



Annual Report 2015



# STRENGTHENING GROWTH

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# STRENGTHENING **GROWTH**

In line with our vision to be a premier utilities and infrastructure Group, we are strengthening our core businesses for profitability and continued growth. With acquisition of new contracts, investments and steady progress in all key projects, supported by competent and dynamic workforce, we are confident of taking the Group into the next phase of sustainable growth and development.

Our key business divisions, Ports & Logistics, Energy & Utilities and Engineering & Construction continue to be an integral part of the nation's landscape. As a business enabler, our experience and expertise combined with our culture of innovation will continue to contribute towards a better Malaysia for future generations.

The cover design features graphic images of our business divisions demonstrating the strength and growth potential of the Group.





# CORPORATE PROFILE

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



MMC's key businesses in its Ports and Logistics division include the operations of Pelabuhan Tanjung Pelepas (Malaysia's largest container terminal), Johor Port (Malaysia's leading multi-purpose port) and Northport in Port Klang (Malaysia's preferred gateway terminal). Through its associate stake in Red Sea Gateway Terminal Company Limited, MMC has extended its operations into container port terminals at the Jeddah Islamic Port in Saudi Arabia.

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

MMC's Engineering and Construction division has further established 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) Line 1 project (Sungai Buloh-Kajang Line) and it has again been appointed as the PDP for the KVMRT Line 2 project (Sungai Buloh-Serdang-Putrajaya Line). MMC has successfully completed the 329km Ipoh-Padang Besar Electrified Double Track Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind dual-purpose tunnel in the world. 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, in addition to the civil and infrastructure works for Refinery And

Petrochemical Integrated Development (RAPID) Pengerang Cogeneration Plant. Zelan Berhad in which MMC is the single largest shareholder, was also awarded the contract for the construction of Material Off-Loading Facilities (MOLF) jetty at Tanjung Setapa and a drawbridge in Kuala Terengganu.

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 2,718 acres of land known as Senai Airport City which is being developed into a major integrated industrial and commercial area. In addition to that, MMC has a 2,255-acre Free Zone Industrial Centre known as the Tanjung Bin Petrochemical and Maritime Industrial Centre which offers comprehensive facilities and infrastructure for tankage and terminal handling as well as trading and logistics.





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## OUR VISION

To be a premier utilities  
& infrastructure group

## OUR MISSION

Excellence in our core  
business segments

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

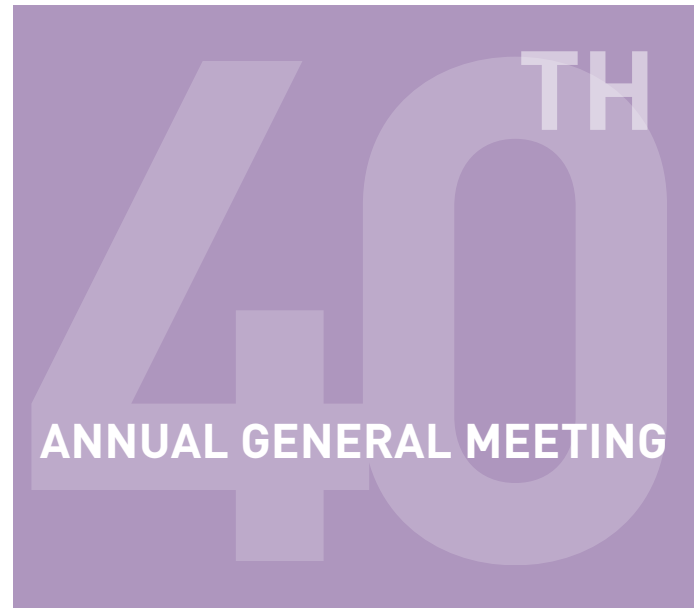
# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fortieth Annual General Meeting (AGM) of MMC Corporation Berhad will be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Tuesday, 10 May 2016 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 2015 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 3.8 sen per share for the financial year ended 31 December 2015 be and is hereby approved and declared payable on 5 July 2016 to the members of the Company registered at the close of business on 20 June 2016." **Resolution 1**
3. "THAT Dato' Sri Che Khalib Mohamad Noh, 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' Seri Shamsul Azhar Abbas, who retires in accordance with Article 85 of the Company's Articles of Association, be and is hereby re-elected a Director of Company." **Resolution 3**
5. "THAT Dato' Siti Halimah Ismail, who retires in accordance with Article 85 of the Company's Articles of Association, be and is hereby re-elected a Director of Company." **Resolution 4**
6. "THAT Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar, who retires in accordance with Article 85 of the Company's Articles of Association, be and is hereby re-elected a Director of Company." **Resolution 5**
7. "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 a Director of the Company pursuant to Section 129(6), to hold office until the conclusion of the next AGM." **Resolution 6**
8. "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 7**





9. "THAT the payment of Directors' fees amounting to RM910,465.75 for the financial year ended 31 December 2015, be and is hereby approved." **Resolution 8**
10. "THAT Messrs. 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 9**

**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 20 June 2016 shall be entitled to the final dividend which will be paid on 5 July 2016.

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 20 June 2016 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

18 April 2016

**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, 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 instead of him/her. 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/her 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/her 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 3 May 2016 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 financial statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

**RESOLUTIONS 6 AND 7 – RE-APPOINTMENT OF DIRECTORS**

The proposed Ordinary Resolutions 6 and 7 under Agenda 7 and 8 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 and 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 fulfils the criteria as an Independent Director as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgement 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 Board and Committee meetings;
- d. He devotes sufficient time and effort and attends all the Board and Committee meetings for informed and balanced decision making; and
- e. He exercises due care with his professionalism aptitude 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.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

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

1.	Name	Tan Sri Dato' Seri Shamsul Azhar Abbas
	Age	64
	Nationality	Malaysian
	Position on the Board	Independent Non-Executive Chairman
	Date first appointed to the Board	16 July 2015
	Membership of Board Committee	Nomination and Remuneration Committee
	Working experience	As enumerated in the Profile of Directors on page 048 of this annual report
	Occupation	Group Chairman
	Any other directorship in public companies	<ul style="list-style-type: none"> <li>• NCB Holdings Bhd</li> <li>• Enra Group Berhad (<i>formerly known as Perduren (M) Berhad</i>)</li> <li>• PETRONAS Gas Berhad</li> </ul>
	Securities holdings in the Company	Nil
	Any family relationship with Directors and/or Major Shareholders of the Company	Nil
2.	Name	Dato' Siti Halimah Ismail
	Age	61
	Nationality	Malaysian
	Position on the Board	Independent Non-Executive Director
	Date first appointed to the Board	16 July 2015
	Membership of Board Committee	Finance, Investment and Risk Committee
	Working experience	As enumerated in the Profile of Directors on page 054 of this annual report
	Occupation	Director
	Any other directorship in public companies	Nil
	Securities holdings in the Company	Nil
	Any family relationship with Directors and/or Major Shareholders of the Company	Nil



3.	Name	Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar
	Age	44
	Nationality	Malaysian
	Position on the Board	Independent Non-Executive Director
	Date first appointed to the Board	16 July 2015
	Membership of Board Committee	Nomination and Remuneration Committee
	Working experience	As enumerated in the Profile of Directors on page 055 of this annual report
	Occupation	Director
	Any other directorship in public companies	• BHP Petroleum Berhad
	Securities holdings in the Company	Nil
	Any family relationship with Directors and/or Major Shareholders of the Company	Nil

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Tan Sri Dato' Seri Shamsul Azhar Abbas

Dato' Sri Che Khalib Mohamad Noh

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

Dato' Abdullah Mohd Yusof

Datuk Ooi Teik Huat

Dato' Abdul Hamid Sh Mohamed

Dato' Siti Halimah Ismail

Tuan Syed Naqiz Shahabuddin  
Syed Abdul Jabbar

Datuk Mohd Sidik Shaik Osman  
(Resigned on 1 April 2016)

## 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

Messrs. PricewaterhouseCoopers  
Chartered Accountants

## SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House  
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.  
2<sup>nd</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur  
Malaysia  
Tel : (603) 2034 7754  
Fax : (603) 2026 3712

## PRINCIPAL BANKER

RHB Islamic Bank Berhad

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad



# FINANCIAL CALENDAR

**2016****10 May 2016**

Annual  
General  
Meeting

**20 June 2016**

Entitlement to  
2015 final  
dividend

**5 July 2016**

Payment of  
2015 final  
dividend

Financial year ending 31 December 2016  
Announcement of results:

**24 May 2016**

1st quarter

**25 August 2016**

2nd quarter

**29 November 2016**

3rd quarter

**21 February 2017**

4th quarter

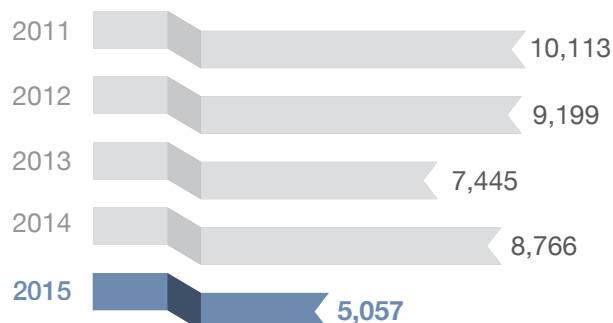
\* These dates are subject to change

# PERFORMANCE

## AT A GLANCE

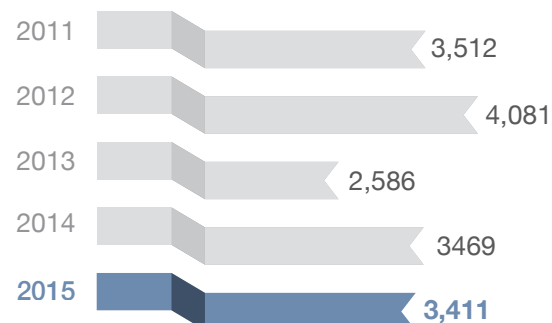
### Revenue

(RM million)



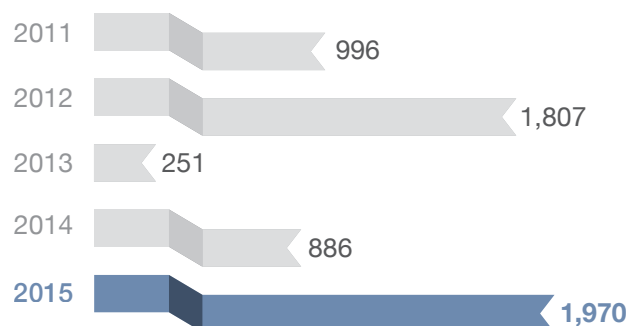
### EBITDA

(RM million)



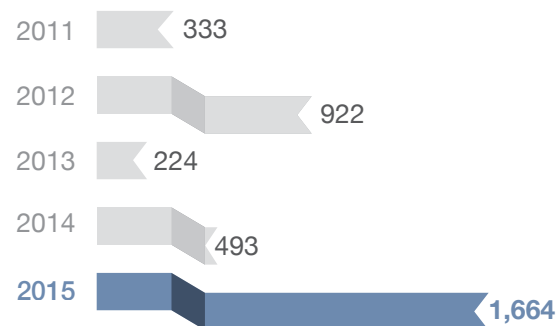
### Profit before zakat and taxation

(RM million)



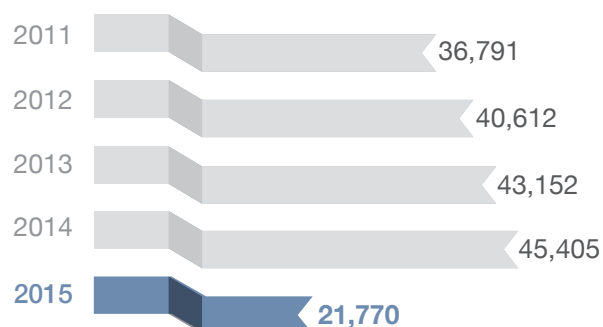
### Profit after tax and minority interests

(RM million)



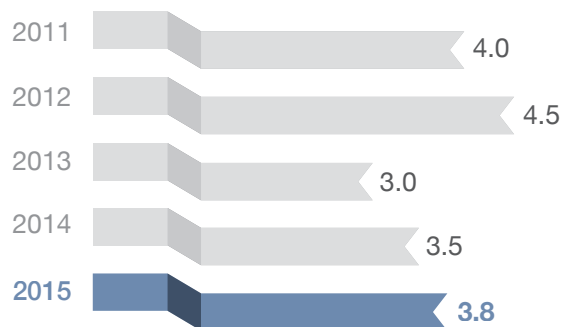
### Gross assets

(RM million)



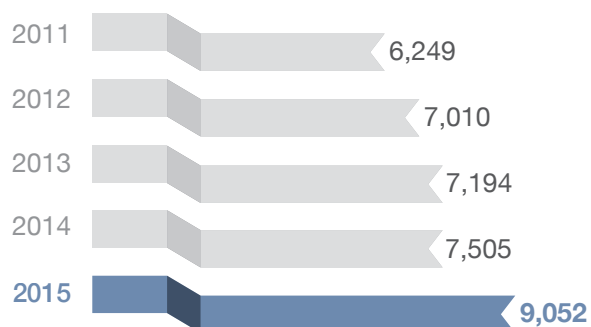
### Dividend per share

(sen)



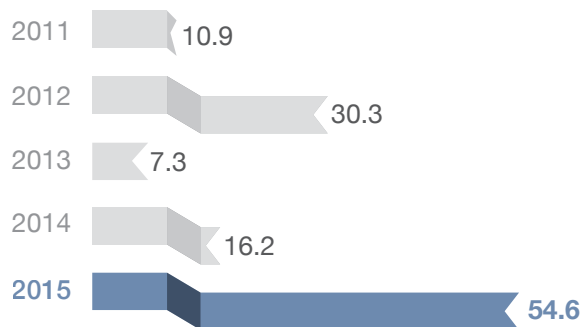
### Shareholders' funds

(RM million)



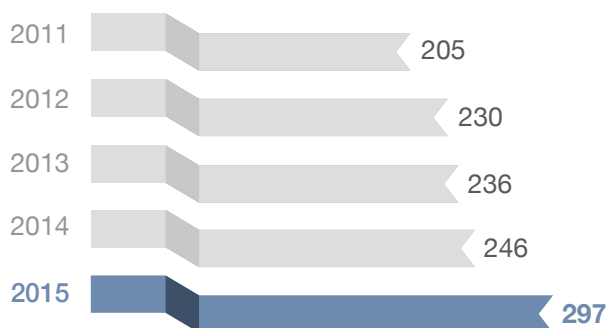
### Earnings per share

(sen)



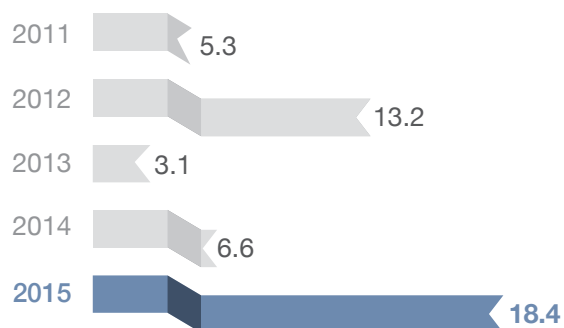
### Net assets per share

(sen)



### Return on Equity

(%)







**TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS**  
Chairman

Dear Shareholders,

Key to the success of MMC Corporation Berhad (MMC or the Group) over the years has been to constantly maintain an edge in the industries we represent. This has led to MMC becoming what it is today – a leading utilities and infrastructure group with businesses in Ports & Logistics, Energy & Utilities and Engineering & Construction, providing essential services that support continued growth of the nation.

