GROWTH MOMENTUM

2014 ANNUAL REPORT

MMC

WHAT'S INSIDE

2 Corporate Profile

4 Vision & Mission

6 Notice of Annual General Meeting

10 Corporate Information

11 Financial Calendar

12 Performance at a Glance

14 Chairman's Message

22 Group Managing Director's Operations Review

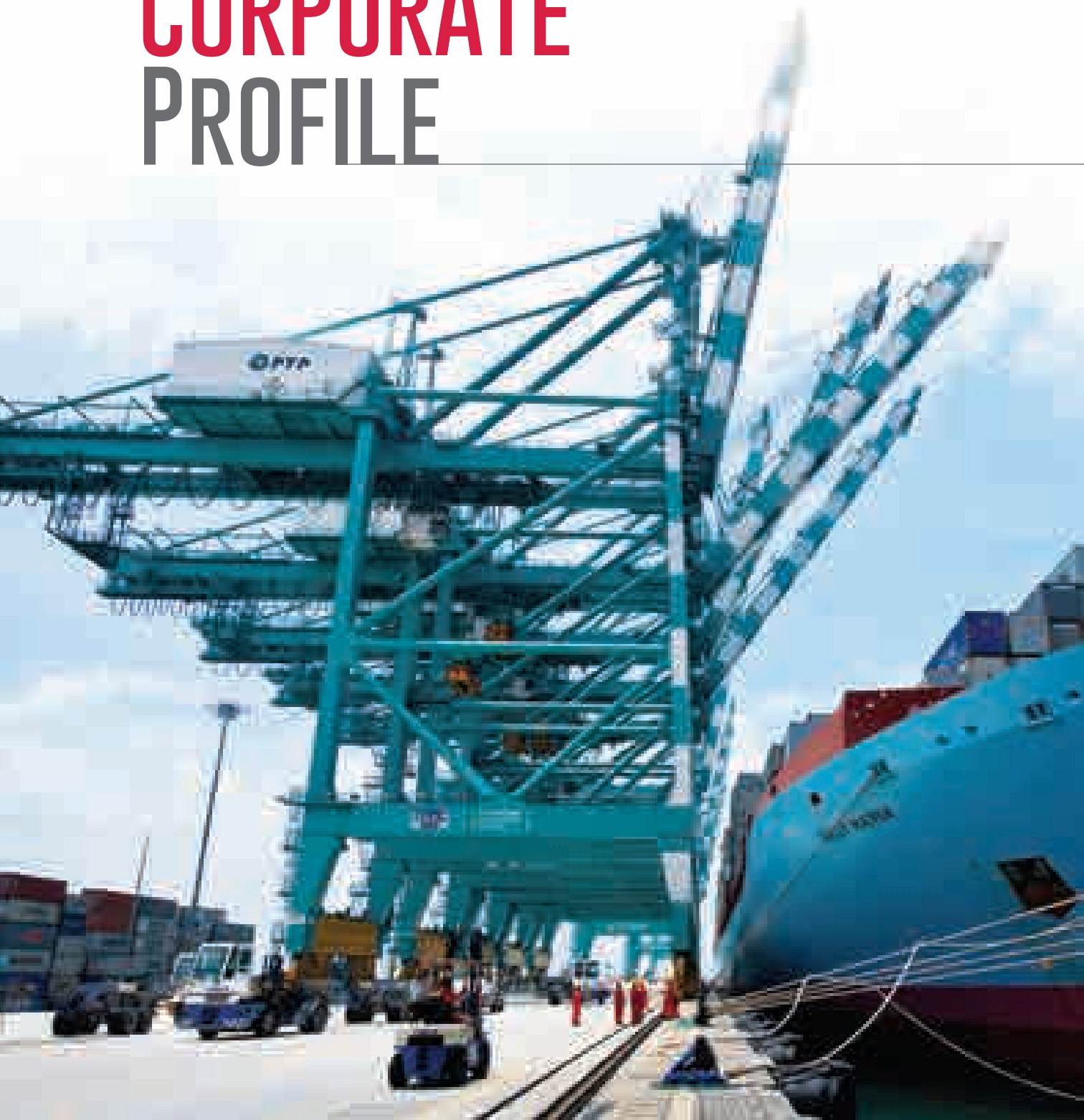
39TH

Annual General Meeting of MMC

Mahkota II, Hotel Istana, 73,
Jalan Raja Chulan, 50200 Kuala Lumpur,
Malaysia on **Monday**,
25 May 2015 at **10.00 am**

46 Board of Directors
48 Directors' Profile
56 Management Team
58 Corporate Social Responsibility
76 MMC 2014 Corporate Highlights
86 Statement on Corporate Governance
98 Directors' Statement on Risk Management and Internal Control
103 Statement on Internal Audit Function
105 Audit Committee Report
109 Additional Compliance Information
110 Financial Statements
304 List of Properties
308 Shareholding Statistics
309 Thirty Largest Shareholders
311 Administrative Details
Proxy Form

CORPORATE PROFILE



MMC Corporation Berhad (MMC) is a leading utilities and infrastructure group with diversified businesses under three divisions, namely Energy & Utilities; Ports & Logistics; and Engineering & Construction.

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

MMC's key businesses in its Ports & Logistics division include the operations of Port of Tanjung Pelepas (Malaysia's largest container terminal) and Johor Port (Malaysia's leading multi-purpose port). MMC also has a substantial shareholding in NCB Holdings Berhad which operates a multi-purpose port in Port Klang. Through its associate stake in Red Sea Gateway Terminal Company Limited, MMC has extended its operation in container port terminal at the Jeddah Islamic Port in Saudi Arabia. In the aviation industry, MMC owns and operates Senai International Airport, Johor Bahru, a major aviation hub and the main air transportation gateway to Iskandar Malaysia. Surrounding the airport is an area covering over 2,718 acres known as Senai Airport City, which is being transformed into a major integrated industrial and commercial development.

MMC's Engineering & Construction division continues to establish itself in the sector following its leading role as the Project Delivery Partner (PDP) and underground works package contractor for the 51km Klang Valley Mass Rapid Transit (KVMRT) project (Sungai Buloh-Kajang Line). MMC was again recently appointed as the PDP for the KVMRT Line 2 project (Sungai Buloh-Serdang-Putrajaya Line). Other notable achievements include successful completion of the 329km Ipoh-Padang Besar Electrified Double Tracking Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind dual-purpose tunnel in the world. MMC continues to make inroads in the construction industry, securing key civil and infrastructure projects in the country namely Langat Centralised Sewage Treatment Plant; Langat 2 Water Treatment Plant; as well as civil and infrastructure works for the RAPID Pengerang Co-generation Plant. Zelan Berhad in which MMC is the single largest shareholder, was also recently awarded the contract for the construction of material off-loading facilities jetty at Tanjung Setapa and a drawbridge in Kuala Terengganu.

VISION

To be a premier utilities & infrastructure group

MISSION

Excellence in our core business segments

Strategic Objectives

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE THIRTY-NINTH ANNUAL GENERAL MEETING (AGM) OF MEMBERS OF MMC CORPORATION BERHAD WILL BE HELD AT THE MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON MONDAY, 25 MAY 2015 AT 10.00 A.M. FOR THE PURPOSE OF CONSIDERING AND, IF THOUGHT FIT, PASSING THE FOLLOWING RESOLUTIONS:

ORDINARY BUSINESS

1. "THAT the Audited Financial Statements of the Company for the financial year ended 31 December 2014 and the Directors' Report and Auditors' Report thereon be and are hereby received."
   Please refer to Note A

2. "THAT the final single-tier dividend of 3.5 sen per share for the financial year ended 31 December 2014 be and is hereby approved and declared payable on 6 July 2015 to the members of the Company registered at the close of business on 22 June 2015."
   Resolution 1

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

4. "THAT Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan, a director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM."
   Resolution 3

5. "THAT Dato' Abdullah Mohd Yusof, a director whose office shall become vacant at the conclusion of this AGM pursuant to Section 129(2) of the Companies Act 1965, be and is hereby re-appointed as a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM."
Resolution 4

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

7. "THAT PricewaterhouseCoopers, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed Auditors of the Company until the conclusion of the next AGM, AND THAT the remuneration to be paid to them be fixed by the Board."
Resolution 6

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

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Register of Members and Record of Depositors at the close of business on 22 June 2015 shall be entitled to the final dividend which will be paid on 6 July 2015.

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

a) Shares transferred into the Depositor's securities account before 4.00 p.m on 22 June 2015 in respect of ordinary transfers; and

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

BY ORDER OF THE BOARD

Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat
Company Secretaries

Kuala Lumpur
30 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Notes:

Proxy

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

2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote at his stead. A member of the Company may appoint up to two (2) proxies to attend the same meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

3. In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

4. In the case of joint holders, the signature of any one of them will suffice.

5. 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.

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

7. Registration of members/proxies attending the meeting will commence at 8.00 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.

8. **Only members whose names appear on the Record of Depositors as at 18 May 2015 shall be entitled to attend the said AGM or appoint a proxy(ies) to attend and/or vote on their behalf.**

Note A

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

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

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

Malaysian Code on Corporate Governance 2012 recommends that shareholders' approval be sought in the event that the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

In relation thereto, the Board, through the Nomination & Remuneration Committee, has assessed the independence of Dato' Abdullah Mohd Yusof, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years.

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

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

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

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan
Dato' Sri Che Khalib Mohamad Noh
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob
Datuk Mohd Sidik Shaik Osman
Dato' Abdullah Mohd Yusof
Datuk Ooi Teik Huat
Encik Abdul Hamid Sh Mohamed

COMPANY SECRETARIES

Ahmad Aznan Mohd Nawawi
Sazlin Ayesha Abdul Samat

REGISTERED OFFICE

Ground Floor, Wisma Budiman
Persiaran Raja Chulan
50200 Kuala Lumpur
Malaysia
Tel (603) 2071 1000
Fax (603) 2026 2378
Email cosec@mmc.com.my

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

SHARE REGISTRAR

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

DIVIDEND SERVICE PROVIDER

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

PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

FINANCIAL CALENDAR 2015

Financial year ending 31 December 2015

25 MAY 2015

ANNUAL GENERAL MEETING

22 JUNE 2015

Entitlement to 2014 final dividend

6 JULY 2015

Payment of 2014 final dividend

Announcement of results*:

28 MAY 2015

1st quarter

26 AUGUST 2015

2nd quarter

25 NOVEMBER 2015

3rd quarter

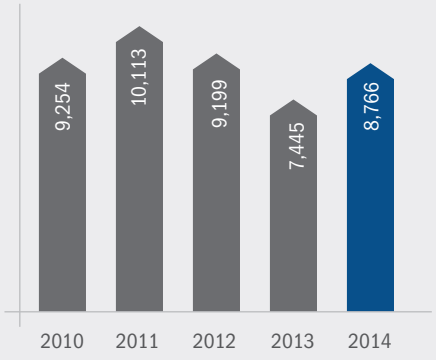
24 FEBRUARY 2016

4th quarter

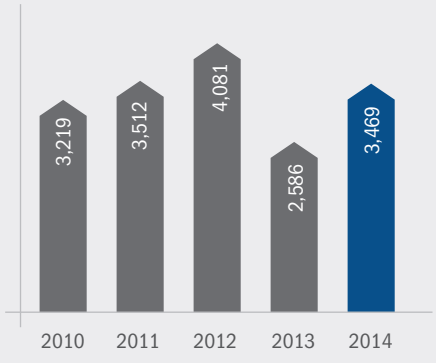
*These dates are subject to change

PERFORMANCE AT A GLANCE

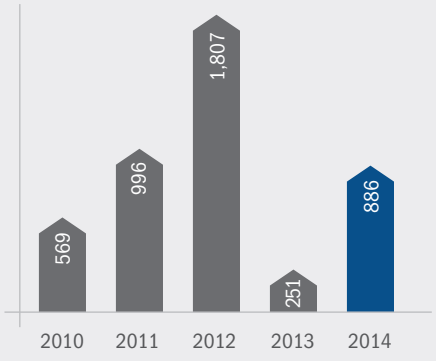
Revenue (RM million)



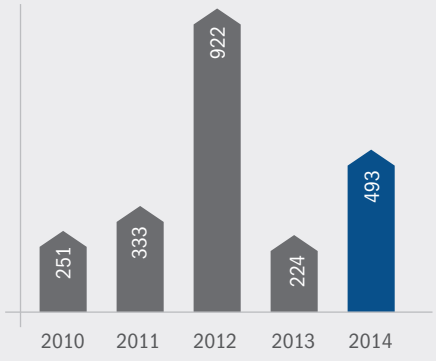
EBITDA (RM million)



