jazan Economic City in the Kingdom of Saudi Arabia

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Associates (continued)

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2013 %	2012 %		
* Equiventures Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	49.0	30.8	31.12.2013	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. (under members' voluntary liquidation)	Malaysia	30.0	18.8	31.12.2013	Operation, maintenance and management of water treatment plants
* Hyflux-TJSB Algeria SPA	Algeria	24.9	24.9	31.12.2013	Operation and maintenance of water desalination plant
* Gas Malaysia Berhad	Malaysia	30.9	30.9	31.12.2013	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	30.9	31.12.2013	Property holding
* Gas Malaysia (LPG) Sdn. Bhd.	Malaysia	30.9	30.9	31.12.2013	Selling of LPG via a reticulation system

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Associates (continued)

Name of company	Country of incorporation	Group's interest		Accounting date for inclusion of company results	Principal activities
		2013 %	2012 %		
# Hidd Power Company B.S.C (Note 45(i))	Bahrain	20.4	20.4	31.12.2013	Building, operations and maintenance of power and water stations for special purpose (specific supply only)
Muscat City Desalination Company S.A.O.C	Oman	23.0	–	31.12.2013	Development, financing, procurement, construction, ownership, operations and maintenance of water desalination plants at Ghubrah in the Governorate of Muscat, together with all associated water extraction, pumping, storage and distribution systems and equipment and associated electricity generating systems and equipment and the delivery and sale of potable water in the Sultanate of Oman
Muscat City Desalination Operation and Maintenance Co. LLC	Oman	16.0	–	31.12.2013	Operations and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Inactive associates

Name of company	Country of incorporation	Group's effective interest	
		2013 %	2012 %
* Ajil Minerals Sdn. Bhd.	Malaysia	49.0	49.0
* Tepat Teknik-VME Sdn. Bhd.	Malaysia	34.9	34.9

Joint arrangements

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2013 %	2012 %	
* MMCE-Franky Consortium Joint Venture	Malaysia	60.0	60.0	Construction and completion of Kuantan-Kertih Railway Project Civil Works Package 2
* MMC-Gamuda Joint Venture Sdn. Bhd.	Malaysia	50.0	50.0	Design, construction, testing, commissioning and maintenance of the Electric Double Tracking Project
* MMC Gamuda KVMRT (PDP) Sdn. Bhd.	Malaysia	50.0	50.0	Undertake, construct, maintain, improve, develop, implement, control, execute and manage any Mass Rapid Transit project in Malaysia or elsewhere
* MMC Gamuda KVMRT (T) Sdn. Bhd.	Malaysia	50.0	50.0	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
* Projek Smart Holdings Sdn. Bhd.	Malaysia	50.0	50.0	Investment holding
* Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd.	Malaysia	50.0	50.0	Undertakes the Stormwater Management and Road Tunnel project

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

44 COMPANIES IN THE GROUP (CONTINUED)

Joint arrangements (continued)

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2013 %	2012 %	
* Whale Shark Maritime Sdn. Bhd. (under creditors' liquidation)	Malaysia	20.0	20.0	Transportation of open market cargoes
* Almiyah Attilemcania SPA	Algeria	18.2	18.2	Construction, operation and maintenance of a sea water desalination plant & marketing the desalinated water produced
* MMC-Gamuda Joint Venture (2T)	Malaysia	50.0	50.0	Construction, completion, testing, commissioning and maintenance of the infrastructure works comprising packages N1 to N6 including maintenance works for N7 and N8 of the Electrified Double Tracking Project ("EDTP") between Ipoh and Padang Besar
* MMC-Gamuda Joint Venture	Malaysia	50.0	50.0	Design, engineering, procurement, construction, installation, testing and commissioning of Stormwater Management and Road Tunnel project
* MMC Gamuda KVMRT (UGW) Joint Venture	Malaysia	50.0	50.0	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

The keys to the symbols used are as follows:

* Audited by firms other than PricewaterhouseCoopers, Malaysia

++ Quoted companies

No legal requirement to appoint auditors

^ De facto controlled subsidiaries

& Company result are based on the latest unaudited management accounts

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) ACQUISITION OF SUBSIDIARIES

Group

On 28 June 2013, Malakoff Holdings Pty. Ltd., an indirect wholly-owned subsidiary of Malakoff Corporation Berhad (“MCB”) which in turn is a 51% owned subsidiary of MMC Corporation Berhad, acquired the entire issued and paid up share capital of Malakoff Wind Macarthur Holdings Pty. Ltd. (“MWMH”) (formerly known as Meridian Wind Macarthur Holdings Pty. Ltd.) for cash consideration approximately of RM383,000,000.