# CHAIRMAN'S MESSAGE

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The theme of this year's annual report, *Strengthening Growth*, reflects a strategic focus that has guided us throughout our journey, namely to harness synergies across the Group for greater efficiencies. In 2015, we created opportunities for growth despite a tough economic climate characterised by capital outflows, a depreciating Ringgit and increased costs.

Three events in 2015 stood out in this regard: the listing of Malakoff Corporation Berhad (Malakoff) in May; acquisition and the general offer of NCB Holdings Bhd (NCB) to become the major shareholder in the port and logistics operator; and the Sukuk Murabahah Programme of up to RM1.5 billion of which RM1.2 billion was issued with bid cover ratio of 1.5 times to refinance our borrowings.

With proceeds from its listing, Malakoff has been able to enhance its financial position to enter a new and accelerated phase of growth. With greater equity in NCB, we now have Northport (M) Bhd and Kontena Nasional Berhad in our Ports and Logistics network, providing us access to the central region which complements our strong presence in the south of the country via Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) and Johor Port Berhad (Johor Port).



In addition, we have made good progress in streamlining operations throughout the Group, allowing us to capitalise more effectively on our resources and leverage on economies of scale.

Various functions across our port operations are being integrated and we have also created platforms for shared services and best practices.

As a result of these efforts to strengthen the Group, we have achieved a commendable financial scorecard. For the year ended 31 December 2015, we have more than doubled our profit before tax to RM1.97 billion. This has been supported by increased internal efficiencies as well as the gain from Malakoff's Initial Public Offering (IPO) and significant organic growth in each business division.

I am also pleased to share that, given our performance for the year, the Board of Directors is recommending a dividend of 3.8 sen per share compared to 3.5 sen last year, which shall be tabled for approval at our upcoming Annual General Meeting (AGM).

#### HIGHLIGHTS OF THE YEAR

Our Ports & Logistics division performed exceptionally well during the year under review. In November, PTP was named Malaysia's 2014 Best Port, in conjunction with World Maritime Day 2015. This reflected concerted efforts to enhance its operational and technical capabilities over the past few years, coupled with a very strong customer-centric culture that continuously seeks to deliver an excellent customer experience.

PTP's growth has been organic, driven by enhanced handling capacity and increased efficiency which, in turn, have attracted greater volume of traffic. A strategic partnership with 2M Alliance, the world's largest container shipment collaboration between Maersk Line and Mediterranean Shipping Company (MSC), has further boosted its business growth. The partnership, comprising 11 services covering the Asia-North Europe and Asia-Transpacific routes, contributed an additional throughput volume of approximately 1 million Twenty-foot Equivalent Units (TEUs) during the year.





Johor Port is currently developing a 30-acre Tanjung Langsat Cargo Consolidation Centre which will be a catalyst to the 5,000-acre Tanjung Langsat Industrial Complex and serve as a one stop consolidation cargo hub. On the other hand, the 82-acre Industrial Park and Warehousing Distribution Centre for Inland Port Development is to create additional free zone space and facilities for manufacturers, traders and warehouse operators to increase free zone activities in this region. Johor Port was also awarded Port Operatorship by Petrolim Nasional Berhad (PETRONAS) for the Refinery And Petrochemical Integrated Development (RAPID) Pengerang Project to operate two Material Off Loading Facilities (MOLF) in Teluk Ramunia and Tanjung Setapa. Apart from these ongoing projects, Johor Port is actively exploring new business opportunities, especially from potential customers within Iskandar Malaysia

Within the Energy & Utilities division, although Malakoff's listing stole the thunder in 2015, we are pleased with

the overall construction of the Tanjung Bin Energy Power Plant (T4). The 1,000 MW coal-fired plant, located adjacent to the existing Tanjung Bin Power Plant, achieved its Initial Operation Date (IOD) through first synchronisation to the national power grid in October 2015; and achieved its Commercial Operation Date (COD) in March 2016.

Within the Engineering & Construction division, the Klang Valley Mass Rapid Transit (KVMRT) Line 1 Elevated and Underground portions have achieved significant progress; and Phases 1 and 2 are on track for completion by December 2016 and July 2017 respectively.

**RM1.97  
BILLION**

profit before tax



We take great

# EFFORT

to attract the right talents into the Group and subsequently nurture to help them realise their full potential.

Target completion for  
KVMRT Line 1 Elevated and  
Underground portions

# PHASE 1

and Phase 2 by end  
December 2016 and July  
2017 respectively



Other projects such as Langat 2 Water Treatment Plant, Langat Centralised Sewage Treatment Plant and Sewerage Conveyance System in Selangor, as well as the RAPID Cogeneration Plant in Pengerang, Johor have commenced with good physical progress. Meanwhile, Zelan Berhad's (Zelan) Kuala Terengganu Drawbridge project in Terengganu is progressing as per schedule. Construction of the MOLF Jetty in Tanjung Setapa and the Centre for Foundation Studies (Phase 3) of the International Islamic University Malaysia (IIUM) campus in Gambang, Pahang were also successfully completed.

## ENHANCING SHAREHOLDER VALUE

The Group's continued growth is given top priority by the Board of Directors as we remain committed to rewarding our shareholders with attractive returns. A key priority is to safeguard the Group's long-term profits by keeping a tight rein on our capital outlay and ensuring that all our assets are well-managed.

We continue to strengthen our core businesses by ensuring that our investments and acquisitions are integrated seamlessly into the Group. Incorporating MMC's core values, Vision and Mission provide the board with greater oversight in terms of corporate governance.





We believe, the addition of competent and dynamic workforce will support the Group as we enter the next phase of sustainable growth and development.

#### **NURTURING A PERFORMANCE CULTURE**

MMC fully acknowledges that our growth depends on our most valuable asset, namely our people. We take great effort to attract the right talent into the Group and subsequently nurture them to help realise their full potential. Our Human Capital policies are designed to help our employees realise their potential while supporting our business to achieve our vision and mission.

The Group is driven by corporate values of integrity, innovation, teamwork, excellence and commitment. By combining these values supported with the right people, policies, procedures and training, we expect to shape the right behaviours towards creating a high-performance culture.

At the same time, we recognise the importance of establishing and maintaining a strong and sustainable leadership to drive our corporate values and goals. Towards this end, our Group Human Resources Division is collaborating with IIUM and Australia Institute of Management to conduct a Leadership Development Series, which aims to develop superior leadership capabilities within the Group.





**OVER AND ABOVE THIS COMMITMENT, WE RECOGNISE THAT WE HAVE A DUTY TO GIVE BACK TO THE COMMUNITIES IN WHICH WE OPERATE; TO CREATE STRONG RELATIONSHIPS BASED ON TRUST WITH OUR STAKEHOLDERS; AND TO PROTECT THE NATURAL ENVIRONMENT FOR FUTURE GENERATIONS.**

#### ENSURING SAFETY

As part of our commitment to care for our people and assets, we have in place a comprehensive Health, Safety and Environment (HSE) framework, which supports zero tolerance to work related injuries while promoting excellence in environmental sustainability. This framework also ensures that the Group complies with our statutory duties in relation to health, safety and environmental legislation, safeguarding our image and reputation.

It gives me pleasure to share that our commitment to safety contributes to a high level of safety performance across our business units. In December, MMC Engineering Services Sdn Bhd (MMC Engineering Services) achieved 1 million man-hours without Lost Time Injury (LTI) for the Pengerang Cogeneration Power Plant Project;



while in November, Malakoff's Tanjung Bin Power Plant celebrated 5 million man-hours without LTI.

Malakoff went on to win a National Occupational Safety Excellence Award from the National Council of Occupational Safety and Health for the second consecutive year; while the MMC-Gamuda KVMRT (T) Sdn Bhd project received a 5-Star Rating from the Department of Occupational Safety and Health (DOSH) in August.

#### CORPORATE SOCIAL RESPONSIBILITY

The Group believes that the strongest contribution we can make to the community, and nation, is to undertake all our operations with the highest level of integrity and to ensure quality service that enhance the lives of Malaysians.



Over and above this commitment, we recognise that we have a duty to give back to the communities in which we operate; to create strong relationships based on trust with our stakeholders; and to protect the natural environment for future generations. The Group and its operating companies undertake several Corporate Social Responsibility (CSR) initiatives every year, some initiated internally, others in support of programmes run by third-party Non-Governmental Organisation (NGO) and social enterprises. In all our efforts, we encourage a high level of participation of our employees as we believe the spirit of caring that volunteerism activities promote translates into a greater sense of responsibility and team spirit in the workplace.

## PROSPECTS

The Group remains confident of continuing to build our order books and enhance both our top and bottom lines in the years to come, based on investments we have made to strengthen the foundations of our three core divisions over the last few years.

We are optimistic that demand for the services we provide in all three core divisions is set to increase in the long term.

With the advent of various multilateral agreements such as the Trans-Pacific Partnership Agreement (TPPA) and Asean Economic Community (AEC), national barriers will be removed to enhance the movement of goods and international trade. At the same time, as Malaysia and our regional neighbours continue to develop, demand for energy will increase necessitating greater supply of power. Now that Malakoff has entered a new phase of life, it is set to grow its contributions to power and water supply both domestically as well as regionally. In terms of construction, the country's continued growth and the Government's commitment to infrastructure development bode well for us. We are already involved in a number of significant projects and are confident of winning more contracts in the near future.

Ultimately, our aim is to help shape the nation's landscape through our projects.

## ACKNOWLEDGEMENTS

First and foremost I would like to acknowledge the Government and its state bodies, who represent our most valued customers. Thank you for your trust in our ability to deliver. I would also like to thank our financiers and shareholders, whose investments in MMC Group continue to be crucial.

Most importantly, I would like to express my gratitude to the MMC Group family, from my colleagues on the Board of Directors, to the Group management team led by our Group Managing Director, Dato' Sri Che Khalib Mohamad Noh, as well as the Management teams of our operating companies, and the 12,103 employees of the entire Group. MMC would not be the success story if it is not for their unwavering commitment. I am confident that the team's effort and dedication will bring the MMC Group to greater heights and support infrastructure developments of the country.

**TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS**  
Chairman

# GROUP MANAGING DIRECTOR'S **OPERATIONS REVIEW**

**The year ended 31 December 2015 was challenging on many fronts as global economic growth continued to slow down. During this challenging period however, MMC Corporation Berhad (MMC or the Group) continued to perform well.**

Our ports have shown tremendous growth given the country's strategic location in the middle of trade routes between the East and West, and are transforming into major regional ports and global hub. Demand for energy and utilities in Malaysia continues to increase along with population expansion and growing economic development. Meanwhile, engineering and construction activities are showing no signs of slowing down along with robust investments into infrastructure developments by the Government.

We remain optimistic on our performance by exploring new markets across our business operations and harnessing synergies through collaborative efforts within the Group. Each operating company is required to pursue internal efficiencies and optimise its operating costs by sharing resources and leveraging on each other's strengths.





**DATO' SRI CHE KHALIB MOHAMAD NOH**  
Group Managing Director



This is most evident in the Ports & Logistics division, where we are in the final stages of consolidating our ports businesses, namely Pelabuhan Tanjung Pelepas Sdn Bhd (PTP), Johor Port Berhad (Johor Port) and Northport (Malaysia) Bhd (Northport) under one integrated operating group, MMC Port Holdings Sdn Bhd (MMC Ports). During the year, we acquired both Northport and integrated logistic company, Kontena Nasional Berhad (Kontena Nasional), by increasing our equity in their holding company, NCB Holdings Bhd (NCB), from 30.13% to 97.21% (as at 28 March 2016).

Under MMC Ports, all our ports will share common functions such as Commercial & Marketing, Business Development, Human Resources and Technical Procurement. The synergies created will also be beneficial to customers who will get to experience

more seamless and efficient services. This development is, moreover, in line with the Group's five-year roadmap which includes strong growth for Ports & Logistics, Energy & Utilities and Engineering & Construction.

Our five-year roadmap, envisioned in 2014, aims to achieve a doubling in Group profit by the year 2018 via four strategic focus areas (DP 2018). Other than growing the Ports & Logistics division, emphasis will also be directed towards expanding Energy & Utilities capacity; capitalising on large-scale Engineering & Construction projects; and innovating Senai Airport City (SAC) developments. I am pleased to say we have made much progress in each key focus area.

Malakoff Corporation Berhad (Malakoff) listing gives rise to opportunities for



further expansion and capacity growth. Having reduced its gearing substantially from 4.6x to 3.0x, the company is now strategically positioned to explore new investment options, both locally and regionally. Added to this, completion of maintenance works at the Tanjung Bin Power Plant has contributed to an increase in overall productivity and profitability. Overall contribution to MMC increased during the year, and we expect a higher profit contribution with the commissioning of the new Tanjung Bin Energy Power Plant (T4) in 2016.