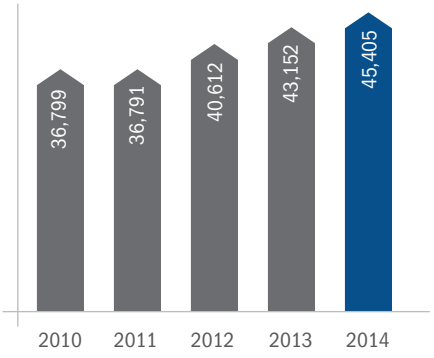
Profit before zakat and taxation (RM million)



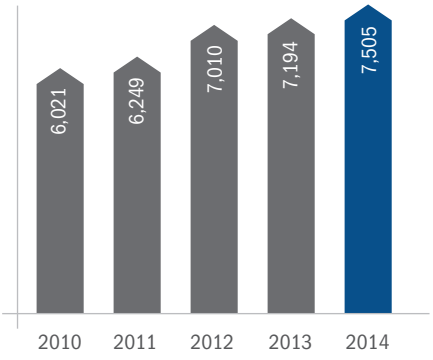
Net profit attributable to owners of the parent (RM million)



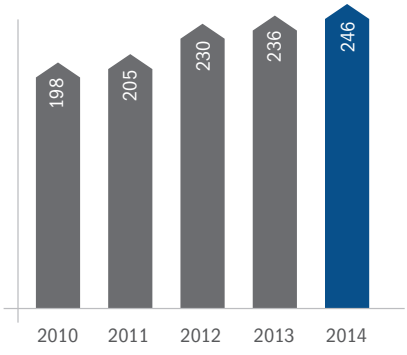
Gross Assets (RM million)



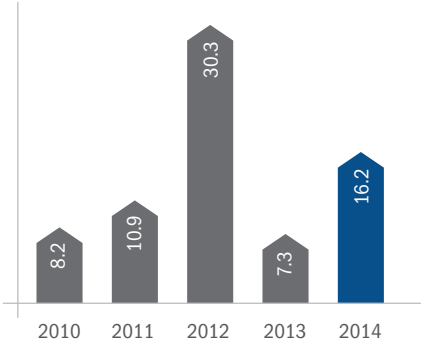
Shareholders' funds (RM million)



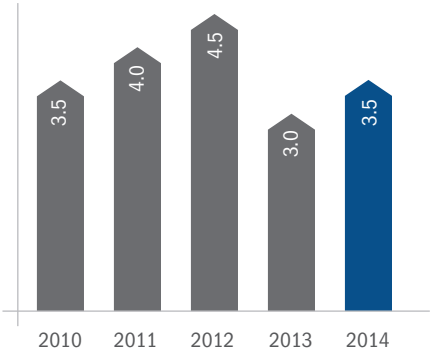
Net Assets per share (sen)



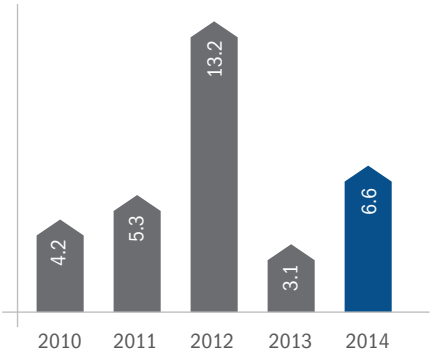
Earnings per share (sen)



Dividend per share (sen)



Return on equity (%)



Note: The 2010 to 2013 financials have been restated following prior year adjustments.

CHAIRMAN'S MESSAGE

Dear Shareholders

In last year's annual report, I had mentioned how MMC Corporation Berhad (MMC) had continuously re-aligned our strategies and direction to maintain our business value propositions.

Recognising the importance of energy and utilities, ports and logistics as well as engineering and construction to a rapidly developing nation such as Malaysia, this have gradually evolved to become our key core businesses. Despite operating in very challenging times, MMC has maintained a steady growth momentum.

TAN SRI DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
Chairman

CHAIRMAN'S MESSAGE

After period of active mergers and acquisitions, we focused on developing and enhancing our existing assets. Malakoff Corporation Berhad (Malakoff) demonstrated its technical competencies in completing a major maintenance upgrade during the year.

Our ports are reaping the benefits of greater efficiency following investments into infrastructure and facilities expansion.

With that, I am happy to inform the shareholders that the Board is recommending a dividend of 3.5 sen per share compared to 3.0 sen last year, which shall be approved at our upcoming annual general meeting (AGM).

The Group achieved

RM8,765.5

million revenue for the year, marking an increase of 17.7% compared with RM7,445.4 million in 2013.

FINANCIAL PERFORMANCE

The Group achieved RM8,765.5 million in revenue for the year, marking an increase of 17.7% compared with RM7,445.4 million in 2013. This was mainly due to the recovery of operations at Malakoff, higher work progress in the Klang Valley Mass Rapid Transit Line 1 and the completion of land sale within Senai Airport City. Along with the increased revenue, our profit before zakat and taxation (PBZT) grew significantly to RM885.6 million from RM250.7 million in 2013.

Looking at our performance segmentally, Energy & Utilities recorded a 17.1% increase in revenue to RM5,661.8 million from RM4,835.4 million, mainly due to Tanjung Bin's recovery as well as contributions from Port Dickson Power and Malakoff Wind Macarthur (MWM), acquired in April 2014 and June 2013, respectively. Correspondingly, the segment's PBZT grew significantly to RM637.0 million compared with RM156.9 million in the preceding financial year.

The Ports & Logistics segment achieved an 8.8% increase in revenue to RM1,646.2 million from RM1,512.5 million in 2013, mainly due to higher throughput and rates at PTP. PBZT, however, dropped to RM254.0 million compared with RM265.2 million in 2013, due to more extensive repairs and maintenance activities as well as expansion works at the ports.

Within the Engineering & Construction segment, progress on the KVMRT Line project contributed to increase in revenue to RM1,082.5 million from RM1,061.6 million in the preceding year. At the same time, the segment recorded a significantly higher PBZT of RM314.1 million compared with RM144.6 million in 2013, mainly due to contribution from the KVMRT Line 1 and completion of EDTP projects.

Finally, we derived RM374.9 million in revenue from our Investment Holding, Corporate & Others, which was an increase of RM339.0 million from 2013. This was contributed by land sales in Senai Airport City. The segment, however, recorded a slightly higher loss before zakat and taxation of RM319.5 million compared with RM316.0 million in the preceding year, due to higher finance costs and other operating costs.

CHAIRMAN'S MESSAGE

CONTRIBUTION TO NATION-BUILDING

Our three core businesses have contributed to key economic developments in Malaysia. Through energy & utilities, we supply no less than 25% of the electricity generation in Peninsular Malaysia. Our ports, airport and logistic businesses play important roles in connecting the country to the world. As Iskandar Malaysia gains in prominence and construction on the Pengerang Refinery and Petrochemical Integrated Development (RAPID) progresses, our services have become more essential for the smooth movement of goods and people into and out of Johor.

The Port of Tanjung Pelepas (PTP) is already the busiest container port in Malaysia and the second busiest in Southeast Asia. Ongoing expansion works have led to increased container handling capacity, allowing the port to handle mega size liners such as the Maersk Line Triple-E vessels and Mediterranean Shipping Company (MSC's) series of ultra large container vessels. This achievement places the country firmly on the map as a major hub of international shipping routes between Asia and Europe, as well as America. Our engineering & construction companies have undertaken a number of successful iconic projects that are contributing to economic development at the national level.

In 2014, the division added another feather to our cap with the completion of the 329km Electrified Double Track Project (EDTP) linking Ipoh to Padang Besar on the northernmost border of Malaysia with Thailand. Having successfully completed the project, we handed it over to the Ministry of Transport in November on time and within budget.

Meanwhile, we have made tremendous progress in the Klang Valley Mass Rapid Transit (KVMRT) Line 1. It gives me great pleasure to share with you that our outstanding performance to date on this project has led to the same MMC-Gamuda team being appointed the project delivery partner (PDP) for the KVMRT Line 2. This 56km line will link Sungai Buloh, Serdang and Putrajaya and, together with KVMRT Line 1, is integral to the Government's Greater Kuala Lumpur/Klang Valley vision that aims to transform the city into a world-class metropolis.

THIS 56KM LINE WILL LINK SUNGAI BULOH, SERDANG AND PUTRAJAYA AND, TOGETHER WITH **KVMRT LINE 1**, IS INTEGRAL TO THE GOVERNMENT'S GREATER KUALA LUMPUR/KLANG VALLEY VISION THAT AIMS TO TRANSFORM THE CITY INTO A **WORLD-CLASS METROPOLIS.**

Through our construction arm, MMC Engineering Services Sdn Bhd, we have also gained entry into the Pengerang Integrated Petroleum Complex being developed by Petronas to establish new engines of growth for Malaysia. The Pengerang Co-generation Plant (PCP), to be built by a consortium comprising MMC Engineering Services, Siemens AG and Siemens Malaysia, is expected to be commercially operational by mid-2017. MMC Engineering Services will execute the civil, structural and tankage works for the co-generation plant.

We have also secured the Langat 2 Water Treatment Plant and Water Reticulation System in Selangor which will produce 1,130 million litres per day (MLD) of treated water. In addition, we have won the bid for the RM1.5 billion contract to build the Langat Centralised Sewage Treatment Plant and Sewerage Conveyance System for a total capacity of 920,000 population equivalent (PE) with 105km sewage network to be completed by the end of 2017.

BUILDING OUR HUMAN RESOURCES

It goes without saying that our many successes have been the direct result of our people. Given our long corporate history and excellent reputation in the industry, MMC has been able to attract some of the best talents in the country. Today, as we focus more on enhancing our growth momentum, it has become even more critical to have the most capable people to drive the Group forward.

To enhance the employee value proposition of all our operating companies, in 2014, we reviewed our Human Resources (HR) policies and streamlined the major terms and conditions of employment across the Group. Consequently, regardless of their business size, all our companies are now able to offer the same competitive packages to existing and prospective employees.

Along with HR standardisation, we encourage movement of staff across the Group as this would lead to cross-fertilisation of knowledge and greater business synergies. An added benefit would be the creation of a sense of belonging to the Group, and provide career progressive opportunities which will go a long way towards achieving our organisational goals and shared objectives.

CHAIRMAN'S MESSAGE

CORPORATE SOCIAL RESPONSIBILITY

As a responsible organisation, we believe in creating value for all our stakeholders inclusive of the communities that co-exist with MMC and our operating companies. We support the underprivileged through various outreach initiatives through which we provide financial aid and provisions. In all our programmes, we encourage the participation of employees to engage with and make a difference to the community.

This year, as part of our CSR initiatives, we utilised our group's expertise from the engineering and construction division to build a new building for the tahfiz students of Madrasah Darul Uloom in Seri Petaling, within the suburb of Kuala Lumpur.

Efforts such as these not only serve the humane purpose of uplifting the quality of life of the underprivileged but also instil humility and fulfil our role as a responsible corporate citizen.

We also take seriously the commitment towards preserving the environment. In this regard, Malakoff has a strong track record of promoting sustainable activities that include giant clam restoration, mangrove trees planting, turtle awareness programmes and coral rehabilitation. It has also published a coffee table book, entitled Endau Rompin Revisited, in collaboration with the Malaysian Nature Society. While we are proud of Malakoff's undertakings, we were even more pleased to see its efforts being recognised. In November 2014, the Department of Environment presented the company with the Anugerah Langkawi, the highest accolade in recognition for its commitment towards the environment.

BOARD'S COMMITMENT

The Board of MMC is fully aware of our responsibility to guide the Group, especially in areas such as governance. With MMC now being more involved in the planning, decision making and direction of our operating companies

than before, the Board would be able to exercise its role more effectively in guiding the company, overseeing the conduct of the company's business as well as to identify and mitigate associated risks. We embrace this opportunity for more direct involvement across the Group. This will ensure all companies under MMC work in unison to deliver the Group's Strategic Objectives of maximising shareholder value, offering service excellence, leading in value innovation, and being the preferred employer.

OUTLOOK

A key highlight of the year 2015 will be the listing of Malakoff. The company has matured over the years, and its people have acquired a great deal of expertise. Malakoff is in a strong position to enter its next phase of growth, both locally and internationally. Its public listing will provide the company with the necessary funding to grow to its full potential.

Similarly, I believe, a number of other companies within the MMC Group are also at a stage at which a listing would be the natural next step in their ongoing journey. As the Head Office of the Group, we will be working closely with these companies to prepare them for public listing. Meanwhile, we will continue to support their growth momentum and guide them as they explore opportunities in the region and further afield.

ACKNOWLEDGEMENTS

MMC has made much progress in the last few years and is poised to enter a new phase of very exciting growth. Our achievements are the result of a combination of positive influences from various stakeholders, whom I would like to acknowledge.