With the acquisition, MWMH has an indirect 50% participating interest in Macarthur Wind Farm (“MWF”) an unincorporated joint venture, through MCB’s wholly-owned subsidiary Malakoff Wind Macarthur Pty. Ltd. (“MWM”) (formerly known as Meridian Wind Macarthur Holdings Pty. Ltd.). Consequentially, the Group’s effective equity interest in MWF is 25% and MWF has become an associate of the Group.

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

	Acquiree’s carrying amount	2013 Fair value recognised on acquisition date
	RM’000	RM’000
Finance lease receivables	2,021,035	2,021,035
Cash and cash equivalents	23,013	23,013
Borrowings	(1,527,819)	(1,527,819)
Interest rate swap	(110,052)	(110,052)
Deferred liability	(23,013)	(23,013)
Net assets and liabilities acquired	383,164	383,164
Purchase consideration	383,164	383,164
Excess Purchase Price	-	-
Net cash outflow arising from the acquisition:		
Purchase consideration		383,164
Cash and cash equivalents		(23,013)
Cash outflow on acquisition, net of cash and cash equivalents acquired		360,151

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(i) ACQUISITION OF SUBSIDIARIES (continued)

Group (continued)

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

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

45 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(ii) ACQUISITION OF ASSETS AND LIABILITIES (CONTINUED)

Group (continued)

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 24)		(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.

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.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

46 FINANCIAL INSTRUMENTS

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Group does not hold financial instruments that are included in Level 3.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

46 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2013

Group	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements				Total	
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Financial assets</u>										
Derivative financial assets:										
Interest rate swaps	-	16,134	-	16,134	-	-	-	-	16,134	16,134
Cross currency swaps	-	64,107	-	64,107	-	-	-	-	64,107	64,107
Forward foreign exchange	-	3,284	-	3,284	-	-	-	-	3,284	3,284
Finance lease receivable	-	-	-	-	-	-	2,012,945	2,012,945	2,012,945	2,012,945
Available for sale financial assets	95,512	-	-	95,512	-	-	-	-	95,512	95,512
	95,512	83,525	-	179,037	-	-	2,012,945	2,012,945	2,191,982	2,191,982
<u>Financial liabilities</u>										
Derivative financial liabilities:										
Interest rate swaps	-	(66,081)	-	(66,081)	-	-	-	-	(66,081)	(66,081)
Forward foreign contract	-	(112)	-	(112)	-	-	-	-	(112)	(112)
Borrowings	-	-	-	-	-	(25,044,137)	(147,933)	(25,192,070)	(25,192,070)	(23,978,405)
	-	(66,193)	-	(66,193)	-	(25,044,137)	(147,933)	(25,192,070)	(25,258,263)	(24,044,598)

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

46 FINANCIAL INSTRUMENTS

Fair value information (continued)

										2012	
Group	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements*				Total carrying amount RM'000	Total fair value RM'000	
	Level 1	Level 2	Level 3	Total	Total						
	RM'000	RM'000	RM'000	RM'000	RM'000						
<u>Financial assets</u>											
Available for sale financial assets	96,282	-	-	96,282					-	96,282	96,282
<u>Financial Liabilities</u>											
Derivative financial liabilities											
Interest rate swaps	-	(17,501)	-	(17,501)					-	(17,501)	(17,501)
Cross currency swaps	-	(145,249)	-	(145,249)					-	(145,249)	(145,249)
Borrowings	-	-	-	-					(21,658,073)	(21,658,073)	(21,375,398)
	-	(162,750)	-	(162,750)					(21,658,073)	(21,820,823)	(21,538,148)