In Engineering & Construction division, work has been progressing well in a number of projects, namely serving as the Project Delivery Partner (PDP) for the Klang Valley Mass Rapid Transit (KVMRT) Sg. Buloh - Kajang (Line 1) and Sg. Buloh - Serdang - Putrajaya (Line 2); underground works and tunnelling





Ports & Logistics division  
contributed

**25%**

to the Group's profit before tax

#### BUSINESS REVIEW

The Group's revenue for the year decreased by 42.3% to RM5.06 billion from RM8.77 billion in 2014 due to a number of factors, notably the deconsolidation of Malakoff's results following its Initial Public Offering (IPO) in May, lower work progress given the completion of tunnel works for the KVMRT Line 1 in April 2015, and completion of the Electrified Double Track project in November 2014.

At the same time, MMC recorded a profit before tax of RM1.97 billion, which was more than double the RM885.6 million reported in 2014. This was mainly due to exceptional gains resulting from Malakoff's listing of RM1.34 billion and fair value gain from our investment in NCB of RM130.5 million.

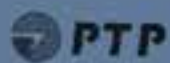
By segment, Ports & Logistics division contributed 38% and 25% to the Group's revenue and profit before tax, respectively, while Energy & Utilities division contributed 40% and 89% and Engineering & Construction division contributed 19% and 9%, respectively.

for Line 1, construction of the Langat 2 Water Treatment Plant (WTP), Langat Centralised Sewage Treatment Plant and Sewerage Conveyance System (Langat CSTP & SCS) as well as the Cogeneration Plant at Petroliaam Nasional Berhad (PETRONAS) Refinery and Petrochemical Integrated Development (RAPID) Pengerang. Revenue from this division dipped during the year as the Electrified Double Track Project was completed in 2014 and contributions from the new projects have yet to be recognised. However, moving forward progressive earnings will be recognised as projects achieve agreed milestones.

I'm also pleased with the developments at SAC, where we continue to attract global names. We leased 1 parcel of land to Fuji Oil Asia Pte Ltd (FOAPL), a global supplier of intermediate food ingredients; and sold 3 parcels of land to I-Park Sdn Bhd.

SAC is a strategic gateway into the Southeast Asia market given its location within the Iskandar Malaysia and connectivity via Senai International Airport and Changi International Airport as well as Johor Port and PTP. Adding further value and accessibility to the hub, we will have a road connecting to the North-South Expressway to be operational this year.

It has been a fruitful year for MMC, and I take great pleasure in describing in greater detail the achievements of our companies within the three core divisions of Ports & Logistics, Energy & Utilities, and Engineering & Construction.



Q40



**PELABUHAN  
TANJUNG PELEPAS  
SDN BHD**



**JOHOR PORT  
BERHAD**



**NORTHPORT  
(MALAYSIA)  
BHD**



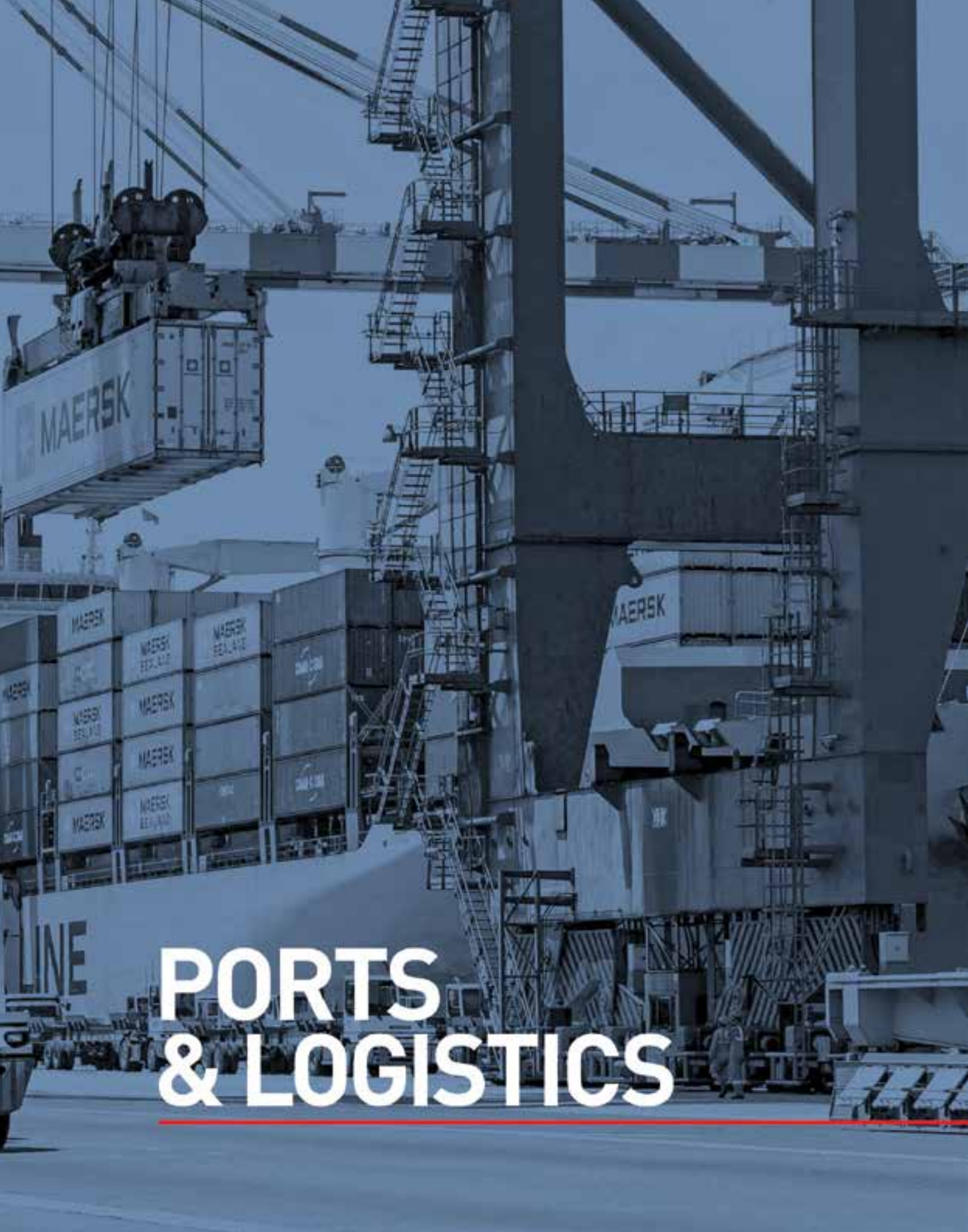
**JP LOGISTICS  
SDN BHD**



**KONTENA  
NASIONAL  
BERHAD**







# PORTS & LOGISTICS

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FOR THE FINANCIAL YEAR 2015, THE PORTS & LOGISTICS DIVISION POSTED REVENUE OF RM1.91 BILLION, AN INCREASE OF 15.9% OVER THE RM1.65 BILLION OF THE PREVIOUS YEAR, WHILE PROFIT BEFORE TAX GREW 92.7% TO RM489.9 MILLION FROM RM254.0 MILLION. THIS STRONG SHOWING WAS DUE TO AN INCREASED THROUGHPUT AT PTP; STRONG VOLUME CONTRIBUTIONS FROM THE 2M ALLIANCE, BETWEEN MAERSK AND MSC SHIPPING LINES; LOWER OPERATING COSTS AS A RESULT OF PTP'S CONTINUED COST EFFICIENCY AND PRODUCTIVITY PROGRAMMES; AND A GAIN OF RM130.5 MILLION FROM THE FAIR VALUE RE-MEASUREMENT OF OUR INVESTMENT IN NCB.

#### PELABUHAN TANJUNG PELEPAS SDN BHD

Despite the challenging economic backdrop in 2015, PTP, Malaysia's largest container terminal, continued to record a strong growth, with volume increasing by 7% to 9.1 million Twenty-foot Equivalent Units (TEUs). In August 2015, it achieved its highest monthly volume of 800,946 TEUs, a milestone for both PTP and Malaysia. As a result, PTP's revenue increased by 15% to RM1,200.6 million however Profit After Tax (PAT) decreased by 32% to RM177.4 million due to lower deferred tax income recognised mainly upon completion of Berths 13 and 14 as well as container yard blocks 19-21 in 2014. In January 2016, it reached another milestone by becoming the first Malaysian port to handle more than 18,000 TEUs in a single berthing by a vessel when Matz Maersk, one of the vessels on the 2M network service, left the port with a load of 18,034 TEUs.

PTP was ranked the 18 busiest container terminal in the world, according to the 2015 Lloyd's List.

The 2M Alliance contributed an additional volume of around 1 million TEUs in 2015 and we hope to drive further growth in 2016 as the Alliance aggressively expand their business.

In terms of capacity, PTP continued to refurbish and upgrade its terminal facilities, equipment and machinery. With the completion of Berths 13 and 14, it now lines up alongside Felixstowe, Bremerhaven, Rotterdam, Yantian, Shanghai, Ningbo and Singapore as the only ports able to handle the 18,000 TEU-capacity Maersk Line Triple E vessels. During the year, PTP took final delivery of 5 quay cranes which is part of our

investments to sustain our annual capacity at 10.5 million TEUs whilst completing the asset upgrading, refurbishment and replacement programme which will be completed in the next 24 months.

Meanwhile, the PTP Free Zone located within PTP in Gelang Patah, Johor has been registering double digit container volume growth per annum over the last four years, buoyed by increased warehousing and logistics activities. Over the next two years, due to the strong market demand, the total warehousing space in PTP Free Zone Phases 1 and 2 is anticipated to increase by almost two-fold to 5.4 million square feet. This would lead to the Free Zone throughput volume to grow to approximately 300,000 TEUs per annum.

#### JOHOR PORT BERHAD

Johor Port's revenue increased by 2.57% to RM618.3 million in 2015, while PAT fell slightly 2.02% to RM116.48 million. The port handled container volume of 800,524 TEUs, of which local-bound containers accounted for 97% of the total and registered an increase of 5.3% over 2014. Transshipment volume fell 53% compared with 2014 due to the diversion of Pacific International Lines transshipment cargo to Northport. At the same time, Johor Port handled 28.6 million tonnes of cargo compared with 27.3 million tonnes in 2014, attributable to 15% growth in liquid bulk and 14% in bulk cargo. Palm oil and petroleum were the main commodities handled by the port, while there was a slight drop in throughput of fertilisers, iron ore and scrap iron during the year.





In December, Johor Port was awarded a four-year operatorship contract by PETRONAS to manage the operations and logistics at the Material Off-Loading Facility (MOLF) for the RAPID project in Pengerang, Johor. RAPID is PETRONAS' largest greenfield downstream undertaking in Malaysia and along with its 6 major associated facilities, forms the Pengerang Integrated Complex, which is poised for refinery start-up by early 2019.

Johor Port will provide comprehensive services including marine, manpower, equipment and systems to operate the MOLF at Teluk Ramunia which consists of 4 berthing facilities in water depths of 4.5 metres chart datum and Tanjung Setapa which consists of 3 berthing facilities with 2 Roll-on/Roll-off (RoRo) berthing facilities in water depths of 10.6 metres chart datum. It will also receive an estimated 4.1 million tonnes of containerised and break bulk cargo from 2016 to 2019.

Continuous efforts to increase operational standards led to Johor Port being ISO certified for Quality Management System by SIRIM in November. The port is now preparing to pursue the ISO 55001:2014 certification on asset management.

JP Logistics Sdn Bhd (JP Logistics) a wholly owned subsidiary of Johor Port, is primarily involved in Freight Management, Warehousing & Distribution, Shipping & Marine Services and Specialised Logistics including Project Cargo Logistics.

JP Logistics provides total logistics solutions and supply chain management. For the financial year 2015, the company recorded revenue of RM155.4 million after RM145.0 million in 2014 and PAT of RM3.13 million compared to RM3.09 million in 2014.

JP Logistics currently manages around 310,000m<sup>2</sup> of warehouse space and has a comprehensive road transport service with a fleets of 120 haulage and conventional trucks.

In addition, JP Logistics also provides a wide range of shipping services which include international freighting, shipping agencies, chartering, barging and Non-Vessel Operating Common Carrier (NVOCC).

With competition in the ports and logistics industry expected to intensify, Johor Port is exploring new business avenues to sustain its business momentum. Two new subsidiaries, namely KOTUG Asia Sdn Bhd and Cranetech Global Sdn Bhd, have recently been established to support its activities in the harbour tug business and the maintenance and repair of port equipment.







#### NCB HOLDINGS BHD

NCB wholly owns Northport, one of the major gateways for import and export of containers and conventional cargos in Port Klang; and operates a haulage cum logistics business via Kontena Nasional.

For the financial year 2015, NCB recorded revenue of RM844.4 million after RM831.0 million in 2014 and PAT of RM21.5 million compared to RM27.9 million in 2014. MMC completed its acquisition of additional 53.42% equity interest in NCB on 1 December 2015 and the latter effectively became a subsidiary of the Group.

It was a good year for Northport, especially in the container and breakbulk conventional cargo business. Over the course of the year, it secured 17 new container services leading to a

10.1% increase in container volume over 2014 to 2.83 million TEUs. This contributed to a 6.3% increase in revenue to RM622.9 million. Although performance was partly impacted by a 7.5% growth in operating expenditure from RM514.0 million to RM552.4 million, the segment recorded a profit before tax of RM83.4 million.

Northport is currently upgrading its infrastructure and facilities to cater for more Ultra Large Vessels and to meet growing market demand. Upgrading works at Wharf 8, which forms part of the capacity building programme, is progressing well.

The logistics operations segment under Kontena Nasional recorded revenue of RM225.6 million, a 7.4% decrease year-on-year. Operating expenditure fell

slightly to RM301.2 million compared with the RM304.1 million registered in 2014, mainly from outsourcing and initiatives to improve performance, including exiting unprofitable businesses.

The key focus in Kontena Nasional during the year was to improve its operations and realign its business streams. Departments and reporting structure have been enhanced to significantly improve governance within the company. From a business perspective, Kontena Nasional will continue to strive for operational efficiencies and concentrate on its core competencies in haulage operations.