On behalf of the Board of Directors, I would like to thank the Federal and State Governments for their belief in our capabilities and entrusting us with projects of national stature. Rest assured, we are committed to undertake our responsibilities to the best of our ability and to deliver projects of world-class quality. I would also like to acknowledge the numerous partners we have worked with, for their diligence and commitment to the highest standards. We are equally thankful to our financiers and shareholders who have provided us with the financial muscle to grow our operations. Thank you for your support.

THE YEAR 2015 HOLDS MUCH PROMISE FOR MMC AS WE WORK TOWARDS ACHIEVING OUR TARGET. I BELIEVE WE HAVE WHAT IT TAKES TO FURTHER ACCELERATE THE GROUP'S GROWTH MOMENTUM.

Finally, I would like to express my appreciation to my colleagues on the Board of MMC for their wise counsel in guiding the organisation. I would also like to acknowledge our management, led by Group Managing Director Dato' Sri Che Khalib bin Mohamad Noh, for reinvigorating MMC and ensuring the Group remains relevant in a competitive and challenging economic environment. Together with our dedicated and target driven employees, I believe we have what it takes to further accelerate the Group's growth momentum.

TAN SRI DATO' WIRA SYED ABDUL JABBAR SYED HASSAN
Chairman

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

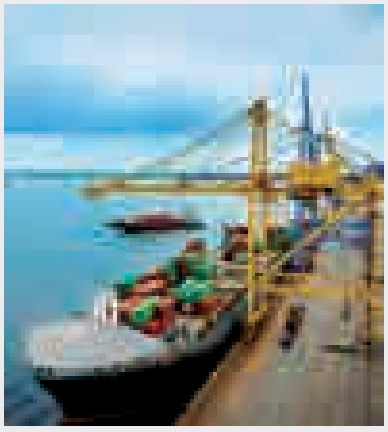
The financial year ended 31 December 2014 was very challenging for the country, with pressure on our currency and declining oil prices casting a shadow on the economy. MMC Corporation Berhad (MMC) nonetheless defied the odds with our resilient corporate performance. Practically all the companies within the Group charted notable growth in terms of productivity, driven by operational and cost efficiencies. As a result, our three core businesses of Energy & Utilities, Ports & Logistics and Engineering & Construction produced positively encouraging scorecards which augur well for the Group's growth momentum.

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

A NEW ERA BEGINS

A significant development during the year was a restructuring that effectively transforms MMC from a holding company to the Group's Head Office. This entails MMC being more involved in the planning, decision-making and direction of our operating companies, and brings with It many advantages. Each company within the Group will no longer operate in isolation from the others but will benefit from the sharing of ideas, stakeholder relations and best practices, as well as synergies created from capital and resource efficiencies.

Along with this new structure, there will be a greater degree of centralisation of processes and systems, with management at the Head Office overseeing and leading in business development, a key area of focus going forward as we seek to accelerate our growth momentum. Other key operational functions such as Human Resources (HR), IT, Legal and Treasury will also be centralised for the efficiencies created from economies of scale, as well as to standardise "MMC systems and processes" across the Group.



This will enforce greater communication and interaction across all operating companies which, in turn, will create a stronger MMC identity and sense of belonging.

In addition to the Group restructuring, we have developed a clear five-year roadmap for MMC and our operating companies beginning in 2014 and taking us to the year 2018. Called DP 2018, the vision is for each company to double its profits by 2018. We acknowledge that this is an ambitious target, however we believe our strengths are such that the end goal is within our reach. DP 2018 was developed in February 2014 and approved by the Board in September. The "Road Ahead" for MMC Group as outlined in DP2018 lays emphasis on the following four thrusts: Expanding Energy & Utilities capacity; Strong growth rate for Ports & Logistics; Capitalising on large-scale Engineering & Construction projects; and Innovating Senai Airport City (SAC) developments.

As we embark on the Road Ahead, we will further strengthen our core areas of expertise while also diversifying our businesses to drive further growth. This process has, in fact, already begun. Gas Malaysia Berhad is branching out from its sole business activity of supplying reticulated gas into cogeneration with Japanese partners. Johor Port Berhad is expanding its business to beyond the port space. Senai International Airport is deriving ancillary income from leasing land for hangars and general business aviation activities.

At the Group level, we will be supporting our operating companies' efforts to diversify and expand by putting together a team of "rainmakers", namely individuals who have proven talent for driving new businesses. There is more than ample potential for growth in each of our core divisions and DP 2018 creates the impetus for our companies to seek out opportunities that they can leverage on with their resources, experience and expertise.

THE "ROAD AHEAD" FOR MMC GROUP AS OUTLINED IN DP 2018 LAYS EMPHASIS ON THE FOLLOWING FOUR THRUSTS: EXPANDING ENERGY & UTILITIES CAPACITY; STRONG GROWTH RATE FOR PORTS & LOGISTICS; CAPITALISING ON LARGE-SCALE ENGINEERING & CONSTRUCTION PROJECTS; AND INNOVATING SENAI AIRPORT CITY (SAC) DEVELOPMENTS.

I am pleased to report MMC Group Berhad's performance for each of our operating companies during financial year of 2014.

ENERGY & UTILITIES

Malakoff Corporation Berhad

Gas Malaysia Berhad

Aliran Ihsan Resources Berhad

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

ENERGY & UTILITIES

MALAKOFF CORPORATION BERHAD

The recovery programme at the Tanjung Bin Power Plant (Tanjung Bin) was successfully completed in March 2014. With an enhanced energy availability factor and thermal efficiency at the plant, Malakoff Corporation Berhad (Malakoff)'s overall performance has been extremely encouraging. From achieving revenue of RM4.7 billion in 2013, it registered RM5.6 billion in 2014. At the same time, its profit after tax and minority interest (PATMI) more than doubled from RM161.5 million in 2013 to RM341.5 million. Given the significant uplift in its financial performance, backed by proven capabilities and technical expertise in both power generation and water desalination, Malakoff is on the road towards a public listing this May. Funds from the listing, coupled with an elevated profile, will contribute greatly to the company's planned expansion and its objective of doubling its generation capacity to 10,000 MW by 2020. Construction of an additional 1000 MW plant next to Malakoff's existing 2100 MW at Tanjung Bin is progressing well and expected to complete by 2016. The company is not, however, limiting its growth momentum to local shores but will continue to look at opportunities in the international markets that provide a good fit with its current profile and direction.

Tanjung Bin contributed 54% of Malakoff's total revenue for the financial year while Segari Energy Ventures (SEV) made up 24%. Malakoff also gained from a higher contribution from Port Dickson Power Plant following the acquisition of the remaining 75% of its equity during the year. The acquisition

Malakoff registered

RM5.6

billion revenue in 2014 compared to RM4.7 billion in 2013

also led to significant increase in PATMI, contributing about RM98.0 million in net income. At the same time, the acquisition of 50% participating interest in the Macarthur windfarm in Australia in June 2013 continued to boost Malakoff's earnings, with an average annual EBITDA contribution of RM170.0 million.

Strong power demand throughout the year led to a commendable dispatch level at all Malakoff-owned plants. The most remarkable improvement in dispatch was seen at Tanjung Bin upon completion of the first phase of its turnaround plan. This increased both the plant's availability – from 67% in 2013 to 84% in 2014; and dispatch – from about 64% to 83% in the same period.

	Plant Name/Location	Tanjung Bin, Johor	Segari, Lumut, Perak	Prai, Pulau Pinang	GB3, Lumut, Perak
1.	Electricity Generated	15,308 GWh	7,964 GWh	2,104 GWh	1,890 GWh
2.	Average Capacity Factor	83.2%	69.8%	68.6%	33.7%
3.	Availability Factor	84%	89.1%	92.1%	91.2%

GAS MALAYSIA BERHAD

Gas Malaysia Berhad (Gas Malaysia) continues to provide steady contributions to the Group supported by expansion in both its geographical and customer base. Currently Gas Malaysia is looking to expand its existing operations as well as to undertake virtual gas pipeline distribution on top of its planned Combined Heat and Power (CHP) projects.

On the back of an accommodating domestic economy, Gas Malaysia continued to strengthen its infrastructure to support healthy demand for natural gas from the industrial, residential and commercial sectors. As a result of increased sales of 147.6 MMBTU compared to 138.5 MMBTU in 2013 and upward revisions of the natural gas tariff on 1 May and 1 November 2014, its revenue for the financial year increased by 19.7% to RM2,773.5 million from RM2,317.2 million in the corresponding period in 2013. Profit after zakat and taxation (PAZT), meanwhile, decreased marginally by 2.2% mainly due to a higher liquefied natural gas (LNG) price.

In terms of volumes sold, industrial customers contributed about 99.3% to the total revenue, followed by commercial and residential customers, at 0.67% and 0.03%, respectively. By region, customers in the central region made up about 42.6% of total gas consumption, followed by the southern, northern and eastern regions, at about 29.8%, 21.4% and 6.3%, respectively.

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

the revenue for the financial year increased by

19.7% to RM2,773.5

million from RM2,317.2 million in the corresponding period in 2013.

Continuous marketing efforts led to an increase in Gas Malaysia's total customer base to 38,318. This comprised 40 new industrial customers to total 771; 574 new commercial customers to total 1,994; and 6,309 new residential customers to total 35,553. While drawing in more customers, the company also focused on expanding its reach via the natural gas distribution system (NGDS) which was extended from 1,983km at end 2013 to 2,065km at the end of the financial year under review.

An ongoing focus at Gas Malaysia is to improve the company's key operational parameters. This led to further enhancements in both its System Average Interruption Duration Index (SAIDI) from 0.1459 minutes of interruption per customer to 0.1455; and its Average Response Time to service interruption from 28.49 minutes to 27.92 minutes, far exceeding the industry standard of 90 minutes.

Two significant corporate events during the year marked Gas Malaysia's commitment to growing its business via diversification. On 18 April 2014, it incorporated Gas Malaysia Energy Advance Sdn Bhd to undertake the combined heat and power (CHP) business; and on 21 October 2014 it set up Gas Malaysia IEV Sdn Bhd to manage its virtual pipeline business.

Gas Malaysia expects higher sales volume in 2015 on the back of pent-up demand and enhanced gas supply visibility. At the same time, as a higher volume of liquefied natural gas (LNG) is to be purchased at market price, this would be reflected in the company's profitability.

ALIRAN IHSAN RESOURCES BERHAD

Aliran Ihsan Resources Berhad (AIRB) posted revenue of RM46.2 million for the year ended 31 December 2014, marking a 41.4% drop from RM78.9 million achieved in the previous financial year. This was mainly due to the cessation of its wholly-owned subsidiary, Southern Water Corporation Sdn Bhd (SWC)'s water concession on 30 June 2014. At the end of this 20-year concession agreement, AIRB successfully handed over 14 water treatment plants (WTPs) that were previously managed by SWC to Syarikat Air Johor Sdn Bhd (SAJSB).

The drought in Peninsular Malaysia from March to June this year impacted AIRB subsidiary Aliran Utara Sdn Bhd (AUSB)'s water production, which dropped slightly to 129.16 million litres per day (MLD) from 130.82 MLD. Total combined water production of SWC and AUSB also dropped, to 326 MLD from 526 MLD in 2013. As a result, AIRB recorded a loss after taxation of RM6.9 million as compared to a profit after tax (PAT) of RM5.1 million in 2013.

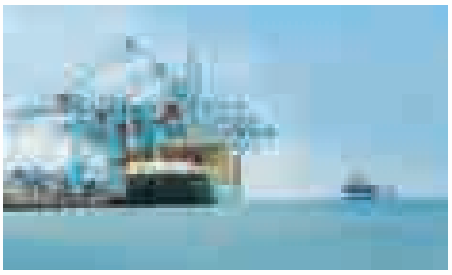
During the year, AUSB received a three-year extension of its Operations and Maintenance (O&M) contract with Lembaga Air Perak for the Gunung Semanggol and Taiping Headworks WTPs in Perak as of 1 November 2014 until 31 October 2017. The plants, with a combined capacity of 126 MLD, operated at 102.5% of design capacity, processing over 129.16 MLD of water.

AUSB continued to maintain high service levels as required by its O&M agreement while complying with the National Standard for Drinking Water Quality (2004) (NSDWQ). It also met the Key Performance Index (KPI) parameters set by Suruhanjaya Perkhidmatan Air Negara (SPAN) in terms of treated water quality and the continuous production of treated water.

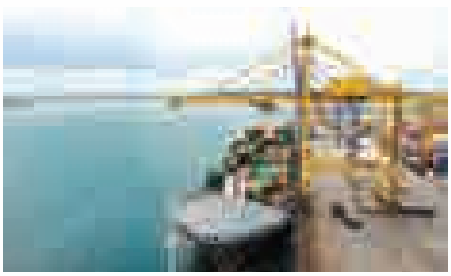
AIRB will continue to pursue water related projects in Malaysia specialising in O&M of water treatment plants while exploring new areas such as the treatment of sewerage and industrial water. Although the company expects the water services sector to continue to be challenging, it is confident of securing more projects in the near future based on its expertise and strong track record.