												2013	
Company	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements				Total carrying amount RM'000	Total fair value RM'000			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
<u>Financial liabilities</u>													
Borrowings	-	-	-	-	-	(2,831,750)	-	(2,831,750)	(2,831,750)	(2,831,750)	(2,831,750)		
	-	-	-	-	-	(2,831,750)	-	(2,831,750)	(2,831,750)	(2,831,750)	(2,831,750)		

												2012	
<u>Financial liabilities</u>													
Borrowings	-	-	-	-					(3,021,250)*	(3,021,250)	(3,021,250)		
	-	-	-	-					(3,021,250)	(3,021,250)	(3,021,250)		

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

Notes to the Financial Statements

for the financial year ended 31 December 2013 (continued)

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	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiary companies:				
– realised earnings	2,787,500	2,750,974	2,655,623	2,617,230
– unrealised/earnings	261,764	193,832	–	–
	3,049,264	2,944,806	2,655,623	2,617,230
Total retained earnings from associated companies:				
– realised earnings	100,181	110,838	–	–
– unrealised losses	(28,371)	(28,371)	–	–
	71,810	82,467	–	–
Total (accumulated losses)/retained earnings from joint ventures:				
– realised earnings	15,468	9,712	–	–
– unrealised losses	(24,970)	(24,989)	–	–
	(9,502)	(15,277)	–	–
	3,111,572	3,011,996	2,655,623	2,617,230
Less: Consolidation adjustments	(79,928)	(71,766)	–	–
	3,031,644	2,940,230	2,655,623	2,617,230

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)))))	14	1995
PTD Nos. 2424-2504, 2514, 2516, 2517, 2520, 2521, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	729.06	Commercial & industrial land	2055))))))	–	1995
PTD No. 1586, Serkat, District of Pontian, Johor	Leasehold	114.92	Land for port terminal & buildings	2055))))	–	1995
PTD No. 2519, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	0.22	Commercial & Industrial land	2055))))	–	1995
PTD 3161, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	2.79	Building	2107)	–	2008
H.S. (D) 23569, PTD 8797, Mukim of Senai, District of Kulajaya, Johor	Leasehold	495.98	Senai International Airport	2033	841,559	10	2003
PTD Nos. 1836-1838, 1851 & 1357, Serkat/Sg. Karang, District of Pontian, Johor	Leasehold	912.78	Industrial/ vacant	2103	498,347	8	2005

List of Properties

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	96,062	16	1997
Plentong, District of Johor Bahru, Johor	Leasehold	13.44	Container Terminal berths 1 - 3	2052	59,489	21	1992
Mukim of Serkat, District of Pontian, Johor	Leasehold	362.43	Industrial land with power plant	2048	66,867	7	2003
Plentong, District of Johor Bahru, Johor	Leasehold	–	Dangerous cargo jetty 4	2052	31,618	14	1999
Plentong, District of Johor Bahru, Johor	Leasehold	–	Dangerous cargo jetty	2052	15,176	21	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	19,427	22	1992

Shareholding Statistics

as at 14 March 2014

Class of securities	: Ordinary Shares of RM0.10 each
Authorised Share Capital	: RM1,000,000,000.00
Issued and paid-up Capital	: RM304,505,855.20
Voting rights	: One vote for every Ordinary Share
No. of shareholders	: 8,906

SUBSTANTIAL SHAREHOLDERS

	Direct	No. of Shares		%
		%	Indirect	
Seaport Terminal (Johore) Sdn Bhd	1,576,108,840	51.76	–	–
Amanahraya Trustees Berhad – (Skim Amanah Saham Bumiputera)	617,592,900	20.28	–	–
Citigroup Nominees (Tempatan) Sdn Bhd – (Employees Provident Fund Board)	171,025,500	5.62	–	–
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 bin Syed Nor	–	–	®1,576,108,840	51.76

Notes:

* deemed interested through Seaport Terminal (Johore) Sdn Bhd

® deemed interested through Indra Cita Sdn Bhd

Shareholding Statistics

as at 14 March 2014

ANALYSIS BY SIZE OF SHAREHOLDING

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	322	3.62	7,640	0.00
100 – 1,000	1,104	12.40	838,420	0.03
1,001 – 10,000	5,286	59.35	24,350,366	0.80
10,001 – 100,000	1,777	19.95	55,516,463	1.83
100,001 to less than 5% of issued shares	414	4.65	599,618,423	19.69
5% and above of issued shares	3	0.03	2,364,727,240	77.66
TOTAL	8,906	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	617,592,900	20.28
3	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	171,025,500	5.62
4	Kumpulan Wang Persaraan (Diperbadankan)	86,516,100	2.84
5	Lembaga Tabung Haji	79,614,200	2.61
6	Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	26,115,300	0.86
7	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	24,636,092	0.81
8	Amanahraya Trustees Berhad - Amanah Saham Didik	17,943,300	0.59
9	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges Bk)	17,693,300	0.58
10	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	14,726,780	0.48
11	HSBC Nominees (Asing) Sdn. Bhd. - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	14,497,800	0.48
12	Amanahraya Trustees Berhad - Public Islamic Dividend Fund	12,373,200	0.41
13	Amanahraya Trustees Berhad - AS 1Malaysia	10,308,300	0.34
14	Amanahraya Trustee Berhad - Public Growth Fund	9,720,900	0.32
15	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	8,340,334	0.27
16	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	8,221,400	0.27

Thirty Largest Shareholders

No.	Name	No. of shares held	% of issued capital
17	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited for Government of Singapore (C)	8,171,800	0.27
18	Amanahraya Trustee Berhad - Amanah Saham Malaysia	8,097,700	0.27
19	Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Takaful Berhad (Family PRF EQ)	6,786,100	0.22
20	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN For UOB Kay Hian (Hong Kong) Limited-A/C Clients	6,248,100	0.21
21	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,239,300	0.20
22	Maybank Investment Bank Berhad - IVT (9)	6,010,000	0.20
23	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	5,634,188	0.19
24	Citigroup Nominees (Asing) Sdn Bhd - CBHK PBGSGP for Sunnysvale Holdings Ltd	5,614,700	0.18
25	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AM Inv)	5,313,400	0.17
26	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Credit Suisse (SG BR-TST-Asing)	4,045,200	0.13
27	Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	4,027,000	0.13
28	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund C021 for College Retirement Equities Fund	3,934,674	0.13
29	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Cheng Mooi Soong	3,287,000	0.11
30	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Ai Chu	3,182,200	0.10
Total:		2,772,025,608	91.03

Administrative Details

ADMINISTRATIVE DETAILS FOR THE THIRTY-EIGHTH ANNUAL GENERAL MEETING OF MMC CORPORATION BERHAD TO BE HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON THURSDAY, 8 MAY 2014 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 Annual General 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 2 May 2014. Only depositors whose names appear on the Record of Depositors as at 2 May 2014 shall be entitled to attend the Annual General Meeting or appoint proxies to attend and/or vote on their behalf.

Proxy Form

No. 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	_____	_____	_____	and/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 Thursday, 8 May 2014 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

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors thereon.		
	ORDINARY BUSINESS	FOR	AGAINST
2.	Declaration of Final Single-Tier Dividend of 3.0 sen per share (Resolution 1)		
3.	Re-election of Encik Ooi Teik Huat pursuant to Article 78 of the Articles of Association of the Company (Resolution 2)		
4.	Re-election of Dato' Sri Che Khalib Mohamad Noh pursuant to Article 85 of the Articles of Association of the Company (Resolution 3)		
5.	Re-appointment of Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan pursuant to Section 129(6) of the Companies Act, 1965 (Resolution 4)		
6.	Re-appointment of Dato' Abdullah Mohd Yusof pursuant to Section 129(6) of the Companies Act, 1965 (Resolution 5)		
7.	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 6)		
8.	Re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company (Resolution 7)		

Signature: _____

Date: _____

Notes:

- 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.
- 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.
- 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.
- In the case of joint holders, the signature of any one of them will suffice.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 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.
- Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
- 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.
- Only members whose names appear on the Record of Depositors as at 2 May 2014 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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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 Darul Ehsan, Malaysia

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