MALAKOFF  
CORPORATION  
BERHAD



GAS  
MALAYSIA  
BERHAD



A photograph of an industrial facility, likely a power plant or refinery, featuring a tall smokestack with horizontal stripes, large storage tanks, and conveyor belts. The foreground shows a large pile of dark material, possibly coal or ore. The sky is overcast. The entire image has a greenish-yellow tint.

# ENERGY & UTILITIES

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THE ENERGY & UTILITIES DIVISION RECORDED A SIGNIFICANT INCREASE IN PROFIT BEFORE TAX OF RM1.75 BILLION COMPARED TO RM647.3 MILLION POSTED IN 2014, PRIMARILY DUE TO THE EXCEPTIONAL GAIN OF RM1.34 BILLION GENERATED BY MALAKOFF'S LISTING. HOWEVER, DECONSOLIDATION OF MALAKOFF'S RESULTS FOLLOWING THE IPO LED TO A 63.5% DECREASE IN MMC REVENUE TO RM2.04 BILLION FROM RM5.59 BILLION IN 2014.

#### MALAKOFF CORPORATION BERHAD

For the financial year 2015, Malakoff recorded revenue of RM5.3 billion after RM5.6 billion in 2014 and PAT of RM495.9 million compared to RM412.8 million in 2014.

On 15 May 2015, Malakoff, the largest Independent Power Producer in Malaysia and Southeast Asia in terms of total effective generation capacity, was listed on the Main Market of Bursa Malaysia Securities Berhad. The listing of RM2.74 billion was the biggest IPO in Malaysia. With an IPO price of RM1.80 per share, Malakoff made its debut valued at RM9 billion.



Malakoff's 1,000 MW Tanjung Bin Energy Power Plant, known as T4, achieved its Commercial Operation Date on 21 March 2016, following successful construction, testing and commissioning. The T4 power plant is located adjacent to Malakoff's existing 2,100 Megawatt Tanjung Bin Power Plant.

Meanwhile, in December, Port Dickson Power Berhad (PD Power) accepted a conditional award from the Energy Commission (EC) to continue supplying power to Tenaga Nasional Berhad up to 2019.

#### GAS MALAYSIA BERHAD

2015 was an exceptional year for Gas Malaysia Berhad (Gas Malaysia), due to a range of lacklustre economic factors and regulatory changes within the industry. The most significant regulatory challenge was a 21.8% lowering of gross contribution allocated for every million metric British thermal unit (MMBtu) of gas sold. As a result, Gas Malaysia registered PAT of RM143.6 million for the financial year 2015, 32.6% lower than RM213.1 million recorded in 2014.

Gas Malaysia's revenue grew by 30.5% to RM3.6 billion compared with RM2.8 billion in 2014, primarily driven by the increase in the volume of gas sold, the number of customers and upward revisions in natural gas tariffs effective 1 November 2014 and 1 July 2015.

The company's customer base grew to 38,690; the Natural Gas Distribution System (NGDS) was increased to 2,139 kilometres; and Gas Malaysia continue to reduce its system average interruption index (SAIDI), from 0.1455 minutes of disruption per customer to 0.0903 minutes.



Gas Malaysia's revenue grew by

**30.5%**

to RM3.6 billion compared to  
RM2.8 billion in 2014





**KLANG VALLEY  
MASS RAPID  
TRANSIT PROJECT**



**ZELAN BERHAD**



**MMC ENGINEERING  
SERVICES SDN BHD**



**STORMWATER  
MANAGEMENT AND  
ROAD TUNNEL (SMART)**



**MMC  
PEMBETUNGAN  
LANGAT SDN BHD**





# ENGINEERING & CONSTRUCTION

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IN 2015, THE ENGINEERING & CONSTRUCTION DIVISION POSTED A 12.7% DECLINE IN REVENUE TO RM966.1 MILLION FROM RM1.10 BILLION RECORDED IN 2014. PROFIT BEFORE TAX WAS ALSO LOWER, AT RM179.9 MILLION AFTER RM310.6 MILLION IN THE PREVIOUS FINANCIAL YEAR. THE DECLINE WAS MAINLY ATTRIBUTABLE TO LOWER CONTRIBUTION FROM THE KVMRT-LINE 1 PROJECT FOLLOWING THE SCHEDULED COMPLETION OF TUNNELLING DRIVE WORKS AND COMPLETION OF THE ELECTRIFIED DOUBLE TRACK PROJECT IN NOVEMBER 2014.

KVMRT PDP Line 1 recorded

**RM122.1**  
**MILLION**

PAT compared to  
RM110.8 million in 2014

#### **KLANG VALLEY MASS RAPID TRANSIT PROJECT**

The KVMRT Project is the largest public infrastructure development project in the country to date, planned by the Malaysian Government as part of the Economic Transformation Plan (ETP). It is under the Greater KL National Key Economic Area (NKRA) to alleviate traffic congestion and transform KL into a world-class Metropolitan.

For the financial year 2015, KVMRT PDP Line 1 recorded revenue of RM3.45 billion after RM2.63 billion in 2014 and PAT of RM122.1 million compared to RM110.8 million in 2014. The higher PAT was in line with higher work progress.

Meanwhile, KVMRT Tunnel Line 1 recorded revenue of RM1.41 billion in 2015, compared to RM1.71 billion in 2014 and PAT of RM25.9 million in 2015 compared to RM2.2 million in 2014. The higher PAT was due to completion of tunnelling drive works in April 2015.

As of February 2016, the construction of Line 1 is 81.77% completed where the progress for underground is 85.43% and elevated section 78.75%. All civil and structural works have been completed. Phase 1, running from Sg. Buloh to Semantan, will be operational in December 2016 and the entire line ending in Kajang is expected to be completed July 2017.



In the financial year 2015, KVMRT PDP Line 2, recorded revenue of RM248.4 million and PAT of RM4.9 million. Work on Line 2 is expected to start in the third quarter of 2016. A 3-month public inspection exercise was held starting 15 May 2015, with booths displaying information set up at the office of the Land Public Transport Commission (SPAD) and at Majlis Perbandaran

Sepang, Selangor. This was followed by a Public Inspection Roadshow which visited 24 locations including local councils, shopping malls, community halls and a hospital to educate the public about the projects and serve as an avenue for the public to provide feedback on the routing of the alignment.





**MMC ENGINEERING SERVICES SDN BHD  
MMC ENGINEERING & CONSTRUCTION  
SDN BHD**

For the financial year 2015, MMC Engineering Services Sdn Bhd (MMC Engineering Services) & MMC Engineering & Construction Sdn Bhd (MMC Engineering & Construction) recorded combined revenue of RM167.2 million in comparison to RM146.2 million recorded in 2014. Subsequently, the companies posted PAT of RM4.4 million as compared to RM12.8 million in 2014. Despite a higher turnover in 2015, PAT was lower as a result of lower Gross Profit (GP) margin and the completion of few projects in 2015.

MMC Engineering Services is currently involved in two significant projects, namely construction of the Langat 2 WTP and Water Reticulation System as well as construction of civil, structural and tankage works for the Engineering, Procurement, Construction and Commissioning (EPCC) of a 1,200 MW Cogeneration Power Plant for Petronas.

The EPCC project for Petronas is being undertaken by a consortium of MMC Engineering Services, Siemens Malaysia and Siemens AG. The 1,200 MW Cogeneration Power Plant is part of RAPID project in Pengerang, Johor. The scope of the project includes the design,

engineering, procurement, installation, construction, commissioning, testing, project management of cogeneration blocks consisting of proven low-emission mid to large-sized industrial type gas turbines, associated heat recovery steam generators, steam turbines and other associated infrastructure and facilities.

Construction of Langat 2 Water Treatment Plant is being undertaken by MMC Engineering Services, Salcon Berhad and AZSB JV Sdn Bhd. The project scope comprises all related civil and building works, as well as the pipeline and water treatment system to produce and supply 1,130 million litres per day (MLD) of portable water for the Langat 2 WTP Phase 1.

**MMC PEMBETUNGAN LANGAT SDN BHD**

In November 2015, MMC Pembetungan Langat Sdn Bhd (MMC Pembetungan Langat) was awarded the contract for the Langat CSTP & SCS by the Ministry of Energy, Green Technology and Water (KeTTHA).

The RM1.5 billion project is one of the most innovative projects undertaken in Malaysia and foresees a world-class sewage treatment centre. When completed in 2020, the treatment plant will be able to process up to 207,000 cubic metres per day, or 920,000 Population Equivalent (PE), tripling the current treatment capacity, and covering a 60.9 square kilometre catchment area.

For the financial year 2015, MMC Pembetungan Langat recorded revenue of RM50.2 million and PAT of RM0.4 million as the project is actively progressing.



## ZELAN BERHAD

For the financial year 2015, Zelan Berhad (Zelan) recorded revenue of RM412.6 million as compared to RM211.0 million for the nine-month financial period in 2014; and PAT of RM30.5 million compared to RM38.5 million in 2014. The lower PAT was mainly due to higher discounting on receivables concerning Meena Plaza Mixed Use Development project in Abu Dhabi.

Zelan is currently targeting local infrastructure projects. However, spending may continue to be cautious in the year ahead and less crucial developments may be deferred. In the current highly competitive environment, Zelan has a definite edge because of its ready-to-deploy resources, vast experience and track record in project delivery, proven project implementation framework and established health and safety procedures.

Among its local projects, Zelan has completed the construction of the Centre of Foundation Studies (Phase 3) at the International Islamic University Malaysia (IIUM) in Gampang, Pahang. Upon handing over of the centre to IIUM, Zelan will undertake the concession for the asset and facilities management services of the said centre for the next 20 years.

In respect of construction of the MOLF jetty in Tanjung Setapa, Johor, Zelan successfully achieved physical completion on 20 January 2016.



Works also progressed well in 2015 on the Drawbridge in Kuala Terengganu for the East Coast Economic Region Development Council (ECERDC); and the project is scheduled to be completed by the first quarter of 2017.

Zelan, together with its joint venture partner, had secured a sub-contract of RM96.9 million under the Langat CSTP & SCS project from MMC Pembetungan Langat. The project commenced in January 2016 and is scheduled to be completed by March 2018.

Most recently, Zelan secured a RM37.8 million contract from BBCC Development Sdn Bhd for the main building works of a four-storey temporary sales office, show unit and single-storey sub-basement at Jalan Pudu, Kuala Lumpur which is scheduled for completion in December 2016.

## STORMWATER MANAGEMENT AND ROAD TUNNEL

In 2015, the Government approved our proposal under the concession agreement to increase the toll rate of the Stormwater Management and Road Tunnel (SMART) from RM2 to RM3. We also introduced a fully electronic toll payment system, or Electronic Toll Collection (ETC), designed to reduce congestion by up to 30% during peak hours.

Meanwhile, in recognition of our commitment to safety and convenience in the design of the tunnel, SMART was awarded the Kuala Lumpur Mayor Design Award for Infrastructure under the Engineering Category in November 2015.

In 2015, SMART recorded revenue of RM44.8 million after RM36.5 million in 2014 and PAT of RM0.9 million compared to RM1.8 million in 2014. The lower PAT was due to higher finance costs.



### ALIRAN IHSAN RESOURCES BERHAD

In Perak, where Aliran Ihsan Resources Berhad (AIRB) operates two water treatment plants, revenue and profits increased from RM13.78 million and RM2.36 million in 2014 to RM14.96 million and RM4.05 million respectively, mainly as a result of higher production volume and efficient handling during the plant shut-down.

AIRB is focusing on Operations and Maintenance (O&M) business opportunities while exploring other activities within the value chain of the industry to sustain its business momentum. The company seeks to lift its profitability in non-revenue water segments, water recycling, retrofitting existing water treatment plants with membrane technology, and venturing into robotic cleaning services for reservoirs.

During the year, AIRB managed to secure a contract to provide manpower and services for a new water treatment plant with a capacity of 20 million litres per day (MCD) in Kuala Kangsar, Perak which is expected to commence in April 2016.



### SENAI AIRPORT TERMINAL SERVICES SDN BHD

2015 was a landmark year for Senai Airport Terminal Services Sdn Bhd (SATS) which recorded 2.58 million passengers, an increase of 256,150 or 11% compared to 2014. Of this, the number of domestic passengers increased by 7.4% to 2.23 million while the number of international travellers grew by 40.3% to 355,000. Each day saw an average of 74 departures and arrivals. At the same time, the airport handled 5,272 tonnes of cargo, an increase of 5% over 2014.

The increase in passenger traffic and cargo volume contributed to SATS achieving RM50 million in revenue, an increase of 18% or RM7.5 million over 2014.

The increase in passenger movements was largely attributable to AirAsia introducing a Bangkok to Senai route four times a week from July 2015 and

increasing the Hanoi route from 4 times a week to daily. Firefly also increased its service to Kota Bharu from 3 times to 5 times a week.

Various staff training and development programmes were put in place in 2015 to ensure that Senai International Airport complies with the requirements of the aviation authorities such as the Department of Civil Aviation Malaysia, International Air Transport Association and the International Civil Aviation Organisation.

Other major developments include completion of the Senai Airport Aviation Park (SAAP) in the first quarter of the

International travellers grew by

# 40.3%

in 2015





year. SAAP comprises 2 wide-body hangars, 1 narrow-body hangar, 20 general aviation parking areas and the Senai Business Aviation Terminal (SBAT), a private jet terminal which has handled more than 450 private jets since its opening in March 2015.

During the year, BMW Group Malaysia and Pan Asia Logistics International (PALI) held a ground-breaking ceremony for a new BMW Group Parts Distribution Centre Malaysia at Senai Airport Free Industrial Zone (SAFIZ) at the Senai International Airport. Located on a 25-acre plot of land, the new BMW Group Parts Distribution Centre will be a new state-of-the-art logistics warehouse and parts distribution centre for the premium automaker, supporting over 22 countries in the region.

## OUTLOOK

Despite expectations of a challenging economic climate in 2016, we are optimistic about prospects of the Group.

We expect the Ports & Logistics division to see healthy growth, driven by robust demands.

We believe that Energy & Utilities division will continue to provide us with stable income. Although the Group's revenue and earnings will be reduced as a result of the full-year impact of the deconsolidation of Malakoff, the division as a whole should produce a better performance following the completion of the Tanjung Bin Power Plant revamp and additional capacity from the new T4, combined with higher gas sales volume at Gas Malaysia.