PORTS & LOGISTICS

Pelabuhan Tanjung Pelepas Sdn Bhd



Johor Port Berhad



GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

PORTS & LOGISTICS

PORT OF TANJUNG PELEPAS

The year 2014 saw a continuation of various efforts to increase our cost efficiencies in the Port of Tanjung Pelepas (PTP) via comprehensive maintenance and refurbishment programmes.

Two new berths completed in PTP have increased its capacity to 10.5 million twenty-foot equivalent units (TEUs), enabling the port to celebrate its 15th anniversary with a veritable milestone. For the first time ever, volume at PTP exceeded the 8.0 million TEU mark by hitting 8.5 million TEU; and is expected to reach 9.5 million TEUs in 2015.

Revenue at PTP increased by 13% to RM1,021.7 million from RM906.5 million in 2013, mainly due to a 12% growth in throughput handled of 8.5 million TEUs. At the same time, the port's ability to meet the minimum productivity level for Maersk Line and MCC Transport, coupled with incentive income earned on vessels achieving incentive-level productivity, further added to its revenue.

Higher revenue led to a 16% increase in EBITDA despite higher costs and overhead expenses by 9% and 18% respectively. As a result, the port's EBITDA margin was 42.8% compared to 41.5% in 2013. Profit before tax increased by 28% to RM105.7 million from RM82.9 million due to higher volume handled. Meanwhile, as a result of higher deferred tax income from the completion of berths 13 and 14, and container yard blocks 19-21; as well as the delivery of various port operating equipment, PTP registered a 117% increase in profit after tax (PAT) of RM265.5 million.

The decline in crude oil prices positively impacted consumables cost, despite PTP handling 12% more volume compared to the previous year. In addition, the successful completion of electrifying 107 rubber tyre gantries (RTGs) in October reduced diesel consumption by 32%, further lowering costs.

Revenue at the PTP increased by 13% to

RM1,021.7

million from RM906.5 million in 2013, mainly due to a 12% growth in throughput handled of 8.5 million TEUs.

Overall, 2014 was a good year in terms of volume handled, profitability and the completion and commissioning of major civil and equipment projects. While improved global economies and consumer spending contributed to the 12% increase in volume container throughput, investments into infrastructure grew PTP's operational stated capacity by 2.1 million TEUs from 8.4 million TEUs to 10.5 million TEUs annually.

In addition to completion of two berths and three container terminal yard blocks, the port was also boosted by new key equipment such as eight EEE-compliant quay side cranes, 26 new electrified rubber tyre gantries (E-RTGs), 70 prime movers and 70 trailers. These not only enhanced volume capacity but also improved operational productivity, and are Integral to a massive refurbishment programme to improve PTP's container handling reliability.

Supporting its investments into physical infrastructure, PTP is also placing more emphasis on human capital development. During the year, it introduced an Operations Supervisors Development Programme providing in-depth training to new and experienced supervisors on functional and management skills. This adds to formal and informal learning experiences that contribute to individual growth and improved performance generally. In October 2014, the Company also embarked on its second Succession Planning and Talent Management Programme targeting high-potential employees.

Despite a challenging global and national economic environment, PTP is optimistic about the year 2015 given that it operates in a strategic growth area in terms of global transhipment. The 2M alliance between Maersk Line and Mediterranean Shipping Company (MSC) moreover means a potentially stronger customer base as the port now has a 10-year vessel sharing agreement between the two partners.

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

JOHOR PORT BERHAD

Johor Port Berhad (Johor Port)'s total revenue for the year was RM602.8 million, an increase of RM15.0 million against 2013, driven by contributions from Container operations and Offshore Inspection, Maintenance and Repair (OIMR) activities as well as Marine Services. It registered RM281.3 million in gross profit, reflecting an 4.7% decrease from 2013 due to higher cost of sales, especially from OIMR activities which had lower profit margins. At the same time, its profit before tax (PBT) amounted to RM145.2 million while profit after tax (PAT) was RM118.9 million.

During the year, Johor Port handled a total cargo throughput of 27.3 million tonnes, registering a slight increase from the 26.9 million tonnes handled in 2013. This was mainly due to increases in total liquid bulk cargo and total container throughput by 4.2% and 4.7% respectively. Non-edible liquid bulk cargo, and particularly petroleum products, also grew by a significant 22.9%; while the volume of container throughput transhipment jumped 57.6% from 37,029 TEUs to 58,373 TEUs. Much of this growth came from heightened transhipment activities by Pacific International Lines Pte Ltd (PIL).

In terms of operational efficiencies, crane productivity improved from 18 GMPH to 22 GMPH; vessel waiting time decreased from 6.0 hours to 4.5 hours; while berth utilisation was a healthy 70%.

Ongoing improvement at the port saw the addition of two more quay cranes in 2014 and the retrofit of two existing quay cranes. Rehabilitation of the container yard, which began during the year, was 60% completed as at December. Among the upgrades, beams in the yard will be strengthened to enable more boxes to be stacked. Capacity was further increased by the purchase of two additional rubber tyre gantries (RTGs) which arrived in April 2015.

At the Bulk & Breakbulk Terminal (BBT), new warehouses and an additional multipurpose wharf are being built. Two new level luffing cranes are expected to begin operations in May 2015, in addition to new auto grabs of 7 cubic metres and 10 cubic metres, and four new hoppers with higher capacity.

In line with MMC's business growth agenda, Johor Port has entered into a joint venture for the provision of tugboats and other marine services. It is also collaborating with PETRONAS on the construction of a container terminal in Tanjung Setapa which will be part of the Refinery and Petrochemical Integrated Development (RAPID) in Pengerang.

Profit before tax (PBT) was

RM145.2

million while profit after tax (PAT) was RM118.9 million.

To support ongoing and future growth, concerted efforts are being made to increase the skills, knowledge and capabilities of employees. Various initiatives have been put in place towards this end including a Competency Framework and Learning & Development Framework which support Individual Development Plans, Succession Planning and Talent Management Programmes. There are also plans to set up a full-fledged Johor Port Skills Centre equipped with professional trainers with more than 30 years of port experience.

Already, Johor Port's human resources initiatives are gaining international and local recognition. During the year, it won an Asia Best Employer Brand Award 2014 by World HRD Congress; and was presented with a Silver Award as an Employer of Choice at the Malaysia HR Awards 2014, organised by the Malaysian Institute of Human Resource Management (MIHRM) in partnership with JobStreet.com.

Johor Port is optimistic about the year 2015, when it expects throughput to increase to 49 million MT, driven by developments within Iskandar Malaysia and the RAPID project, and is gearing up to meet the anticipated increase in demand for its cargo handling and storage services.

ACQUISITION OF SHARES IN NCB HOLDINGS BERHAD

Another highlight of the year was acquisition of a 15.73% stake in NCB Holdings Bhd (NCB), which operates the north and south ports in Port Klang and provides haulage, freight forwarding, ancillary and shipping services. The acquisition is strategic as it expands the presence of our port business from the south of the peninsula to include the mid-western coast as well. With NCB in our portfolio, moreover, we are confident of being able to capture operational and cost synergies which would further enhance our Ports & Logistics division.

ENGINEERING & CONSTRUCTION

Klang Valley Mass Rapid Transit Project

Electrified Double Track Project

MMC Engineering Services Sdn Bhd and MMC Engineering & Construction Sdn Bhd

Zelan Berhad

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

ENGINEERING & CONSTRUCTION

It was a particularly good year for the Engineering & Construction division, which not only completed the Electrified Double Track Project (EDTP) but also made significant progress in the ongoing Klang Valley Mass Rapid Transit (KVMRT) Line 1 and clinched five new major projects that have added significantly to our order book.

KLANG VALLEY MASS RAPID TRANSIT PROJECT

Steady progress on the KVMRT Line 1, which is slated for completion in July 2017, positioned us ahead of the rest to undertake the second phase of the Government's integrated urban rail masterplan. Together with our partner Gamuda, we were appointed the project delivery partner (PDP) for the 56km line linking Sungai Buloh, Serdang and Putrajaya in October 2014. The entire KVMRT Line 2 project is worth an estimated RM23 billion and is scheduled to commence in October 2016.

As at 31 December 2014, the Underground Works Package (UGW) of the KVMRT Line 1 had reached 73% physical completion.

Revenue from the project dropped to RM1.732 billion from RM2.548 billion in 2013 due to lower work progress performed as tunnelling and underground construction works is nearing completion as scheduled.

At the same time, the project achieved a 123.2% increase in profit before tax (PBT) of RM336.9 million from RM149.6 million in 2013. Profit after tax similarly increased, by 148.5%, to RM250.9 million from RM100.9 million in 2013. This was due to cost savings derived following completion of work in the most difficult tunnelling terrain, the highly-weathered karst limestone formation from Pudu Launch Shaft to Maluri South Portal.

Construction of the 9.5km twin-bored tunnels and seven

a 123.2% increase in profit before tax (PBT) of

RM336.9

million from RM149.6 million in 2013.

underground stations in this karst limestone formation, located under heavily built-up and populated residential districts and business commercial centres, was among the key challenges we faced as the main contractor for the RM8.28 billion UGW of the KVMRT Line 1.

The twin-bored underground tunnels begin near the intersection between Jalan Semantan and Jalan Duta,

winding through KL Sentral, Pasar Seni, Merdeka, Bukit Bintang, Pasar Rakyat and Cochrane before ending at the Maluri South Portal. Specialised variable-density tunnel boring machines had to be brought in specifically to cross the most difficult terrain of mixed rock-soil near Pavilion Kuala Lumpur and Fahrenheit 88 malls in bustling Bukit Bintang. Having completed this stretch, the journey ahead was much easier, and we completed all tunnelling works by April 2015.

Work on the seven underground stations between Semantan North Portal and Maluri South Portal - namely KL Sentral, Pasar Seni, Merdeka, Bukit Bintang, Tun Razak Exchange, Cochrane and Maluri – is also advancing swiftly.

ELECTRIFIED DOUBLE TRACK PROJECT

The EDTP was a strategic project, not only because of its economic benefit and social value but also because it allowed us the opportunity to showcase our engineering expertise. Construction of the Berapit Tunnel, the longest railway tunnel in Southeast Asia, was particularly challenging as it required the most stringent safety procedures while blasting and and other works were carried out under the North South Expressway. The tunnel took 240 employees 2.38 million man-hours to complete, a feat that in itself is impressive but which is made even more so by the fact the highest safety standards were upheld throughout. Added to the SMART Tunnel, a dual-purpose tunnel project project that was completed prior to this, MMC has firmly established ourselves as experts in the engineering and construction of innovative and challenging infrastructure.

The EDTP from Ipoh to Padang Besar was 100% completed as per schedule during the year, with the Spine Section from Ipoh to Padang Besar handed over to the Government on 7 June; and the Spur Section from Bukit Mertajam to Butterworth following suit on 7 November 2014.

Following a re-measurement and finalisation of accounts upon its completion, the project recorded a profit after tax (PAT) of RM113.05 million.

GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

MMC ENGINEERING & CONSTRUCTION AND MMC ENGINEERING SERVICES

For the year 2014, MMC Engineering & Construction and MMC Engineering Services posted revenue of RM146.2 million with gross profit of RM21.4 million as compared to RM208.0 million and RM23.9 million in 2013 respectively. Despite a reduced turnover, gross profit margin improved to 14.6% from 11.5% in 2013. Subsequently, MMC Engineering & Construction and MMC Engineering Services posted a profit after taxation (PAT) of RM12.8 million as compared to RM14.7 million a year previously.

Revenue was driven mainly from the completion of the Port of Tanjung Pelepas Container Yard Blocks 16-18 and 19-21, and the Permata Pintar Sports Complex in Universiti Kebangsaan Malaysia (UKM), Bangi. Ongoing projects such as Senai Airport City Infrastructure Works and PTP's Engineering Workshop were also significant contributors. In addition, revenue was derived from two projects secured towards mid-year, namely the Senai Airport Hangar and civil, structural and tankage works at the co-generation plant in the RAPID complex.

The highlight of the year was securing two mega projects, the Langat 2 Water Treatment Plant and Langat Sewerage Projects, with a total contract value of RM2.5 billion which will contribute significantly to the Company's financial performance in 2015 and further.

The RAPID Pengerang project, for the Engineering, Procurement, Construction and Commissioning (EPCC) of a co-generation plant at the RAPID complex, is being undertaken with Siemens Malaysia (M) Sdn Bhd, and is valued at RM3.4 billion.

Of the two mega projects, the Langat Water Treatment Plant: Phase 2A – Construction and Completion of 1130 MLD is valued at RM993.9 million and is being undertaken by a Salcon-MMC-Ahmad Zaki Sdn Bhd joint venture. The Langat Sewarage Project: Design and Build of Centralised Sewage Treatment Plant and Network, meanwhile, is valued at RM1.5 billion.