Our Engineering & Construction division is currently working on a number of substantial projects, and we expect to increase our existing order book by winning some new infrastructure projects that are to be tendered out this year.

We are very upbeat about developments at SAC, given the huge potential of the industrial property sector. Malaysia continues to attract investments into industrial land due to the availability of its first-class infrastructure, skilled labour and political stability. We intend to fully leverage on this by unlocking the value of our landbank in Senai as well as the Tanjung Bin Petrochemical & Maritime Industry Centre. Having already attracted international names like Hershey, FOAPL, PALI and BMW to Senai, we believe other leading industrial players will follow suit.



Meanwhile, we plan to construct a bridge connecting the Tanjung Bin area to PTP in the second half of this year. The 7km bridge will enhance connectivity from Tanjung Bin to the Second Link Expressway reducing travelling time to 15 minutes from the current 1 hour via Pontian.

We are making great progress as we stride single-mindedly to unlock the value of all our assets, and will continue to create synergies across the Group while further strengthening our growth to achieve the goals of DP 2018.

**Dato' Sri Che Khalib Mohamad Noh**  
Group Managing Director



BOARD OF **DIRECTORS**





**Standing from left to right**

Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar

Datuk Ooi Teik Huat

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

Tan Sri Dato' Seri Shamsul Azhar Abbas

Dato' Sri Che Khalib Mohamad Noh

Dato' Abdullah Mohd Yusof

Dato' Siti Halimah Ismail

Dato' Abdul Hamid Sh Mohamed

# DIRECTORS'

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## PROFILE



### TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS

*Independent Non-Executive Chairman*

Tan Sri Dato' Seri Shamsul Azhar Abbas, Malaysian, aged 64, was appointed as an Independent Non-Executive Chairman of MMC Corporation Berhad on 16 July 2015. Tan Sri Dato' Seri Shamsul also chairs the Nomination and Remuneration Committee of the Board.

Tan Sri Dato' Seri Shamsul holds a Masters of Science (MSc) in Energy Management from University of Pennsylvania, United States of America, a Bachelor's degree in Political Science and Economics from the Universiti Sains Malaysia as well as a Technical Diploma in Petroleum Economics from the Paris-based Institute Francais du Petrole. He was Pro-Chancellor of Universiti Teknologi PETRONAS (UTP) and was a member of Board of Trustees of the Razak School of Government (RSOG). He also served as Chairman of the National Trust Fund of Malaysia.

Prior to his appointment, Tan Sri Dato' Seri Shamsul was the President & Chief Executive Officer of Petroliaam Nasional Berhad (PETRONAS) from 2010 to 2015. Under Tan Sri Dato' Seri Shamsul's leadership, PETRONAS undertook strategic landmark projects for the company and for Malaysia such as the Pengerang Integrated Refinery and Petrochemical Project (RAPID), the Bintulu Train 9 Project, PETRONAS Floating LNG Facilities Project and Regasification terminal in Malacca.

Tan Sri Dato' Seri Shamsul is the Chairman of PETRONAS Gas Berhad and NCB Holdings Bhd. He also sits on the Board of Enra Group Berhad (formerly known as Perduren (M) Berhad).

Since his appointment, Tan Sri Dato' Seri Shamsul has attended two (2) Board meetings of the Company held in the financial year ended 31 December 2015.

Tan Sri Dato' Seri Shamsul does not hold any interest in the securities of the Company or its subsidiaries. He has no family relationship with any Director and/or Major Shareholder of the Company nor any conflict of interest with the Company.



**DATO' SRI CHE KHALIB MOHAMAD NOH**

*Group Managing Director*

Dato' Sri Che Khalib Mohamad Noh, Malaysian, aged 51, 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 (8) years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as the 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 Bhd, Kontena Nasional Berhad, Northport (Malaysia) Bhd and several private limited companies.

Dato' Sri Che Khalib attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2015.

Dato' Sri Che Khalib does not hold any interest in the securities of the Company or its subsidiaries. He has no 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 75, 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 six (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 Programme at the Harvard Business School.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is the Chairman of Lingkar Trans Kota Holdings Berhad.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2015.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman does not hold any interest in the securities of the Company or its subsidiaries. He has no 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 77, 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 and Remuneration Committee as well as the Finance, Investment and 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 Messrs. Abdullah & Zainuddin. He is also the Chairman of Aeon Co. (M) Berhad and Aeon Credit Service (M) Berhad, and a director of Zelan Berhad.

Dato' Abdullah attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2015.

Dato' Abdullah does not hold any interest in the securities of the Company or its subsidiaries. He has no family relationship with any Director and/or Major Shareholder of the Company nor any conflict of interest with the Company.

**DATUK OOI TEIK HUAT***Independent Non-Executive Director*

Datuk Ooi Teik Huat, Malaysian, aged 56, was appointed to the Board as an Independent Non-Executive Director on 22 May 2008. He is also a member of the Audit, Nomination and Remuneration as well as Finance, Investment and Risk Committees.

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

Datuk Ooi began his career with Messrs. Hew & Co., Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen 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 Corporation Berhad, 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 seven (7) Board meetings of the Company held in the financial year ended 31 December 2015.

Datuk Ooi does not hold any interest in the securities of the Company or its subsidiaries. He has no family relationship with any Director and/or Major Shareholder of the Company nor any conflict of interest with the Company.





**DATO' ABDUL HAMID SH MOHAMED**

*Independent Non-Executive Director*

Dato' Abdul Hamid Sh Mohamed, Malaysian, aged 51, was appointed to the Board as an Independent Non-Executive Director on 10 August 2009. He is the Chairman of the Finance, Investment and Risk Committee and a member of the Audit Committee.

Dato' 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 (5) years with the KLSE, he led KLSE's acquisitions of Kuala Lumpur Options and Financial Futures Exchange (KLOFFE), Commodity and Monetary Exchange of Malaysia (COMMEX) and their merger to form Malaysia Derivatives Exchange (MDEX), and the acquisition of Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ). He also led KLSE's demutualisation exercise.

Dato' 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 Bhd.

Dato' Abdul Hamid attended all seven (7) Board meetings of the Company held in the financial year ended 31 December 2015.

Dato' Abdul Hamid does not hold any interest in the securities of the Company or its subsidiaries. He has no family relationship with any Director and/or Major Shareholder of the Company nor any conflict of interest with the Company.

**DATO' SITI HALIMAH ISMAIL***Independent Non-Executive Director*

Dato' Siti Halimah Ismail, Malaysian, aged 61, was appointed to the Board of MMC Corporation Berhad as an Independent Non-Executive Director on 16 July 2015. She is also a member of the Finance, Investment and Risk Committee.

She holds a Masters in Management Science (MSc) (Demography) from London School of Economics, United Kingdom, a Bachelor's Degree in Economics (Hons) from University of Malaya and a Diploma in Public Administration from Institute of Public Administration (INTAN).

Dato' Siti Halimah began her career with the Economic Planning Unit (Human Resource Section) under the Prime Minister's Department as a Diplomatic

and Administrative Officer (PTD). She subsequently joined Treasury (Tax Analysis Division) under the Ministry of Finance, before joining the Tax Analysis Division as Under Secretary (JUSA B).

Dato' Siti Halimah had served on the Boards of Padiberas Nasional Berhad, Lembaga Hasil Dalam Negeri, Malaysia-Thai Joint Authority (MTJA), Malaysia Industrial Development Authority (MIDA), Halal Development Corporation (HDC), Labuan Financial Services Authority (LFSA) and was an Alternate Director on the Board of Petroliaam Nasional Berhad (PETRONAS).

Since her appointment, Dato' Siti Halimah has attended two (2) Board meetings of the Company held in the financial year ended 31 December 2015.

Dato' Siti Halimah does not hold any interest in the securities of the Company or its subsidiaries. She has no family relationship with any Director and/or Major Shareholder of the Company nor any conflict of interest with the Company.



**TUAN SYED NAQIZ SHAHABUDDIN SYED ABDUL JABBAR**

*Independent Non-Executive Director*

Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar, Malaysian, aged 44, was appointed to the Board of MMC Corporation Berhad as an Independent Non-Executive Director on 16 July 2015 and is a member of the Nomination and Remuneration Committee.

Tuan Syed Naqiz holds a LLB degree and a Graduate Diploma in Legal Practice from Australian National University, Canberra, Australia.

Tuan Syed Naqiz is a Senior Partner at Messrs. Naqiz & Partners. Having practiced law for more than 18 years, he has acquired in-depth knowledge not only on legal intricacies but has also gained a solid knowledge-base on various industries ranging from finance, power, construction, automotive,

defence, information technology, telecommunications, hospitality, retail, manufacturing, fast-moving consumer goods (FMCG) and shipping/transport.

Tuan Syed Naqiz also sits on the boards of BHP Petroleum Berhad, Yayasan Proton and the Kuala Lumpur Business Club. In addition, he is the Major Shareholder and Director of Bud & Naq Holdings Sdn Bhd, which oversees the operations of several retail and wholesale brands in Malaysia.

Since his appointment, he has attended two (2) Board meetings of the Company held in the financial year ended 31 December 2015.

Tuan Syed Naqiz does not hold any interest in the securities of the Company or its subsidiaries. He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.



# MANAGEMENT

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## TEAM



**Dato' Sri Che Khalib Mohamad Noh**  
Group Managing Director



First row from left:

**Mohd Shahar Yope**  
Group Chief Financial Officer

**Dr. Mabel Lee Khuan Eoi**  
Director, Group Treasury

**Ir. Chee Weng Loon**  
Director,  
Engineering and Construction

**Ahmad Zaki**  
Head,  
Group Corporate Planning

**Badrulhisyam Fauzi**  
Head, Group Strategy

**Izham Ab Wahab**  
Head,  
Group Human Resources

Second row from left:

**Lucy Wong Kam Yang**  
Chief Internal Auditor

**Ahmad Aznan Mohd Nawawi**  
Group Company Secretary

**Elina Mohamed**  
Group Legal Advisor

**Gan Seng Keong**  
General Manager,  
Group Property

**Mohd Nazersham Mansor**  
General Manager,  
Group Finance

**Azlina Ashar**  
Head,  
Group Corporate Communications





# CORPORATE SOCIAL **RESPONSIBILITY**





At MMC Corporation Berhad (MMC), we are aware that the decisions we make today will impact the communities of tomorrow. We believe that our business growth must evolve together with the communities around us.

Recognising that behaving in a responsible manner must be at the heart of everything we do, we work to create better lives for those around us from an economic, environmental and social

well-being perspective. Our efforts in driving responsible behaviour is grounded in our structured Corporate Social Responsibility (CSR) approach, namely Education and Community Development; Human Capital Development and Environmental Preservation.

Driven by our success and guided by our core values, we remain committed towards building a sustainable future for our stakeholders and the future

generations. We inculcate these values into our day-to-day activities as it demonstrates our commitment towards delivering positive outcomes. During the year in review, we focused on powering our CSR initiatives, bringing smiles to the communities.



## EDUCATION AND COMMUNITY DEVELOPMENT

At MMC, we continue to play a key role in the communities that we serve to help enhance the quality of their education. Our employees are given various opportunities to engage in volunteerism through some of our projects, working together and reaching out to enhance the social and economic well-being of those around us.

We have made good progress thus far and we will continue our efforts to build a better future for those who live in the communities where we operate, nationwide.





### MMC Group Flood Relief Programme

In response to the floods which ravaged major areas of the states in the East Coast, more than 100 employees from the 13 companies within MMC Group volunteered and assisted in the post-disaster clean-up which took place on 9 January 2015 at Sekolah Kebangsaan Kampung Laut, Tumpat, Kelantan. The volunteers worked hand-in-hand with the school teachers to clean and restore the school's classrooms, toilets and other common areas to ensure that it was ready for the first day of the new school term.

The Group also channelled supplies amounting to RM152,500 and mobilised its operation vehicles to distribute goods and necessities comprised of canned food, rice, stoves, drinking water, mattresses, toiletries and other basic needs to some 300 families living within the vicinity of Kampung Laut, Kelantan.

### Zaman University Students Visit MMC - Gamuda Joint Venture

9 junior Civil Engineering students from Zaman University, Phnom Penh, Cambodia visited MMC-Gamuda Joint Venture to learn more about the Klang Valley Mass Rapid Transit (KVMRT) project as well as the Stormwater Management And Road Tunnel (SMART) project. Marcus Karakashian, Project Director of Sungai Buloh-Kajang KVMRT, from MMC-Gamuda KVMRT was present to provide an overview of the projects and answer queries from the students.

### Energy Efficiency Science Fair

Gas Malaysia Berhad (Gas Malaysia) participated in the Energy Efficient Science Fair 2015, organised by the Malaysian Gas Association and PETROSAINS. The programme was conducted to raise the level of awareness amongst secondary school children on the role of natural gas in the energy system as well as the importance of energy conservation and using energy efficiently through behavioural change, which in the long term will impact societal attitudes towards energy efficiency. 120 students and 6 teachers from SMK Seri Titiwangsa and SMK Puteri Titiwangsa participated in the event.

### Iftar with the Muallaf Community

Northport (Malaysia) Bhd (Northport) hosted more than 60 individuals from the Muallaf community within the Port Klang area for a sumptuous Iftar session during the holy month of Ramadhan at Balai Islam, Pulau Ketam, Port Klang.



### MMC Engineering Services Collaborated with KKBP to Enhance Madrasah Tahfiz Riyadatul Muhsineen

MMC Engineering Services Sdn Bhd (MMC Engineering Services) and Kolej Komuniti Bandar Penawar (KKBP) collaborated to refurbish the Madrasah Tahfiz Riyadatul Muhsineen in Felda Bukit Aping Timur, Kota Tinggi, as part of its Jom Masuk Kampung programme to strengthen relationships and support local communities.

Both MMC Engineering Services and KKBP carried out repair and maintenance works such as painting the building, providing new roof for ablution area, replacing old equipment, re-wired the lighting in the dorms and serviced the air-conditioner units.



### MMC Group Iftar

MMC Group shared the blessings of the holy month of Ramadhan with its staff and tahfiz students at its annual Iftar event. A total of 35 students from Maahad Tahfiz Wal Tarbiah Darul Ehsan were treated with sumptuous breaking fast menu. The children also received 'duit raya' and goodie bags.