MMC Engineering & Construction and MMC Engineering Services are positioning themselves as reliable and reputable construction arms of MMC Group with expertise in utilities and infrastructure work. Through the cogeneration plant project in the high-profile RAPID, the companies are creating greater visibility of their capabilities in the areas of project management, development and consultancy in civil and structural works, tank farms and pipelines. By entering into smart partnerships, moreover, they are further enhancing the range and depth of capabilities they are able to offer customers.

Although MMC Engineering & Construction and MMC Engineering Services anticipate the construction market to remain challenging in 2015, they maintain a positive outlook on opportunities to replenish their order books and keep their earnings visible over the next few years.

ZELAN BERHAD

Zelan Berhad (Zelan) recorded total revenue of RM211.0 million for the 9-month period ended 31 December 2014, lower by RM39.2 million from the revenue of RM250.2 million for the financial year ended 31 March 2014. The lower revenue was due to the completion of the Construction, Completion and Maintenance of the Wharf Structure and Back of Wharf for Berths 13 & 14 at the Port of Tanjung Pelepas in April 2014. The major revenue contributor for the period under review was construction of the Centre for Foundation Studies (Phase 3) of the International Islamic University Malaysia (IIUM) in Gambang, Pahang.

The Company, however, recorded a net profit for the financial period ended 31 December 2014 of RM41.2 million as compared to RM35.2 million in the preceding year.

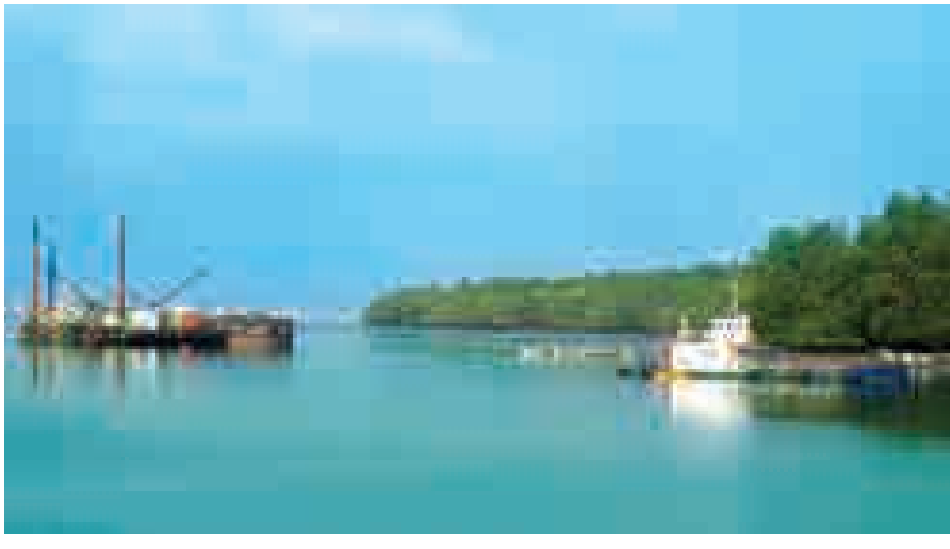
During the financial period under review, Zelan reached an agreement to continue work on the Meena Plaza Mixed Use Development project in Abu Dhabi with a balance contract value of AED515.0 million. This project is to be completed within 15 months. In Indonesia, it reached a settlement of the final accounts with PT PLN (Persero) and all the subcontractors involved.

Zelan also increased its order book by successfully securing two projects with a total contract sum of RM498 million. The first contract is for the Construction and Completion of the Drawbridge Connecting Muara North and Muara South in Kuala Terengganu. This project, for the Eastern Corridor Economic Region Development Council, is worth RM249.0 million and is to be completed within 135 weeks by 14 March 2017. The second contract is for the Basic Design, Detail Engineering, Procurement, Construction and Commissioning of the Material Off Loading Facilities (MOLF) Jetty at Tanjung Setapa, Johor for the RAPID project at Pengerang at a contract price of approximately RM248.5 million with contract duration of 18 months. The MOLF Jetty is intended to be used for the import of heavy lift oversized ("HLO") and super HLO equipment and materials as well as some break-bulk and containerised cargo during the implementation of the RAPID project.

Zelan increased its order book by successfully securing 2 projects with a total contract sum of

RM498

million.



GROUP MANAGING DIRECTOR'S OPERATIONS REVIEW

SENAI AIRPORT TERMINAL SERVICES SDN BHD

Senai Airport Terminal Services Sdn Bhd (SATSSB)'s aeronautical revenue improved by 25% to approximately RM31.9 million from RM25.4 million in 2013 while its non-aeronautical revenue increased by 16% to approximately RM8.7 million from RM7.5 million, mainly due to a 14% increase in rental revenue from RM5.7 million in the previous year to approximately RM6.5 million.

The increase in aeronautical revenue was driven by a 17% growth in passenger traffic. The year saw about 2.33 million passengers travel through Senai International Airport (Senai Airport), as opposed to 1.99 million in 2013. This development was due to an increase in flight frequency and the introduction of several new domestic and international destinations by AirAsia, Firefly, Malaysia Airlines and Malindo Air. New international flight destinations by AirAsia itself contributed to 185,776 passengers from 118,699 in 2013. Passenger movements also increased, by 19.3%, from 789,755 in 2013 to 941,879 in 2014.

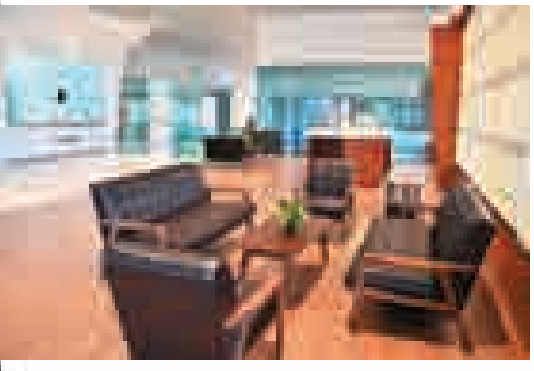
Commercial and scheduled aircraft movement grew by 24.5% from 2013 while non-commercial aircraft movement inched up by 2.1% year-on-year.

Cargo traffic also increased year-on-year by approximately 43.3%, with live seafood making up about 67.4% of total inbound cargo and oil and gas constituting about 28.0% of total outbound cargo.

A significant development during the year was completion of the airport's hangar complexes which have been designed to provide maintenance, repair and overhaul (MRO) services. Sapura Aero and Dilog Training and Services will be flagship tenants providing MRO functions at Senai Airport to meet growing regional demand. They will complement existing tenants, namely Executive Jet Asia and C&A Aviation, at the Senai Airport Aviation Park (SAAP).

Senai Business Aviation Terminal (SBAT), the private jet terminal at Senai Airport, became fully operational on 1 March 2015. Even in 2014, when it was functioning at below full capacity, business jet movements at Senai Airport increased 61% from 310 to 498 aircraft year-on-year, demonstrating the huge potential of this niche market.

Meanwhile, progress was also seen at the Senai Airport City (SAC) project adjacent to Senai Airport that has been earmarked for a High-Technology Industrial Park, Cargo and Logistics Park (Free Zone) and Commercial and Residential Park. Infrastructure work for this 2,718 acre development started in March 2010. As of end 2014, works on the roads, drainage, water reticulation, sewerage



treatment, telecommunications and power supply was 98.2% (Phase 1A) and 90.5% (Phase 1B) completed respectively. Hershey Company, which is building a RM816 million manufacturing facility in SAC, the biggest outside of the US, is on track to start operations by the third quarter of 2015. This will provide the necessity catalyst for SAC to attract other related manufacturing players to this newly developing industrial zone.

OUTLOOK

The drastic fall in crude oil price and its dampening effect on the global economy has led to the Ministry of Finance revising downwards the country's 2015 GDP growth projection from 5.0%-6.0% to between 4.5%-5.5%. Though lower, our predicted growth is still relatively robust, supported by strong domestic activity amid ongoing implementation of the Economic Tranformation Programme.

In January 2015, our Prime Minister revealed a revised Budget 2015 based on a crude oil price assumption of USD55 per barrel, as opposed to an assumption of USD100 per barrel when the initial Budget was prepared. Though the new Budget includes cost-cutting measures to reduce the Government's fiscal deficit, it was heartening to note that the RM48.5 billion that had been set aside for development projects is being maintained. This includes projects that will benefit the nation as a whole such as public housing, flood mitigation, water supply, electricity and public transport infrastructure.

In particular, the Prime Minister shared that the Government would proceed with projects such as the KVMRT Line 2, the LRT 3 – a light rail transit line linking Bandar Utama to Shah Alam and Klang, and the high-speed train system between Kuala Lumpur and Singapore. Our MMC-Gamuda JV is already involved in the KVMRT Line 2; and we are collaborating with a Japanese firm to submit a tender for the high-speed train project. At the same time, continued investments into utilities such as water and electricity bodes well for our core businesses.

The reduced cost of fuel will be a boon to the shipping and aviation sectors. Although the volume of global trade depends on a multitude of factors, cheaper transport is likely to increase the throughput in our ports as well as airport. With continuous growth, we are confident that our ports will soon tread on the same path as Malakoff in heading for a listing.

In 2015, we will also continue to unlock the value of our landbanks. We are in the final stage of obtaining the approved "Developer Status" at Senai Airport City (SAC). We are also seeking approval for a Free Industrial Zone status which would further enhance the value of our property. We are upbeat about monetising our land and are especially excited about the prospects of Hershey's factory being operational by third quarter 2015 as this would catalyse investors' interest in SAC.

DATO' SRI CHE KHALIB MOHAMAD NOH
Group Managing Director

BOARD

Sitting from left to right

- Dato' Abdullah Mohd Yusof
- Dato' Sri Che Khalib Mohamad Noh
- Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan
- Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob

OF DIRECTORS

Standing from left to right

- Datuk Ooi Teik Huat
- Datuk Mohd Sidik Shaik Osman
- Encik Abdul Hamid Sh Mohamed

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 75, was appointed as a non-independent non-executive 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 Tradewinds (M) Berhad and Aliran Ihsan Resources Berhad.

Tan Sri Dato' Wira Syed Abdul Jabbar attended all six Board meetings of the Company held in the financial year ended 31 December 2014.

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 50, 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 year 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 Boards of Gas Malaysia Berhad, Zelan Berhad, Malakoff Corporation Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, Port Dickson Power Berhad, NCB Holdings Berhad and several private limited companies.

Dato' Sri Che Khalib attended all six Board meetings of the Company held in the financial year ended 31 December 2014.

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.

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 73, was appointed to the Board as a non-independent non-executive 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 6 years. A 1965 graduate of the Brighton College of Technology, United Kingdom, in civil and structural engineering, he was conferred the Doctor of Engineering (Honorary) by the University of Birmingham in 1993. In 1993, he attended the Advanced Management Program at the Harvard Business School.

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

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman attended all six Board meetings of the Company held in the financial year ended 31 December 2014.

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 66, was appointed to the Board as a non-independent non-executive 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 to December 2014.

Datuk Mohd Sidik attended five Board meetings of the Company held in the financial year ended 31 December 2014.

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.

DATO' ABDULLAH MOHD YUSOF

Senior Independent Non-Executive Director

Dato' Abdullah Mohd Yusof, Malaysian, aged 75, was appointed to the Board as an independent non-executive 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 an 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 as well as THR Hotel (Selangor) Berhad.

Dato' Abdullah attended five Board meetings of the Company held in the financial year ended 31 December 2014.

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

DATUK OOI TEIK HUAT

Independent Non-Executive Director

Datuk Ooi Teik Huat, Malaysian, aged 55, was appointed to the Board as an independent non-executive director on 22 May 2008. He is also a member of the Audit, Nomination & Remuneration and Finance, Investment & Risk Committees.

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

Datuk 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.

Datuk Ooi sits on the Boards of Tradewinds (M) Berhad, Tradewinds Plantation Berhad, DRB-HICOM Berhad, Zelan Berhad, Johor Port Berhad, Malakoff Corporation Berhad, Gas Malaysia Berhad, Padiberas Nasional Berhad and Mardec Berhad.

Datuk Ooi attended all six Board meetings of the Company held in the financial year ended 31 December 2014.

Datuk 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.

ENCIK ABDUL HAMID SH MOHAMED

Independent Non-Executive Director

Encik Abdul Hamid Sh Mohamed, Malaysian, aged 49, was appointed to the Board as an independent non-executive 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, Pos Malaysia Berhad and Scomi Group Berhad.

Encik Abdul Hamid attended all six Board meetings of the Company held in the financial year ended 31 December 2014.