### UPSR Motivational Camp

As part of Johor Port Berhad (Johor Port) focus to heighten education development among rural students and foster stronger relationships with the surrounding communities, a UPSR Motivational Camp was organised by Johor Port's Young Talent Programme (YTP). The Camp was attended by more than 80 students from two schools within the Pasir Gudang area, namely Sekolah Kebangsaan Tanjung Langsat and Sekolah Kebangsaan Kong Kong Laut. The Camp was conducted to inspire as well as instil a sense of confidence and determination amongst the students as they prepare for their upcoming UPSR examination.



### Johor Port Employees Flying Colours Award

22 children of Johor Port employees were awarded the Flying Colours Awards for obtaining excellent results in the UPSR, PMR and SPM examinations. The award is part of the Management's initiatives to foster closer relationships with the employees of Johor Port and their families.

### Bersamamu Programme at Kampung Tukau Jaya

MMC Oil and Gas Engineering Sdn Bhd (MMC Oil and Gas) initiated the Bersamamu Programme for the community of Kampung Tukau Jaya, Miri, Sarawak. Conducted throughout the holy month of Ramadhan, the programme involved collecting goods and contribution of monies for the less fortunate families. A total of 16 families received the contribution comprising of cooking oil, sugar, rice, cookies, detergents, drinks, used shirts and more.



### English Boot Camp

80 secondary students from Gelang Patah, Johor, took part in an English boot camp organised by Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) held at the Savannah Hill Resort in Ulu Tiram, Johor. The two-day event gave the Form Four students the opportunity to enhance their understanding and confidence in mastering the English language.



### SPM Motivational Camp

In an effort to help students to perform better in their examinations, PTP organised its annual two-day motivational camp for 120 Form Five students.

Held at the Savannah Hill Resort in Ulu Tiram, Johor, well-known motivational speakers, were invited to cheer up the event.

Over 1,500 secondary students in Gelang Patah, Johor, had benefited from the programme since its introduction in 2007.



### Tijarah Ramadhan

PTP's Tijarah Ramadhan, which is entering its fifth year, was held at Masjid Desa Paya Mengkuang, Gelang Patah, Johor. The programme provided aid to 50 local villagers and 85 students from poverty stricken families. The aid provided was in the form of a cash donation as well as essential goods such as rice, sugar, cooking oil and more.



### Soccer League

PTP organised a soccer league for 120 pupils in Gelang Patah, Johor as part of its ongoing efforts to promote a healthy lifestyle among the community. Held at Educity Stadium in Nusajaya, the two-day event was participated by pupils aged 10 – 12 from eight schools namely, SK Taman Nusa Perintis 1, SK Tanjung Kupang, SK Morni Pok, SK Ladang Pendas, SK Kampung Pulau, SK Sungai Melayu and SK Tanjung Adang, taking part.



### Cricket Tournament for Primary Students

As part of PTP's effort to promote a positive lifestyle among primary students and education excellence, PTP organised its annual cricket tournament for 130 primary students in the Johor Bahru district. The two-day tournament, organised at SK Kompleks Sultan Abu Bakar, Gelang Patah, Johor, attracted participants from SK Nusantara, SK Kompleks Sultan Abu Bakar, SK Pendas Laut, SK Tiram Duku, SK Tanjung Adang, SK taman Skudai Baru and SK Sungai Danga.



### Gotong-Royong Perdana

PTP organised its Gotong-Royong Perdana, a communal work at Madrasah Az-Zahraa at Gelang Patah, Johor. The communal work involves repairing, repainting and cleaning of the Madrasah building. PTP also contributed new wardrobe, sofa, fridge and other necessities to the Madrasah. More than 40 volunteers from PTP participated in this activity.





## HUMAN CAPITAL DEVELOPMENT

The commitment and dedication of our people at MMC are the key factors that enable us to not only deliver every project according to the specific objectives but to also exceed the expectations of our clients. We continue to focus on talent management to ensure the right competencies are defined to address our business needs. We are dedicated towards making our employees' experience here rewarding through learning opportunities and inculcating a strong career development framework that builds on their capabilities throughout their professional lifecycle. We also encourage diversity and inclusiveness while at the same time, ensure the safety and the health of all our employees.





### MMC Senior Leaders Roundtable for Scenario Planning In Uncertain Times

21 Senior Executives from the MMC Group attended a training called "The MMC Senior Leaders Roundtable for Scenario Planning in Uncertain Times" by the Australian Institute of Management West Australia International. The training focused on assisting the leaders to plan for different eventualities by exposing them to a range of hypothetical scenarios and encouraged them to consider future possibilities, while challenging the current assumptions. In essence, the training encouraged the leaders to think from a wider perspective to promote a more robust strategic planning process.



### Malakoff HR People Week

Malakoff Corporation Berhad (Malakoff) launched the HR People Week with its objective to engage with the employees who resides away from the Head Office.

The sessions were held at all Malakoff site offices including the head office. Amongst the activities that were organised include talks from Agensi Kaunseling dan Pengurusan Kredit, Amanah Raya, KPJ Hospitals and Bank Islam. This is in line with its objectives to enhance staff engagement and knowledge sharing within the organisation.



### Talent Optimisation Programmes

PTP introduced several talents optimisation strategies such as the Port Operations Planning Apprentice Programme (POPA) and the PTP Talent Management programme. As part of its continuous development and to build on its relationship with Johor State Government, PTP also participated in the Johor Talent Programme.

All programmes conducted were ultimately aimed to attract, develop and motivate the best possible talent available while at the same time, assisting staff in identifying opportunities for career growth and development within the organisation.



### ISO 9001:2008 Awareness Training

Kontena Nasional Berhad (Kontena Nasional) held an ISO 9001:2008 Awareness training session for 12 selected participants. Throughout the two-day training programme, participants were introduced to Quality Management and improvements, including practical insights into the standard requirements, guidance and practical advice on establishing an effective Quality Management Systems documentation platform to meet the ISO 9001:2008 standards.



### MMC First Aid at Workplace

The First Aid at the Workplace programme which was facilitated by St John Ambulance Malaysia saw participation of 14 members from MMC Emergency Response Team.

The 2 days competency training programme was designed to train average workers to provide comprehensive first aid, especially in providing care to the injured or ill workers during emergencies. Participants received a Certificate of Proficiency from St John's Ambulance Malaysia.



### MMC Group CEO Awards 2014

MMC continues to recognise remarkable leaders within the Group for their enduring commitment to excellence, developing best practices and innovative strategies. Four special awards were presented to selected leaders for 'Outstanding Financial Achievements, Leadership Qualities, Attrition Rate and Business Excellence' for the MMC Group.

## Driving Performance with Lean Management

A total of 729 change agents were successfully trained under the Performance Improvement Programme (PIP) as part of Northport's goal of driving performance excellence. The PIP, consisting of Kaizen, PDCA Cycle, Lean Six Sigma Green Belt and Black Belt programmes further complemented TeamNorthport's talent development agenda, focusing on eliminating waste, non-value activities and reduce process variations.

Following the success of this programme, TeamNorthport was awarded the Northport CEO Award which illustrates the strong management commitment as part of the yearly reward and recognition programme as well as the prestigious MPC Gold Awards.



## ToolBox Talk

Every Tuesday, all staff from MMC Pembetungan Langat Sdn Bhd (MMC PLSB) attends Toolbox Talk, an informal safety meeting at site office that focuses on safety topics related to Safety and Health such as workplace hazards and safe work practices. It is one of the very effective method to refresh staff knowledge conduct, safety checks and exchange information and experience with each other.



## MMC Long Service Awards and Student Excellence Awards

A total of 20 employees from MMC, MMC Oil & Gas, MMC Engineering Services, MMC Engineering and Construction Sdn Bhd and MMC Tepat Teknik Sdn Bhd, were honoured by the Group for reaching important milestones in their years of service (10,20 and 30 years).

Meanwhile, MMC also extended its Student Excellence Award to children of its staff who achieved excellent results in the UPSR, PMR and SPM 2014 examinations.

## "Focus On Your Future Career" Programme

MMC 'Focus on Your Future Career' programme was participated by 39 employees. Led by MMC's Head of Group Human Resources, Izham Ab Wahab, the programme was an essential platform to groom young talents under the age of 35 to be part of the organisation's talent pipeline. Through the programme, participants learned about making the right career decisions, adding value to the company and familiarise themselves with the Career Management Guide.



## Johor Port Sports Carnival

Johor Port Sports Carnival, saw more than 400 employees participating in the 7 sporting events, namely Bowling, Futsal, Badminton, Netball, Sepak Takraw, Darts and Carom. The objectives were to promote work-life balance and build stronger bonds amongst employees.



### Gas Malaysia Information Meeting and Long Service Awards

In appreciation and acknowledgement of contribution by the employees, a total of 42 personnel from Gas Malaysia who have completed 10, 15 and 20 years of service with the Company were honoured with the "Long Service Award" presentation. Held in conjunction with "2015 Information Meeting" the programme also focused on the company's direction, outlook and expectation in years to come.



### Gas Malaysia Organised an Occupational Safety and Health Day

As part of its ongoing initiative to promote good safety and health practices amongst its staff, Gas Malaysia organised an Occupational Safety & Health Day. Themed "Have another day by being safe and healthy today", numerous exciting activities were organised including safety and health talk, safety and health info corner, product exhibition, blood donation drive, BMI Challenge Award and 1,000 Days without Medical Leave Award.



### PTP Safety Day

PTP launched its Safety Day campaign themed "Safe at Work, Safe at Home". Amongst objectives of this campaign were to gear all PTP staff on safety procedures and to inculcate safety habit and practices at work.

Activities that took place during the event were Health and Safety talks, Health Safety Environment (HSE) exhibition, free medical check-up, biggest loser competition, mini marathon and an awards presentation to the best safety performers in PTP.



### Malakoff Sports Carnival and Long Term Service Awards

Malakoff held its annual Sports Carnival at various sporting venues in Johor Bahru. A total of seven outdoor and indoor sports games were conducted including ping pong, volleyball, badminton, bowling, pool, futsal and football. Employees from Malakoff's sites located in Prai, Lumut, Tanjung



Bin, Port Dickson and KL headquarters went head-to-head against each other in the carnival-like, fun-filled sports event. This year, the team from Tanjung Bin emerged as the overall champion for the Malakoff Sports Carnival.

During this event, there were 126 award recipients consisting of 24 recipients for 20 years' award, 47 recipients for 15 years' and 55 for 10 years' of career with the Company. They were presented with certificates of appreciation and cash incentives as tokens of appreciation for their contributions to the Company.





## ENVIRONMENTAL PRESERVATION

At MMC, we are cognisant that we must grow sustainably and responsibly, balancing business expansion and its impact on the natural environment. Towards realising these goals, we have worked directly with the community and at times, engaged in ongoing research projects undertaken by various agencies. We have reached out and touched the lives of people in the communities that we live and operate through our educational programmes. We believe our actions today will make a meaningful difference in protecting our natural environment for our future generations.



### Turtle Awareness Programme

Malakoff, in collaboration with the Fisheries Department, released a second turtle that was equipped with a satellite tracking device at the company's annual "Kenali Penyu, Sayangi Penyu" Turtle Awareness and Educational Programme at the Segari Turtle Management Centre (TMC), Perak, as part of its turtle conservation efforts.

The event saw participation of more than 100 volunteers from Malakoff and the Fisheries Department as well as students from the Institute of Marine Engineering Technology, Lumut Campus of University of Kuala Lumpur. The programme works towards increasing awareness amongst the local communities on the declining number of turtles and encouraged more involvement in conservation efforts. Malakoff contributed RM10,000 to the Fisheries Department for the maintenance of the TMC.

### Coral Planting and Reef Clean-up Project 2015 at Pulau Aur

Malakoff collaborated with the Ministry of Natural Resources and Environment (NRE) and Marine Park Malaysia (JTLM) to plant coral nubbins in the coastal waters of Pulau Aur, Mersing, Johor participated by 20 divers, the activity is part of its efforts to care for the marine ecosystem. The divers cleaned ghost nets and a total of 20 frames of coral nubbins were submerged towards these conservation efforts.

Known as the Malakoff Coral Planting and Reef Clean-up Project 2015, it was held to raise awareness on the importance of corals in the marine eco-system and support the local community on the threats faced. Pulau Aur was chosen as it was an important coral nursery in Malaysia, with at least 183 types of corals and 232 reef-fish species present.

### Gas Malaysia collaborated with the Forestry Department of Pahang for a Green Cause

Gas Malaysia collaborated with the Pahang Forestry Department to plant 150 saplings of Rhu Pantai along the Kampung Pantai Sungai Ular coastline near Kuantan, Pahang. The objective of the programme is to protect the coastline from ecological threats which could result in coastal erosion.



# 2015

## CORPORATE HIGHLIGHTS



### 1 February 2015

Malakoff Corporation Berhad (Malakoff) was named as one of Malaysia's Top 30 Green Catalysts award recipients for 2014 at the Green Tech Awards organised by Malaysian Green Technology Corporation (Green Tech Malaysia).



### 10 February 2015

MSC Oscar, the world's largest container ship, made its maiden call at the Pelabuhan Tanjung Pelepas Sdn Bhd (PTP).



### 13 February 2015

Deputy Finance Minister visited the Klang Valley Mass Rapid Transit (KVMRT) Taman Midah station.



### 26 February 2015

Signing Ceremony between MMC Oil & Gas Engineering (MMC Oil & Gas) and Lima Wara Al-Bihar Engineering Consultancy.



### 9 March 2015

Signing Ceremony of Collective Agreement between Management & Union of Johor Port.



### 10 March 2015

MMC Corporation Berhad (MMC) Stakeholders Invitational Bowling Tournament 2015.



### 3-5 March 2015

PTP and Johor Port Berhad (Johor Port) collaborated with Lembaga Pelabuhan Johor to participate in Malaysian International Furniture Fair (MIFF).



### 30 March 2015

MMC Extraordinary General Meeting.





## 2 April 2015

Minister of Energy, Green Technology and Water visited package 2A – Construction of 1130MLD Langkat 2 Water Treatment Plant (Phase 1).



## 17 April 2015

Malakoff launched its prospectus in conjunction with its Initial Public Offering (IPO) for listing on the Main Market of Bursa Malaysia Securities Berhad.