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

1 Dr. Mabel Lee Khuan Eoi
Director, Group Treasury

2 Dato' Sri Che Khalib Mohamad Noh
Group Managing Director

5 Gan Seng Keong
General Manager, Group Property

6 Elina Mohamed
Group Legal Advisor

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

8 Badrulhisyam Fauzi
Head, Group Strategy & Corporate Affairs

3 Mohd Shahar Yope
Group Chief Financial Officer

4 Lucy Wong Kam Yang
Chief Internal Auditor

9 Mohd Nazersham Mansor
General Manager, Finance

10 Izham Ab Wahab
Head, Group Human Resources

11 Ahmad Aznan Mohd Nawawi
Group Company Secretary

12 Ahmad Zaki Abdullah
Head, Group Corporate Planning

13 Adam Saffian Ghazali
General Manager, Special Projects I

CORPORATE SOCIAL RESPONSIBILITY

Success and responsibility go hand in hand. As our business develops further, so does our approach to CSR. This year, through our three-pillar framework; Education and Community Development, Human Capital Development and Environmental Preservation; we strive in our efforts towards advancing community development and working to get positive sustainable change. We continue to present the organisation as a platform for human capital excellence to achieve growth of talented and diversity of skills. MMC is steadfast in propagating the conservation of environment to help keep the ecosystem running healthily.

Education & Community Development

We are committed to add value to our local communities. Whether we are getting our people involved through volunteering, building long-term community partnerships, making vital projects a reality via combining MMC Group of expertise or boosting economies through our work for clients, we add value every day, all around the nation. MMC's overall goal is to play an effective role as a corporate entity, helping to enrich the community's quality of life with education as core thrust of the Group's initiatives.

PTP LAUNCHES ENGLISH LANGUAGE DEVELOPMENT PROGRAMME

Form Four students from schools within the Gelang Patah district participated in an English development programme to sharpen their communication and writing skills. The programme was organized by Port of Tanjung Pelepas (PTP), in collaboration with Universiti Teknologi Malaysia (UTM) as well as the Johor Bahru District Education Department.

PTP COMMUNITY ENGAGEMENT

A group of students and teachers from Sekolah Kebangsaan Tiram Duku and Sekolah Kebangsaan Kompleks Sultan Abu Bakar were given the opportunity for an exclusive visit to PTP office and tour of the port terminal. The programme is part of Projek Komuniti PTP to engage with the schools in the port's vicinity.

EDUCATION & COMMUNITY DEVELOPMENT

PTP - SPM MOTIVATIONAL CAMP

120 students from Gelang Patah secondary schools took part in a Sijil Pelajaran Malaysia (SPM) motivational camp held at Universiti Teknologi Malaysia (UTM). The camp was a collaboration between PTP and UTM. Schools which participated in the motivational camp included Sekolah Menengah Kebangsaan Tanjung Adang, Sekolah Menengah Kebangsaan Kompleks Sultan Abu Bakar, Sekolah Menengah Kebangsaan Gelang Patah and Sekolah Menengah Kebangsaan Taman Nusajaya.

CERAMAH PERDANA IN SEGARI, PERAK

To commemorate the Isra' and Mi'raj occasion, Malakoff Corporation Berhad (Malakoff) hosted a religious lecture at Masjid Khairul Jariah, Segari located near Lumut Power Plant (LPP). The event was also held to commemorate the completion of the newly upgraded mosque contributed by Malakoff. The event was attended by 200 employees and villagers near the power plant area. The ceramah was delivered by Ustaz Zamri Zainurdin, on the topic of Isra' Mi'raj and the benefits of Ramadhan.

SENAI AIRPORT TERMINAL SERVICES FLIES SPECIAL EDUCATION STUDENTS TO KOTA KINABALU

Senai Airport Terminal Services Sdn Bhd (SATSSB) sponsored return air tickets for 26 Special Education students from local schools to Kota Kinabalu, Sabah. Known as "Lawatan Integrasi Nasional 1Malaysia ke Sabah Negeri Di Bawah Bayu', the programme is aimed at helping Special Education students learn and experience air transportation, as well as enjoy the visit to Sabah.

The educational trip programme was participated by Special Education students aged from eight to 18 years old from Sekolah Kebangsaan Senai Utama, Sekolah Menengah Kebangsaan Senai, Sekolah Jenis Kebangsaan Cina Pulai and also Sekolah Jenis Kebangsaan Tamil Ladang Kulai Besar.

MALAKOFF HOSTS FRIENDLY FUTSAL TOURNAMENT WITH EC, EPU AND TNB

Malakoff organized a friendly futsal tournament in Subang, for the third year running to strengthen its working relationship with its stakeholders. The tournament saw the participation of 64 players from the Energy Commission (EC), Tenaga Nasional Berhad (TNB) and Economic Planning Unit (EPU) and Malakoff. TNB were named champions for both Men's and Women's categories, defeating the defending champion, Malakoff in the Men's category while maintaining their hold in the Women's category.

EDUCATION & COMMUNITY DEVELOPMENT

PTP 2014 SOCCER LEAGUE

The PTP 2014 Soccer League was organized in collaboration with Pelabuhan Tanjung Pelepas Football Club (PTP FC) to improve the football skills amongst students as part of their extra-curricular activities. A total of 150 players from eight schools around the Gelang Patah area joined this soccer league programme, namely. Sekolah Kebangsaan Nusantara, Sekolah Kebangsaan Taman Nusa Perintis 1, Sekolah Kebangsaan Tanjung Kupang, Sekolah Kebangsaan Morni Pok, Sekolah Kebangsaan Pendas Laut, Sekolah Kebangsaan Kampung Pulai, Sekolah Kebangsaan Sg Melayu and Sekolah Kebangsaan Tanjung Adang.

MMC TEPAT TEKNIK CELEBRATES UNDERPRIVILEGED COMMUNITY IN TERENGGANU

In conjunction with Hari Raya Qurban, MMC Tepat Teknik (Kejuruteraan) organized a donation event with the underprivileged single mothers and the elderlies at Badan Amal Kebajikan Al-Miezan Terengganu. The event was officiated by YB Haji Wan Abdul Hakim, Ahli Dewan Undangan Negeri Kawasan Air Putih.

MMC-GAMUDA CELEBRATES DEEPAVALI WITH STUDENTS AND TEACHERS

MMC-GAMUDA KVMRT (MGKT), in collaboration with MIC, celebrated Deepavali with the students and teachers of SJK (T) Jalan San Peng. The contribution is part of MGKT'S CSR initiative to foster closer relationships with the residents living along the Sungai-Buloh-Kajang MRT line.

ZELAN ASSIST FLOOD VICTIMS IN SEBERANG TAKIR, TERENGGANU

Zelan donated food and other necessities to the flood victims in Seberang Takir, Terengganu. Contributions included packets of rice, sugar, beverages and diapers among others.

MAJLIS KESYUKURAN AT AKADEMI MADRASAH DARUL ULOOM ISLAMIAH, SERI PETALING

MMC held a Majlis Kesyukuran to officiate the new building of Madrasah Darul Uloom contributed by MMC through its zakat fund. Chairman of MMC, YBhg Tan Sri Dato' Wira Syed Abdul Jabbar Shahabudin presented certificates and gifts to graduating tahfiz students. The event was attended by senior representatives from Pusat Pungutan Zakat Wilayah Persekutuan (PPZ), Majlis Agama Islam Wilayah Persekutuan (MAIWP) and MMC Management.

JOHOR PORT BERHAD'S HELPING THE HOMELESS PROJECT

Johor Port Berhad (JPB) initiated a project known as "Helping the Homeless" where they undertook a donation drive for unwanted items as well as provided relevant information to its employees on preventing, reducing and ending youth homelessness in communities across Johor. The committee also went around to supply food to the homeless for a duration of two weeks.

EDUCATION & COMMUNITY DEVELOPMENT

TIJARAH RAMADHAN PTP

PTP celebrated Ramadhan with 100 residents and students at Gelang Patah in a programme called Tijarah Ramadan 2014. Held annually, the programme provides assistance to those in need, especially during the festive season in rural areas of Gelang Patah. PTP team held breaking of fast session with the villagers and presented duit raya and essential items to the recipients.

MMC'S IFTAR WITH UNDERPRIVILEGED CHILDREN AND ZAKAT RECIPIENTS

MMC shared the barakah (blessings) of the holy month of Ramadhan, with staff and underprivileged children in its annual Majlis Berbuka Puasa held in Kuala Lumpur. The event was hosted by Chairman of MMC Corporation Berhad Tan Sri Dato' Wira Syed Abdul Jabbar and its Group Managing Director Dato' Sri Che Khalib Mohamed Noh. Also present were the Group's Board of Directors as well as Senior Managements and staff from its operating companies in Klang Valley.

A total of 100 underprivileged children from two orphanages, namely Badan Amal Nur Zaharah, Klang and Rumah Hembusan Kasturi, Janda Baik Pahang were treated with sumptuous buka puasa menu at the event. The children received cash contributions and goodie bags. In the same engagement, MMC Oil & Gas Engineering presented zakat contributions to several selected charity bodies. Contributions were given away by Tan Sri Dato' Wira Syed Abdul Jabbar and Ir Noorul Khairi, Chief Executive Officer of MMC Oil & Gas Engineering.

BACK TO SCHOOL AID TO ORPHANAGE AT KAMPUNG SUNGAI KANDIS

MMC Tepat Teknik took part in Karnival Cinta Masjid 2014 event by donating to Jawatankuasa Kemajuan dan Keselamatan Kampung (JKKK) in Kampung Sungai Kandis, Klang, Selangor. Some of the chosen 39 students were presented with Bata Gift Vouchers in preparation for the coming new year school preparation.

Human Capital Development

Our people are at the heart of everything we do. We provide opportunities for employees to learn and develop throughout their careers, so they can reach their best potential. We promote a diverse and inclusive workplace, and strive to create a healthy and safe work environment that supports our people's wellbeing.

LAUNCH OF MMC MANAGEMENT TRAINEE PROGRAMME

MMC Corporation Berhad (MMC) launched a management trainee programme where 14 fresh graduates from both local and foreign universities undergo an 18-month programme attached to either the companies or projects within the MMC group of companies. The purpose of the programme is for the management trainees to adjust themselves to the working world as well as gain the knowledge and experience needed to progress successfully in their careers.

LEADERSHIP ACCELERATION PROGRAMME (LAP) GRADUATION AND LAUNCHING OF MANAGEMENT DEVELOPMENT PROGRAMME (MDP)

Johor Port had taken a major initiative to reduce a key corporate governance risk, which is to ensure that it has sufficient talented leaders that are ready to occupy management responsibilities in the future. The Leadership Acceleration Programme (LAP) and the Management Development Programme (MDP) was launched by Encik Shahrull Allam, CEO of Johor Port on 22 February 2013 to identify and develop employees who have the potential to be future leaders and able to fill mission critical positions. These programmes will accelerate the development of potential talent pool as well as enhance and develop their leadership capabilities. A total of 21 employees from Manager Level and above participated in this programme.

MMC GROUP CEO AWARDS 2013

MMC recognizes remarkable leaders within the Group for their continuing commitment to excellence, developing best practices and innovative strategies. Three special awards were presented to individual executives and leaders based on their companies' outstanding financial achievements, leadership qualities and business excellence for the business performance in 2013.

HUMAN CAPITAL DEVELOPMENT

MMC GAMUDA KVMRT (T) SDN BHD LAUNCHED ITS "FINGERS & TOES" AWARENESS CAMPAIGN

MMC Gamuda KVMRT (T) Sdn Bhd (MGKT), launched its "Fingers and Toes Awareness Campaign" on 26 February 2014. The campaign, was aimed to create awareness amongst the workers on the importance of adhering to safety procedures while working at construction sites. It is part of a series of initiatives in reducing the frequency of accidents and injuries.

TEH TARIK WITH GMD

The session was opened to all MMC staff as a platform to communicate with MMC Group Managing Director, Dato' Sri Che Khalib. Sessions were held quarterly in the Klang Valley as well as Johor. Participants from various departments and levels attended, providing staff with the opportunity to openly discuss and share ideas towards a better working environment

JPB'S SAFETY AWARENESS DAY 2014

Johor Port Berhad's Safety Awareness Day 2014 was officially launched by its CEO, Encik Shahrull Allam Shah. Organised with the aim of continuously creating safety awareness amongst all port users, the one-day event was attended by nearly 1,000 participants made up of Johor Port's employees, contractors and other port users.

MMC GROUP BOWLING TOURNAMENT 2014

The MMC Group Bowling tournament organized by Kelab Rekreasi MMC (KRMMC) was held on 26 April 2014 at Ampang Superbowl, Berjaya Times Square. The event saw encouraging attendance by MMC staffs, MMC Oil & Gas emerged as the Grand Winner in Group Category followed by Johor Port and Gas Malaysia. For single series game, Norzidah Alias from MMC Oil & Gas won the ladies category and Othman Che'Ros won the men's category.

HUMAN CAPITAL DEVELOPMENT

JOHOR PORT FLYING COLOURS AWARD

The Flying Colours Award-Class of 2013 event was held to celebrate the excellent academic achievements of Johor Port's staff's children in the 2013 Ujian Pencapaian Sekolah Rendah (UPSR), Penilaian Menengah Rendah (PMR) and Sijil Pelajaran Malaysia (SPM) examinations. The ceremony saw 33 JPB's staff children receiving awards and Sijil Simpanan Premium certificates as a token for their academic achievements.

GAS MALAYSIA TREASURE HUNT 2014

Kelab Sukan & Rekreasi Gas Malaysia Berhad organized a Treasure Hunt activity among its members from Gas Malaysia Headquarters to Swiss Garden Resort & Spa, Balok, Kuantan.

MMC GAMES 2014 – THE LARGEST SPORTING EVENT IN MMC GROUP

2014 MMC Games, the inaugural sport tournament hosted by MMC took place on 1 November 2014 at Maybank Academy, Bangi. Graced by Chairman, the first MMC Games saw more than 500 personnel across MMC and its operating companies compete in football, table tennis, badminton, netball and volleyball. The Games kicked off with a march-past ceremony accompanied by the athletes from all 10 enthusiastic companies consist of Zelan; Malakoff; MMC Oil & Gas; Gas Malaysia; MMC and AIRB; MMC Tepat Teknik; MMC Engineering & Services, MMC Engineering & Construction and MMC Engineering; SMART and Senai Airport; JPB and PTP.

JOHOR PORT PENSIONER APPRECIATION EVENT 2012-2013

Johor Port organized the Pensioner Appreciation Event for its 32 retiring staff to recognize their valuable services to the port.

Environmental Preservation

Our initiatives towards environment preservations are through both direct involvement as well as pledging our research to ongoing projects undertaken by various agencies.

MALAKOFF CONTINUES PRESERVATION EFFORTS IN PULAU MENTINGGI'S MARINE PARADISE

Malakoff continued its commitment to the environment preservation by supporting the Ministry of Natural Resources and Environment (NRE)'s efforts to care for the marine ecosystem. Pulau Mentinggi in Johor was selected as the most suitable location to rehabilitate giant clams, or its scientific name Tridacna Gigas. The Giant Clam Restoration Project at Pulau Metinggi, Johor aimed at highlighting the importance of giant clams in the ecosystem as well as raise awareness and gain support from the general public on the threats that they are facing.

The project was launched on 15 June 2014 by the Deputy Minister of Ministry of Natural Resources and Environment, Dato' Sri Dr James Dawos Mamit at Pulau Tinggi and Malakoff were invited to witness the launch as one of the contributors to the fund.

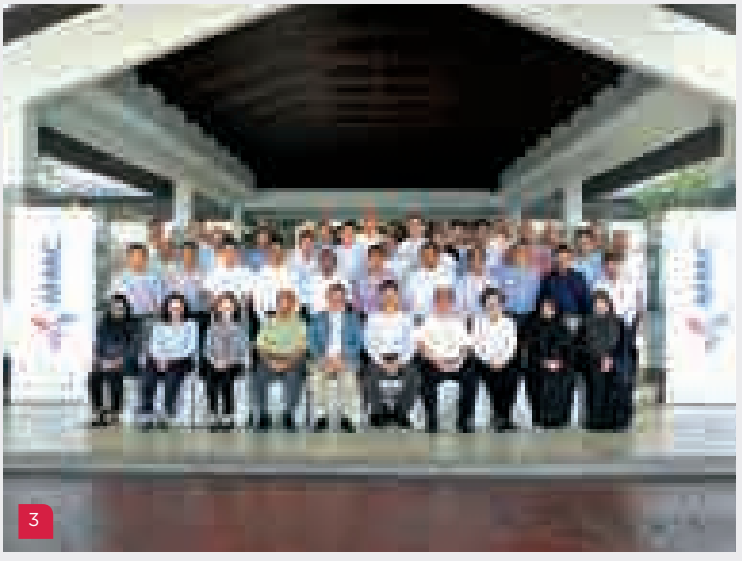
SENAI AIRPORT 'TEAM UP TO CLEAN UP 2014'

SATSSB kicked-off a cleaning campaign with the theme, 'Team Up to Clean Up' on the 17 December 2014 to encourage the airport community members to continuously keep the airport and workplace environment clean. 150 individuals including SATSSB's staff, government agencies, airlines and airport retailers took part in this clean up exercise.

MMC 2014

1

2


3

CORPORATE HIGHLIGHTS

1 **9 January 2014**

MMC-Gamuda Breakthrough at Pasar Rakyat Station

2 **14 February 2014**

PTP Received New Generation Quay Cranes (EEE Cranes)

24 February 2014

Gas Malaysia Berhad signed Joint Venture Agreement with Energy Advance Co. Ltd. And IEV Energy Sdn Bhd

3 **28 February 2014 – 1 March 2014**

MMC Group Senior Management Retreat

4 **7-9 March 2014**

MCTF Jobstreet Career Fair 2014

5 **19-21 March 2014**

Asia Water Resources Expo 2014

6 **25-28 March 2014**

Offshore Technology Conference Asia 2014

3 April 2014

Malakoff won Silver at Global CSR Awards 2014 on Empowerment for Women

7 **20-27 April 2014**

Minggu Saham Amanah Malaysia 2014

MMC 2014 Corporate Highlights

1

2

3

1 **8 May 2014**

MMC 38th Annual General Meeting

8 May 2014

Gas Malaysia Awarded with the certificate for implementing Information Security Management System by SIRIM

2 **15 May 2014**

Gas Malaysia's 23rd Annual General Meeting

3 **5 June 2014**

Signing Ceremony between PETRONAS and Siemens-MMC Consortium

4 **6 June 2014**

MMC-GAMUDA's Tunnelling Training Academy extends Training Assistance to Delhi Metro Engineers

5 **6-8 June 2014**

Senai Airport hosts Explore Johor Fest 2014

6 **19 June 2014**

Head of Agreement between Johor Port Berhad and PETRONAS' PRPC Utilities and Facilities Sdn Bhd

4

5

6

MMC 2014 Corporate Highlights

1

2

3

1 19 June 2014

Site Visit by Senator Dato' Seri Idris Jala to MRT Cochrane Site

24 July 2014

Zelan bags RM248.5 million job from Petronas Refinery and Petrochemical Corp

31 July 2014

Zelan Secures RM248.73 million Drawbridge Contract in Terengganu

2 1 August 2014

Johor Port Berhad won Asia's Best Employer Brand Awards

3 **9 August 2014**

PTP received the arrival of MV Mary Maersk

4 **21 August 2014**

KeTTHA Minister Visit to Langat 2 WTP

5 **26 August 2014**

Pokka Factory Launching Ceremony

6 **28 August 2014**

Dato' Sri Che Khalib won Outstanding Entrepreneurship Award

7 **29 August 2014**

Pengerang Integrated Complex Major Contracts Award Ceremony

MMC 2014 CORPORATE HIGHLIGHTS

4 September 2014
Memorandum of Collaboration Between Johor Port Berhad, Malaysian Technology Development Corporation (MTDC), JP Logistics (JPL) and MIFF Marketing (M) Sdn Bhd (MIFF)

1 **10-12 September 2014**
Teknik Janakuasa Sdn Bhd showcased in POWER-GEN Asia 2014

2 **23-25 September 2014**
Malaysia Oil Gas Services Exhibition Conference 2014 Exhibition

3 **3 October 2014**
Johor Port Berhad and Kotug Malaysia Sdn Bhd in Joint Venture Shareholder Agreement

11–16 October 2014
Johor Port Authority (LPJ) Port Week

4 **3 November 2014**
Ground Breaking Ceremony of the Pengerang Co-generation Plant

5 **3 November 2014**
Malakoff won Prestigious Anugerah Langkawi

6 **12 November 2014**
ERT Malakoff Power LPP Defends Championship at ERT Perak Competition

7 **17-18 November 2014**
SPAD LPT Symposium & Gala Dinner

21 November 2014
Senai Airport Terminal Services Sdn Bhd MS ISO Certification

8 **25-26 November 2014**
Centralised Sewage Treatment Plant Project Briefing with Government Agencies & Stakeholders

1

2

3

4

5

6

7

8

MMC 2014 Corporate Highlights

1

2

3

1 25-27 November 2014

Police Officers from Port of Tanjung Pelepas Police Department received recognition during the 26th Malaysia Auxiliary Police Conference

2 29 November 2014

Senai Airport Under One Roof Futsal Tournament 2014

3 5 December 2014

Gas Malaysia Stakeholders Invitational Golf Tournament 2014

4 5 December 2014

MMC-Gamuda won International Tunnelling and Underground Space Awards 2014 for Technical Innovation of the Year Category

8 December 2014

The signing of the Collaboration Proposal between Gas Malaysia Berhad and Malaysian Biotechnology Corporation Sdn Bhd

5 10 December 2014

MMCOG won 2 awards at the MSC SSO Night of Excellence

16 December 2014

PTP Hits Eight Million TEU mark

6 18 December 2014

SPAN Visits Taiping Water Treatment Plant Headworks

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 recognizes the importance of diversity in designing its composition and total manpower. Diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The

STATEMENT ON CORPORATE GOVERNANCE

Board, through the Nomination and Remuneration Committee will continue to consider candidates of different gender, ethnic and age with the appropriate skills, experience and characteristics 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.

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 58 to 75 of this annual report.

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

STATEMENT ON CORPORATE GOVERNANCE

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 2014. Set out below is the attendance record of members for Board and Committees meetings for financial year ended 2014.

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

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 2014, among others were as follows:

- reviewing the size, composition and effectiveness of the Board;
- recommending to the Board regarding the directors seeking re-election at the 2014 Annual General Meeting (AGM);
- recommending to the Board regarding GMD's KPIs;
- recommending to the Board regarding remuneration review, annual increment and performance bonus for employees.

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 105 to 108 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 categorized into the appropriate components are enumerated in Note 8 of the Audited Financial Statements on page 186 of this annual report.

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

Amount of Remuneration	Number of Executive Director	Number of Non-Executive Directors
RM100,001 to RM150,000	–	3
RM150,001 to RM200,000	–	2
RM300,000 to RM350,000	–	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 186 of this annual report.

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 fulfills 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 authorized, 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-Ninth AGM, Encik Abdul Hamid Sh Mohamed, shall retire accordingly and being eligible, will offer himself 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.

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 fulfillment 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 organized internally by the Company or externally, as follows:

- Audit Committee Conference 2014: Stepping Up For Better Governance
- In-house Training on Enterprise Risk Management : Driving Sustainability and Innovation
- National Economic Summit and Dialogue with the Prime Minister of Malaysia
- The New Landscape for Global Political Risk Management
- Goods and Services Tax Implementation
- Common Offences Committed by Directors Under the Companies Act 1965 Pitfalls and Remedies
- Managing Business Risk and Creating Opportunities with GSI Implementation
- Enhancing Internal Audit Practice

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 programme 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,

STATEMENT ON CORPORATE GOVERNANCE

each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee will assist the Board to review and scrutinize the financial statement and information for disclosure to ensure that the Company's financial statements comply with applicable financial reporting standards.

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 98 to 102 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.

6. RECOGNIZE 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 98 to 102 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 105 to 108 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.

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 25 February 2015.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of Bursa Securities Listing Requirements, with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board of Directors is pleased to present the Statement on Risk Management and Internal Control ("the Statement") for MMC Corporation Berhad for the Financial Year ended 31 December 2014.

BOARD RESPONSIBILITY

The Board of Directors ("Board") has the overall responsibility for maintaining a sound system of risk management and internal control so as to safeguarding shareholders' investments, the Group's assets and other stakeholders' interests.

The Board also from time to time review the effectiveness, adequacy and integrity of the risk management framework and internal control system to ensure that significant risks faced by the Group are being managed appropriately and is robust enough to respond to changes in the business environment. There are two committees at the Board level that have primary risk management and internal control oversight responsibilities:

- The Finance, Investment and Risk Committee ("FIRC") – oversight over risk management.
- The Audit Committee ("AC") – oversight over governance, internal control system and financial matters.

RISK MANAGEMENT

The Group defines risk as anything that has a potential to prevent the organisation from achieving its objectives. Risk management encompasses the identification, analysis, evaluation, treatment, communication, review and monitoring of the risks in relation to the identified business objectives.

Risk Management Framework

The Group is guided by the Enterprise Risk Management Policy and Framework ("Framework"), which is aligned to the ISO 31000 "Risk Management - Principles and Guidelines". This document was reviewed this year to reflect the changes within the organisation with the aim of enhancing and aligning the Framework to the current structure and to reflect the current risk management practice. The Framework sets out the appropriate levels of accountability and responsibility. The Framework identifies the necessary resources to ensure that risk management is embedded in the Group's practices and processes.