## 8 April 2015

Senai International Airport emerged as the first airport in the country to launch AirAsia's self-service feature, the "Self-bag-drop" and "Home Tag" service.



## 24 April 2015

MMC-Gamuda KVMRT (T) Sdn Bhd (KVMRT Tunnel Line 1) were selected for the International Safety Award with distinction for 2015 and declared the winner of the construction and property sector by British Safety Council.



## 11 April 2015

Minister of Energy, Green Technology and Water visited Malakoff's Tanjung Bin Power Plant to view progress of its operations.



## 28 April 2015

Gas Malaysia Berhad (Gas Malaysia) entered into a joint-venture with Sime Darby Offshore Engineering at the Biogas Pacific Forum.



## 28 & 29 April 2015

MMC Group Senior Management Retreat.

## 7 May 2015

Northport (M) Berhad (Northport), received the Certificate of Recognition from the Malaysian Productivity Corporation for its support in promoting Lean Management and knowledge sharing activities.



## 7 May 2015

Gas Malaysia 24th Annual General Meeting.



### 15 May 2015

Malakoff made its debut on the Main Market of Bursa Malaysia.



### 21 May 2015

MMC Group participated in the Bursa Bull Charge.



### 24 May 2015

MMC Pembetungan Langat Sdn Bhd (MMC Pembetungan Langat) held its first public engagement with the community of Kampung Simpang Balak.



### 25 May 2015

MMC 39th Annual General Meeting.



### 2- 4 June 2015

MMC Oil & Gas participated in Asian Oil, Gas & Petrochemical Engineering Exhibition.

### 10 July 2015

Zelan Berhad (Zelan) obtained the Occupational Health and Safety Management Systems 18001-2007 Certification.



### 13 July 2015

MMC-Gamuda Joint Venture signed the agreement for KVMRT Line 2 as Project Delivery Partner (PDP).



### 4 August 2015

Malakoff's contribution at Majlis Sahabat Korporat Tabung Haji.





**6 August 2015**

Northport Golf Invitation at Tropicana Golf and Country Resort.



**24 August 2015**

Internship Programme Convocation Ceremony at MMC-Gamuda Community College.



**7 August 2015**

MMC Group Corporate Hari Raya Open House.



**14 August 2015**

Malakoff Invitational Bowling Tournament with Ministry of Energy, Green, Technology and Water (KeTTHA).



**27 August 2015**

MMC Oil & Gas received commendation for Philippines Overseas Employment Programme.



**11 August 2015**

MMC participated in Kejohanan Badminton Piala YB Menteri Pengangkutan.



**21 August 2015**

Honourary Certification for Safety and Health 2015 during KVMRT construction at Tun Razak Exchange station.



**8 September 2015**

Pan Asia Logistics and BMW Group Malaysia announced new BMW Group parts distribution in Senai Airport.





### 9 to 11 September 2015

MMC participated in the International Construction Week.



### 19 September 2015

Northport's Wharf 8A received the Silver Award of Merit (Category 1 – Infrastructure) at the 52nd Anniversary Dinner and Engineering Award 2015 by the Association of Consulting Engineers Malaysia.



### 29 September 2015

MMC participated in Invest Iskandar Malaysia.



### 14 September 2015

MMC-Gamuda Joint Venture was recognised as the recipient of "Pengiktirafan Khas" for its Electrified Double Track Project between Ipoh and Padang Besar at the Malaysian Construction Industry Excellence Award ceremony.



### 6 October 2015

Gas Malaysia started construction on its Compressed Natural Gas (CNG) mother station in Gebeng, Kuantan, Pahang.



**16 October 2015**

Malakoff's Tanjung Bin Energy Power Plant completed its first synchronisation to the national grid.



**30 October 2015**

PTP won Malaysia's Best Port Award 2014 at World Maritime Day.



**17 to 22 October 2015**

PTP and Johor Port participated in Johor Port Week.



**31 October 2015**

Malakoff Golf Invitational at Glenmarie Golf and Country Club Shah Alam.



**23 October 2015**

MMC-Gamuda Joint Venture participated in the Global Transformation Forum.



**4 November 2015**

Zelan celebrated Material Off Loading Facility Jetty's 5 million manhours without Lost Time Injury (LTI).





### 5 November 2015

Malakoff's Tanjung Bin Power Plant celebrated 5 million manhours without LTI.



### 6 November 2015

Johor Port extended its agreement with Allrig Asia Pte Ltd for its Offshore Inspection, Maintenance and Repair (OIMR) Centre.



### 8 November 2015

Johor Port won first place for Private Sector Building category at the Landscape Day state celebration.



### 11 November 2015

Malaysia's Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak visited the KVMRT Line 1 project at Sungai Buloh Depot.



### 11 November 2015

Zelan celebrated International Islamic University Malaysia (IIUM) Gambang Project's 400,000 manhours without LTI.



### 17 November 2015

JP Logistics Sdn Bhd received Best Operator Award from the Land Public Transport Commission (SPAD).





### 3 December 2015

Stormwater Management And Road Tunnel (SMART) was awarded the 2015 Kuala Lumpur Mayor Design award (Infrastructure), in the Engineering category.

### 18 November 2015

Johor Port was awarded the ISO certification for its Quality Management System Scope Expansion covering Port operations by Standards and Industrial Research Institute of Malaysia (SIRIM).



### 4 December 2015

Johor Port was awarded operatorship for the PETRONAS Refinery and Petrochemicals Integrated Development (RAPID) project.



### 14 December 2015

Signing of Collective Agreement between PTP and Kesatuan Pekerja-Pekerja PTP.

### 20 November 2015

MMC took over the Langat Centralised Sewage Treatment Plant and Sewerage Conveyance System project.



### 22 December 2015

MMC's contribution at Majlis Zakat Korporat.



### 24 November 2015

Malakoff won the National Occupational Safety and Health Excellence Award for the second consecutive year from the Department of Occupational Safety and Health, under the Ministry of Human Resources.



### 8 December 2015

Johor Port won the Human Resource Minister Award 2015.



### 22 December 2015

Northport celebrated the historic achievement of Wan Hai's 1 million Twenty-foot Equivalent Units (TEUs) in a single year in 2015.

## 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 by 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. ESTABLISHED 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 guided by the Board Policy Manual in discharging its duties effectively. The Board Policy Manual serves as guidelines for the Board and its Committees in the execution of their responsibilities.

During the year under review, the Board had successfully overseen, among others, the listing of Malakoff Corporation Berhad on the Main Market of Bursa Malaysia Securities Berhad (Bursa Securities) and the acquisition of NCB Holdings Bhd.

The Board comprises of nine (9) Directors of which six (6) are Independent Non-Executive Directors who have been selected based on their expertise, experience, integrity and character. The Board is chaired by Tan Sri Dato' Seri Shamsul Azhar Abbas, an Independent Director, who was appointed to the Board on 16 July 2015. Currently, the Board consists of a majority of Independent Directors with expertise and skills from various fields and backgrounds. Thus, there is optimum Board balance and in compliance with the Bursa Securities Main Market Listing Requirements (Listing Requirements) with regard to the composition of the Board of Directors.

The Board recognises the importance of diversity in designing its composition. 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 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.

In this regard, the appointments of Dato' Siti Halimah Ismail and Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar during the year reflects the Board's commitment in ensuring the Board's diversity in gender and age aspects, while taking into account the pertinent skills, knowledge and experience necessary to further enhance the composition of the Board.

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

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

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 members of the Board.

The Board plays an important role in the development of Group policy and oversees the performance of the Management in ensuring that the businesses of the Company are properly managed. With the exception of the Executive Committee which includes the Group Managing Director (GMD) as a member, the Board's four (4) 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 Group 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) 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 the 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 whistleblower 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 Securities. The CDPP aims to ensure timely dissemination of comprehensive and accurate material information to shareholders and investors, respectively.

• **Related Party Transactions Policies and Procedures**

The Related Party Transactions Policies and Procedures outlines the procedures and practices to be adhered to by the Directors and employees of MMC Group for transactions entered into with related party as prescribed by the Listing Requirements.

• **Promoting Sustainability**

MMC is committed to promote sustainability practices in the Group with a good balance of environmental, social and governance aspects of the business. A report of the Company's Corporate Responsibility initiatives is set out on pages 058 and 069 of this annual report.



**1. ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)****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:

- o Board's roles and functions;
- o Board's composition, operation and processes;
- o Division of responsibilities between the Board and Management; and
- o 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 (4) times in 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 are reviewed annually as part of the Board's evaluation process. Resolutions are properly recorded and minutes of proceedings of meetings are circulated to the Directors for comments prior to confirmation. In addition, Directors are also notified of any announcement released to Bursa Malaysia by the Company.

A total of seven (7) Board meetings were held during the financial year ended 31 December 2015. Set out below is the attendance record of members for Board and Committees meetings for the financial year ended 31 December 2015:

Name	Board	Executive Committee <sup>5</sup>	Audit Committee	Nomination and Remuneration Committee	Finance, Investment and Risk Committee
1. Tan Sri Dato' Seri Shamsul Azhar Abbas <sup>1</sup>	2/2	–	–	–	–
Tan Sri Dato' Wira Syed Abdul Jabbar					
2. Syed Hassan <sup>2</sup>	5/5	–	–	3/3	–
3. Dato' Sri Che Khalib Mohamad Noh	7/7	–	–	–	–
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman					
4. Haji Wan Yaacob	7/7	–	3/4	–	–
5. Dato' Abdullah Mohd Yusof	7/7	–	4/4	3/3	3/4
6. Datuk Mohd Sidik Shaik Osman	7/7	–	–	–	–
7. Datuk Ooi Teik Huat	7/7	–	4/4	3/3	4/4
8. Dato' Abdul Hamid Sh Mohamed	7/7	–	4/4	–	4/4
9. Dato' Siti Halimah Ismail <sup>3</sup>	2/2	–	–	–	2/2
10. Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar <sup>4</sup>	2/2	–	–	–	–

<sup>1</sup> Appointed as an Independent Non-Executive Chairman and Chairman of the Nomination and Remuneration Committee with effect from 16 July 2015.

<sup>2</sup> Retired as a Non-Independent Non-Executive Chairman and ceased as Chairman of the Executive Committee and the Nomination and Remuneration Committee with effect from 16 July 2015.

<sup>3</sup> Appointed as an Independent Non-Executive Director and member of the Finance, Investment and Risk Committee with effect from 16 July 2015.

<sup>4</sup> Appointed as an Independent Non-Executive Director and member of the Nomination and Remuneration Committee with effect from 16 July 2015.

<sup>5</sup> There was no Executive Committee (EXCO) Meetings held during the financial year ended 31 December 2015. Matters that required the EXCO's approval were dealt directly by the Board.

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 are a matter for the Board as a whole. The Company Secretaries play an important role in supporting the Board by ensuring adherence to Board policies and procedures. The Company Secretaries advise the Board and Management on statutory, regulatory and corporate development, the implementation of corporate governance measures and compliance, as applicable to the Group.

## 2. STRENGTHEN COMPOSITION

### a. Board Committees

The Board has four (4) standing Committees, each operating within defined terms of reference, to assist the Board in discharging its responsibilities. The minutes of proceedings of each Committee meetings 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 Nomination and Remuneration Committee makes recommendations to the Board on new appointments to the Board, 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. The Board Structure, Board Operations and Interactions, Board Communication, Board Roles and Responsibilities, contribution to interaction and understanding of role, are areas covered under the Board Evaluation Assessment. Comments obtained from the assessment are treated with strictest confidence and are addressed directly to the Group 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 the financial year 2015, among others were as follows:

- Reviewed the size, composition and effectiveness of the Board;
- Recommended to the Board the Directors seeking re-election at the Annual General Meeting (AGM);
- Recommended to the Board the GMD's KPIs;
- Recommended to the Board matters pertaining to remuneration review, annual increment and performance bonus for employees;
- Recommended to the Board the appointment of the new Independent Non-Executive Chairman and Independent Non-Executive Directors; and
- Recommended to the Board the revised Board fees for Non-Executive Directors to be tabled at the AGM.

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 pre-determined KPIs as approved by the Board. Once the GMD's performance is evaluated and compensation determined, the Committee considers the Group's proposed bonus as well as increment for the year and makes the necessary recommendations to the Board concerning the appropriate compensation for the Company's personnel.

**2. STRENGTHEN COMPOSITION (CONTINUED)****a. Board Committees (continued)**

The establishment of the Finance, Investment and Risk Committee in 2013 is to provide 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.

The Executive Committee was established with the primary responsibility for managing the strategic and operational plans which fall within its level of authority.

Details on the Audit Committee are elaborated in the Audit Committee Report, which appears on pages 093 to 095 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 pre-determined 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 commensurate with his duties and responsibilities.

- Disclosure**

The fees payable to the Non-Executive Directors are approved by shareholders at the AGM based on the recommendation of the Board. The aggregate remuneration of the Directors categorised into the appropriate components is enumerated in Note 7 of the Audited Financial Statements on page 162 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*
RM50,000 to RM100,000	-	2
RM150,000 to RM200,000	-	2
RM200,001 to RM250,000	-	2
RM350,000 to RM400,000	-	2**
RM550,000 to RM600,000	-	1
RM5,000,000 to RM5,050,000	1	-

\* Three (3) out of the nine (9) 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 7 of the Audited Financial Statements on page 162 of this annual report.

\*\* Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan retired as Non-Independent Non-Executive Chairman on 16 July 2015.



### 3. REINFORCE INDEPENDENCE

#### a. Assessment and Tenure of Independent Directors

Currently, six (6) out of nine (9) Board members are Independent Directors who are able to exercise independent judgement on issues of strategy, performance and resources of the Group. They provide unbiased and independent views, and the presence of these Independent Directors fulfils a pivotal role of corporate accountability. The Board, through the Nomination 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 judgement. 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 (9) 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 (9) years.

Dato' Abdullah Mohd Yusof has served the Board as an Independent Director for more than nine (9) 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 judgement 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 contributes 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 for the continuation of Dato' Abdullah Mohd Yusof as an Independent Director will be provided in the notice of AGM.