Our policy is to identify, evaluate and mitigate the risks to protect the Group from loss, uncertainty and lost opportunity.

All risks relevant to the achievement of business objectives are evaluated. The relevant controls, action plans and Risk Owners are also identified. Each risk is rated according to its severity level depending on its likelihood and impact.

Monitoring and Review

The objectives of monitoring and reviewing the risk management process are to provide reasonable assurance that risks are being managed effectively. Formal reporting has been instituted at the departmental, corporate and Board levels (including the Operating Companies Board) and contain the significant risks identified by the business during the period. This is to provide reasonable assurance that risks are monitored and reviewed throughout the organisation.

Risk Reporting

On a quarterly basis, risk registers containing the identified risks are discussed and deliberated in the MMC's Risk Management Committee (RMC) chaired by the Group Managing Director (GMD). The reports are subsequently tabled to the Finance, Investment and Risk Committee (FIRC) for deliberation and recommendation to the Board on the identified risks, ongoing controls and the mitigation actions taken. The Board notes the reports on the risks faced by the Group and actions taken by management to mitigate the risks.

INTERNAL CONTROL SYSTEM

The system of internal controls is designed to provide reasonable assurance against the occurrence of any event that could prevent the achievement of business objectives. The key components of internal control encompasses the following key control processes:

Establishment of Various Committees

Various Board Committees and Management committees have been established to assist the Board in discharging its duties. Among the committees are:-

Board Level
- Audit Committee
- Financial, Investment and Risk Committee
- Nomination and Remuneration Committee

Management Level
- Management Committee
- Risk Management Committee

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Organisational Structure

The internal control of the Group is supported by formal organisational structure with clear lines of authority and responsibility. Qualified and experienced management personnel have been appointed to oversee the operating companies to deliver the Group objectives.

Limits of Authority

The Limits of Authority ("LOA") identify the various persons/authorities responsible for various business transaction including matters that require Board approval. It sets out a clear line of accountability and responsibility within the Group to facilitate decision making at the appropriate level in the organisation's hierarchy.

Budget Challenge Sessions and Quarterly Performance Reviews

The Group performs an annual business planning and budgeting exercise which include validating of business strategies to ensure operating companies are sufficiently guided in making business decisions. Quarterly performance reports are compared against budgets and deliberated at Senior Management levels across the Group. These are also discussed in the Board meetings.

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.

Group Internal Audit

The Group Internal Audit Department provides independent assurance on the adequacy of governance, risk management and control process. This is to assess the effectiveness of the Group's internal control system.

Policies and Procedures

Relevant policies and procedures have been approved by the Board and relevant authorities to ensure Group values and good control mechanisms are embedded in business operations. Periodic review is done to ensure relevance and effectiveness.

Whistle Blowing

A Whistleblow Policy is available and a whistle blower channel is provided for all employees and third parties to disclose Improper Conducts. This Policy also accords protection to whistleblowers from detrimental action.

Business Continuity Management Systems (BCMS) and Crisis Management Plan (CMP)

The Company has put in place a Business Continuity Management System which is aligned to the ISO 22301 "Societal security – Business Continuity Management Systems (BCMS) – Requirements" standard. The structure and process for managing business disruption events are available and includes a tested IT Disaster Recovery plan to ensure

resilience. A Crisis Management Plan (CMP) which is in line with the BCMS has also been developed for managing emergencies and crisis at the Company's Head Office.

The integrated BCMS and CMP enhances the Company's preparedness to respond and reduce the impact of crisis as well as ensure the ability to recover and continue Critical Business Functions (CBFs) within a tolerable timeframe towards sustaining the Company's operational survival thus protecting businesses, stakeholders and customers during crisis or business disruption.

In line with the above, the BCM has also been rolled out to the core Operating Companies within the Group.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

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

- Quarterly reviews on the Group's actual financial and operational performance versus planned performance and other key financial and operational performance indicators.
- Specific transactions, projects or opportunities are also discussed between Management and the Board as and when required. This allows the Board and Management to manage potential risks.
- The Group's risk management report is presented to the FIRC quarterly by the Risk Management Department to provide an overview of the Group's key risks and how they are being addressed. The report is also presented to the Board. The Board notes and provides its views which are then communicated to the respective risk owners by the Risk Management Department.
- The Audit Committee deliberates and discusses reports raised by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective action for issue discussed are also updated to the AC to enable monitoring of the actions.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control 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.

In making this statement, the Board has received assurance from the GMD, Group Chief Financial Officer and Head of Risk Management that the risk management and internal control 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 risk management and internal control 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.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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. They have reported to the Board under Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of Statement on Risk Management and Internal Control Guidelines, nor is the Statement factually inaccurate.

The statement has been approved by the Board of Directors at its meeting on 25 February 2015.

STATEMENT ON INTERNAL AUDIT FUNCTION

The Group Internal Audit Department (GIA) was set up in November 2013, to support the Board through the Audit Committee (AC) to discharge its responsibilities of maintaining a sound internal control system to safeguard shareholders' investment, the interest of stakeholders and the Group's assets.

GIA reports functionally to the AC and administratively to the Group Managing Director (GMD). The AC reviews and approves the internal audit plan, budget and departmental structure to ensure that the department is adequately resourced with competent staff to perform the function effectively. GIA's purpose, objectives, authority and responsibilities are spelt out in the Group Internal Audit Charter which is approved by the AC. The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by The Institute of Internal Auditors.

MISSION AND ROLES

GIA's mission is to provide independent and objective assurance on governance, risk management and control systems reviewed that will improve and add value to the Group. GIA's main roles are as follows:

- Preparation of a risk based Annual Internal Audit Plan that is aligned to the organisation's strategic objectives and takes into consideration the Board and management inputs.
- Evaluation of the risk exposure, and adequacy and effectiveness of controls in the organisation's governance, operations and information systems to provide reasonable assurance against material misstatement, loss and fraud.
- Maintenance of professional audit staff with sufficient knowledge, experience, skills to provide assurance on the governance, risk management and control system of the organisation.
- Report on significant issues detected and progress of Annual Internal Audit Plan.
- Monitor status of management action plans to strengthen controls and perform follow-up audits to ascertain if control issues are addressed adequately.

COVERAGE & RESOURCES

GIA performs the internal audit function for the Company as well as carry out certain assignments for Group companies. GIA provides oversight, guidance and assistance to the internal audit functions for companies with such a function in the Group, to ensure that the objectives and roles of the function are achieved.

STATEMENT ON INTERNAL AUDIT FUNCTION

As at 31 December 2014, GIA had a total of 5 auditors. The AC is updated quarterly on staff movement and status of recruitment of auditors to ensure the adequacy of staff and competencies.

During the year, a total of 21 reports were issued covering the areas of the control environment, risk management, revenue assurance, procurement, project management, finance, human resource, treasury, regulatory compliance and operations.

In financial year 2014, the total cost incurred by GIA was RM1.78 million.

GIA INITIATIVES

During the year, the following initiatives were undertaken:

- Establishment of the Group Internal Audit Charter, to guide the internal audit function on the purpose, authority, responsibilities, reporting structure and standards to be applied.
- Development and implementation of Internal Audit Planning and Internal Audit Activities' Policies and Procedures.
- Implementation of Internal Audit Manual to provide guidance on the systems and processes for performing internal audit activities.
- Co-ordination, review and preparation of a Consolidated Internal Audit Plan for the Group to ensure the adequacy of coverage of risk areas.
- Implementation of Internal Audit Ratings to enable areas of coverage to be rated and compared for improvement purposes.
- Implementation of internal control framework ratings promulgated by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).
- Implementation of Risk & Control Matrix for balanced reporting.
- Standardisation of Internal Audit Report format.
- Cascading of Internal Audit Ratings, COSO ratings, standard Internal Audit Report format, Risk and Control Matrix to Group companies.
- Revision of Whistleblower Policy.
- Provision of assistance in the set-up of subsidiaries' internal audit function.
- Provision of guidance and assistance to Group companies with internal audit function.
- Presentation of governance and internal control awareness sessions for staff within Company and Group Companies.
- Assistance to a subsidiary for the establishment of a Key Performance Indicator based on the internal audit ratings of the state of internal controls in the areas reviewed.
- Monitoring the progress of the approved Annual Internal Audit Plans for Group companies with internal audit functions.

GIA is committed to providing independent and objective assurance on governance, risk management and control processes according to the International Professional Practices Framework on Internal Auditing.

AUDIT COMMITTEE REPORT

The Audit Committee (AC) 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 AC 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 of an Independent Director (cumulative of nine years) as required by Bursa Malaysia's Listing Requirements. Dato' Abdullah has sought and obtained approval to remain as Independent Director from MMC Corporation Berhad's shareholders at last year's Annual General Meeting. He will be seeking approval to continue as an Independent Director in the Annual General Meeting to be held on 25 May 2015.

MEETINGS

A total of four AC meetings were held during the financial year ended 31 December 2014. All four AC members attended all the meetings. The meetings are normally attended by the Group Managing Director, Director of Finance, Chief Internal Auditor and upon invitation the external auditors. The external auditors also attended all of the four meetings and met the AC twice without the presence of management. The internal auditors and external auditors (PwC), may request additional meetings if and when considered necessary.

The Company Secretary acts as secretary to the AC. Minutes of each meeting are distributed to each board member. The Chairman of the AC reports key matters discussed at each meeting to the Board.

AUDIT COMMITTEE REPORT

AUTHORITY

The AC has the following authority as empowered by the Board:

- The authority to investigate any matters within its terms of reference.
- The authority to utilise resources which are required to perform its duties.
- Full, free and unrestricted access to any information, records, properties and personnel of any company within the Group.
- Direct communication channels with the external auditors and internal auditors or both, without the presence of other directors and employees of the company, whenever deemed necessary.

DUTIES

The duties of the AC are to:

- Consider the appointment of the external auditors, the audit fee and any questions 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 as 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 auditor's management letter and management's response.
- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- Review the internal audit plan, consider the major findings of internal audit investigations and management's response and ensure proper co-ordination between the internal auditors and external auditors.
- Review any appraisal or assessment of the performance and qualifications of members of the internal audit function.
- Approve the appointment of the Group Chief Internal Auditor.
- Take cognisance 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 defined by the Board.

GROUP INTERNAL AUDIT

The AC is supported by the Group Internal Audit Department (GIA) in their discharge of their duties and responsibilities. GIA reports directly to the Audit Committee and administratively to the Group Managing Director. GIA's principal responsibility is to undertake governance, risk management and control process reviews to provide reasonable assurance that such systems are working effectively. GIA also provides guidance, oversight and assistance to internal audit functions within the Group. Additionally, GIA is responsible for the administration of the Whistleblower System of the Company.

Since the set-up of GIA on 1 November 2013, all internal audit assignments are done in-house. During the year, a total of 21 reports comprising planned and ad hoc assignments were issued. The areas reviewed included the control environment, risk management, revenue assurance, procurement, project management, finance, human resource, treasury, regulatory compliance and operations.

Internal Audit Reports are tabled to the AC for deliberation, and contains the findings, risks, improvement opportunities and preventive and corrective actions to be implemented. Management is present during the presentation of the reports to provide their response and feedback on the progress of preventive and corrective actions. GIA also provides status updates to the AC on the progress of preventive and corrective actions to be carried out by management to facilitate monitoring of the improvements made to systems and processes.

During the financial year, the total cost incurred by GIA was RM1.78 million.

SUMMARY OF ACTIVITIES

A summary of the main activities performed by the AC during the financial year is as follows:

External Audit

- Reviewed the findings of the external auditors and followed up on the recommendations.
- Held 2 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 confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- Considered and recommended to the Board the draft quarterly reports and statutory financial statements for the financial year ended 31 December 2014.

AUDIT COMMITTEE REPORT

Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for 2014 and 2015, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.
- Reviewed and approved the Group Internal Audit Charter.
- Deliberated and approved the implementation of standardised internal audit ratings within the Group.
- Noted the implementation of standard internal audit report formats and introduction of internal control framework (Committee of Sponsoring Organisation of the Treadway Commission – COSO) ratings.
- Reviewed and deliberated on the planned and ad hoc internal audit reports issued and the adequacy of management response/ actions to address control deficiencies.
- Reviewed quarterly updates on the progress of the internal audit plan, status of corrective actions and activities carried out by GIA.

OTHERS

- Reviewed and recommended the Statement on Risk Management and Internal Control, Audit Committee Report, and Statement on Internal Audit Function.
- Reviewed and recommended to the Board the revision in the Whistleblower Policy.
- Reviewed related party transactions.

EMPLOYEES' SHARE OPTION SCHEME

There is no employee share option scheme for the Audit Committee to review and verify.

The report has been approved by the Board of Directors at its meeting on 25 February 2015.

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 RM24,000.

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 contract 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 2014 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.