#### b. Roles of the Group Chairman and GMD

The roles of the Group Chairman and the GMD of the Company do not vest in the same person. The Group Chairman is responsible for ensuring the Board's effectiveness and conduct, whilst the GMD has the overall responsibility for the business and day-to-day management of the Company with all powers, and delegations properly authorised, from time to time, by the Board. The GMD is also responsible for the implementation of the Board's policies and decisions. The Board approves the Company's KPIs and together with the GMD, develops his roles and responsibilities with authority limits. The Board, through the Nomination and Remuneration Committee, evaluates the performance of the GMD against the approved KPIs annually. Regular review of the division of responsibilities is also conducted by the Board to ensure that the needs of the Company are consistently met.

#### c. Re-election

The Company's Articles of Association provides that all Directors should submit themselves for re-election at least once every three (3) years, in compliance with the Listing Requirements. 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 40th AGM, Dato' Sri Che Khalib Mohamad Noh, shall retire accordingly and being eligible, will offer himself for re-election.

**3. REINFORCE INDEPENDENCE (CONTINUED)****c. Re-election (continued)**

Pursuant to Article 85 of the Company's Articles of Association, Tan Sri Dato' Seri Shamsul Azhar Abbas, Dato' Siti Halimah Ismail and Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar, who were appointed to the Board during the year, shall hold office until the 40th AGM and accordingly, shall stand for re-election at the AGM.

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

This affords shareholders the opportunity to review the 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 fulfilment of their responsibilities to the Company.

From 2013 onwards, all Directors are required to notify the Group 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**

Pursuant to paragraph 15.08 of the Listing Requirements, the newly appointed Directors, Dato' Siti Halimah Ismail and Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar had attended and completed the Mandatory Accreditation Programme (MAP) in September 2015 and October 2015, respectively.

During the financial year under review, all Directors attended at least one (1) training session, either organised internally by the Company or externally, as follows:

- Directors and the Board – Roles and Functions in a Public Listed Company
- Current Trends in Shareholders' Activism and Predicting Financial Crime – Detection, Prevention and Remediation
- Audit Oversight Board Conversation with Audit Committees
- To Lead the Change: Getting Women on Boards
- Board Chairman Series: Leadership Excellence from the Chair
- Future of Auditor Reporting – The Game Changer for Boardroom
- Anti-Money Laundering Act, Counter Financing Terrorism and Anti-Fraud Programmes
- Corporate Governance Breakfast Series with Directors – Board Rewards and Recognition

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 programmes and seminars to keep abreast of the current developments and business environment affecting their roles and responsibilities.

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

## 5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

### a. Financial Reporting

The Board subscribes to the philosophy of transparent, fair, reliable and easily comprehensible reporting to stakeholders. The Board acknowledges and accepts full responsibility for preparing a balanced and comprehensive assessment of the Group's operations and prospects, each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee will assist the Board to review and scrutinise the financial statement and information for disclosure to ensure that the Company's financial statements comply with applicable financial reporting standards.

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, Limits of Authority, 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 Finance, Investment and Risk

Committee and the Audit Committee, which oversee 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 087 to 090 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 exist between the Audit Committee and the External Auditors.

The Audit Committee reviews the proposed re-appointment 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 Limits of Authority) or the Board.

## 6. RECOGNISE AND MANAGE RISKS

### a. Risk Management Framework

The main features of the Company's risk management framework and internal control systems are disclosed in the Statement on Risk Management and Internal Control, which appears on pages 087 to 090 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 093 to 095 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 Group 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 whereby 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 23 February 2016.

## DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), on 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 2015.

### BOARD RESPONSIBILITY

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

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

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

### RISK MANAGEMENT

The Board acknowledges that the risk management and internal control system are designed to manage, rather than eliminate risks that hinder the Group from achieving its goals and 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". 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 financial losses, uncertainty and lost opportunities.

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.

## DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Monitoring and Review

The objective of monitoring and reviewing the risk management process is to provide 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.

### Risk Reporting

On a quarterly basis, risk registers containing the identified risks are discussed and deliberated in 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, current controls and the mitigation actions taken. The Board later reviews the reports.

### Risk Management and Reporting Application System

During the year, the Q-Radar ERM System was rolled-out across the Group to enhance risk management oversight. The system enables online real-time monitoring of risk management activities and record risk profiles for the Group.

### 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
- Project Management Committee

#### Organisational Structure

The internal control of the Group is supported by a 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 transactions including matters that require Board approval. It sets out a clear line of accountability and responsibility of the persons/authorities to facilitate decision making at the appropriate level in the organisation's hierarchy.

### Business Plan and Budget

The Group established a process requiring all operating companies to prepare annual business plans and budgets which are recommended by management and approved by their respective Boards. The business plans and budgets are then consolidated for the holding company's Board deliberation and approval.

### Strategy and Budget Challenge

The Group's strategic directions and budgets are also reviewed at reasonable intervals taking into account changes in the internal and external environment and business risks faced. These reviews are carried out annually during Strategy and Budget Challenge with the Board.

### Quarterly Performance Reviews

The Group performance is reviewed and monitored on a quarterly basis against the business plans and budgets approved by the Board. The report covers all key financial and operational indicators as well as key strategic initiatives undertaken by the companies during the year.

These are also discussed in the Group companies' Board meetings to ensure performance targets of companies' objectives are met.



**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, existence and effectiveness of the governance, risk management and control processes to achieve the Company objectives.

**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 whistleblower 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 implemented 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 to and reduce the impact of crisis faced. This will also ensure the ability to recover and continue the Critical Business Functions (CBFs) within a tolerable timeframe towards sustaining the Company's operational survival. This protects businesses, stakeholders and customers interest during crisis or business disruption.

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.
- Review of specific transactions, projects or opportunities are also discussed between the Management and the Board as and when required. This allows the Board and the Management to manage potential risks.
- The Group's Risk Management Report is presented quarterly to the FIRC by the Risk Management Department to provide an overview of the Group's key risks and how they are being addressed. It also includes the summary report on Health, Safety and Environment of the Group. 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 AC deliberates and discusses reports issued by the Group Internal Audit and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issue discussed are also updated to the AC to enable monitoring of the actions.

**DIRECTORS' STATEMENT ON  
RISK MANAGEMENT AND INTERNAL CONTROL****COMMENTARY ON THE ADEQUACY  
AND EFFECTIVENESS**

The risk management and internal control described above have been implemented in 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 risk management and internal controls 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.

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.

As for newly acquired companies, a review of the internal control and risk management system is currently on going to ensure that risks are managed and controls are put in place arising from the review. Risk management and control practices are to be harmonised and standardised in accordance with the Group's Policies and Procedures.

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 23 February 2016.

## STATEMENT ON INTERNAL AUDIT FUNCTION

The Group Internal Audit Department (GIA) supports the Board through the Audit Committee (AC) to discharge their 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 Annual 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 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;
- Review of compliance with legislation, regulations, agreements and policies and procedures;
- 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; and
- 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 also 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.

As at 31 December 2015, GIA had a total of eight (8) auditors. The AC is updated quarterly on staff movement and the status of recruitment of auditors to ensure the adequacy of staff and competencies.

During the year, a total of 29 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 2015, the total cost incurred by GIA was RM2.1 million.

### GIA INITIATIVES

Other than carrying on the initiatives which were implemented last year, the following initiatives were undertaken during the year under review:

- Introduction of Customer Satisfaction Survey to measure level of satisfaction of audit customers and areas for improvement;
- Introduction of the Audit Committee Satisfaction Survey to obtain feedback from Audit Committee members within the Group for services rendered;
- Presentation of governance and internal control awareness as part of orientation programme for all new staff in the Group;
- Provision of assistance for the appointment of an outsourced service provider to review the asset, liabilities and operations of newly acquired companies; and
- Provision of assistance to a company within the Group to recruit their internal audit staff.

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 (4) Non-Executive Directors, three (3) 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 (a post he has held cumulatively for nine (9) 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 10 May 2015.

### MEETINGS

A total of four (4) AC meetings were held during the financial year ended 31 December 2015. The number of meetings attended by AC members are set out below.

No.	Name	No. of Meetings Attended
1	YBhg. Dato' Abdullah Mohd Yusof	4/4
2	YBhg. Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Haji Wan Yaacob	3/4
3	YBhg. Dato' Ooi Teik Huat	4/4
4	YBhg. Dato' Abdul Hamid Sh Mohamed	4/4

The meetings are normally attended by the Group Managing Director, Group Chief Financial Officer, Chief Internal Auditor and upon invitation, the External Auditors. The External Auditors also attended all of the four (4) meetings and met the AC twice (2) 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.

**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; and
- 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 as well as 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; and
- 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 while at the same time, 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; and
- 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.

During the year, a total of 29 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 contain the findings, risks, improvement opportunities as well as 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 the Management to facilitate monitoring of improvements made to systems and processes.

During the financial year, the total cost incurred by GIA was RM2.1 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 two (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; and

- Considered and recommended to the Board the draft quarterly reports and statutory financial statements for the financial year ended 31 December 2015.

##### Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for 2016, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review;
- Reviewed and deliberated on the planned and ad hoc internal audit reports issued and the adequacy of Management's response/actions to address control deficiencies; and
- 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 to the Board, the Annual Reports for 2016, being 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; and
- 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 23 February 2016.

## ADDITIONAL COMPLIANCE INFORMATION

### CONVICTIONS FOR OFFENCES

None of the Directors has been convicted for material offences within the past 10 years other than traffic offences, if any.

### UTILISATION OF PROCEEDS

The net proceeds raised from the listing of a subsidiary, Malakoff Corporation Berhad, of approximately RM284 million were utilised for the repayment of the Company's bank borrowings.

### SHARE BUY-BACKS

During the financial year, there was no share buy-back by the Company.

### OPTIONS OR CONVERTIBLE SECURITIES

During the financial year, no option or convertible securities was 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

During the financial year, there was no material sanction or penalty 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 RM234,000.

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

### MATERIAL CONTRACTS

During the financial year, the following material contract was entered into by the Company involving the interest of the Major Shareholder:

- **Sale of Shares Agreement dated 19 October 2015 (SPA)**

Agreement for the sale and purchase of shares between MMC Port Holdings Sdn Bhd (formerly known as MMC Ventures Sdn Bhd) (MMC Port), Permodalan Nasional Berhad (PNB) and Amanahraya Trustees Berhad, as trustee for Amanah Saham Bumiputera, Amanah Saham Wawasan 2020 and Amanah Saham Didik (ART) dated 19 October 2015 for the total

acquisition of 251,195,573 ordinary shares of RM1.00 each in NCB Holdings Bhd (NCB), representing approximately 53.42% equity interest in NCB, for a cash consideration of RM1,105,260,521.20 [Acquisition]. The Acquisition was completed on 1 December 2015 in accordance with the terms and conditions of the SPA.

MMC Port is a wholly-owned subsidiary of MMC Corporation Berhad (MMC).

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob is a nominee of PNB on the Board of MMC. As such, he was deemed interested in the Acquisition.

ART, being a vendor in the Acquisition, was deemed interested in the Acquisition by virtue of it being a Major Shareholder of MMC as well as a Major Shareholder of NCB.

PNB, being a vendor in the Acquisition, was deemed interested in the Acquisition by virtue of it being a person connected with ART as well as a shareholder of NCB.

### CONTRACTS RELATING TO LOANS

There was no contract relating to loans by the Company involving Directors and Major Shareholders.



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# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2015.

### PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are shown in Note 40 to the financial statements.

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

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	1,816,001	122,055
Attributable to:		
– owners of the Parent	1,664,384	122,055
– non-controlling interests	151,617	–
	1,816,001	122,055

### RESERVES AND PROVISIONS

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

### DIVIDENDS

The dividends paid or declared by the Company since 31 December 2014 are as follows:

	RM'000
In respect of the financial year ended 31 December 2014, as shown in the Directors' report of that financial year, a final single-tier dividend of 3.5 sen per ordinary share, was paid on 6 July 2015	106,577

In respect of the financial year ended 31 December 2015, the Directors recommend the payment of a final single-tier dividend of 3.8 sen per ordinary share on the 3,045,058,552 ordinary shares, amounting to RM115,712,225 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 5 July 2016 to shareholders registered on the Company's Register of Members at the close of business on 20 June 2016. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as appropriation of retained earnings in the financial year ending 31 December 2016.

## DIRECTORS

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

Tan Sri Dato' Seri Shamsul Azhar Abbas, Group Chairman	(Appointed on 16.7.2015)
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	
Dato' Abdul Hamid Sh Mohamed	
Dato' Siti Halimah Ismail	(Appointed on 16.7.2015)
Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	(Appointed on 16.7.2015)
Tan Sri Dato' Wira Syed Abdul Jabbar Syed Hassan, Chairman	(Resigned on 16.7.2015)

In accordance with Article 78 of the Company's Articles of Association, Dato' Sri Che Khalib Mohamad Noh will retire by rotation and, being eligible, offers himself for re-election.

In accordance with Article 85 of the Company's Articles of Association, Tan Sri Dato' Seri Shamsul Azhar Abbas, Dato' Siti Halimah Ismail and Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar will retire by rotation and, being eligible, offer themselves for re-election.

The offices of Dato' Abdullah Mohd Yusof and Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, shall become vacant at the forthcoming Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965, in Malaysia and separate resolutions will be proposed for their re-appointment as Directors at the Annual General Meeting under the provision of Section 129(6) of the said Act, to hold office until the next Annual General Meeting of the Company.

## DIRECTORS' BENEFITS

During and at the end of the financial year ended 31 December 2015, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments and benefit-in-kind received or due and receivable by Directors or the fixed salary of a full time employee of the Company and its related corporations as disclosed in Note 7(ii) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year held any interest in shares in, or debentures of, the Company and its related corporations during the financial year.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

Before the financial statements of the Group and the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of impaired receivables and the impairment of receivables and satisfied themselves that all known impaired receivables had been written-off and that adequate impairment had been made for impaired receivables; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written-off for impaired receivables or the amount of the impairment of receivables in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

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

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

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

In the opinion of the Directors:

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



#### **ULTIMATE HOLDING COMPANY**

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

#### **AUDITORS**

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 March 2016.

**TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS**  
GROUP CHAIRMAN

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

Kuala Lumpur

## STATEMENT BY \_\_\_\_\_ DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Dato' Seri Shamsul Azhar Abbas and Dato' Sri Che Khalib Mohamad Noh, two of the Directors of MMC Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 105 to 257 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of the financial performance and cash flows of the Group and the Company for the financial year ended on that date in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965, in Malaysia.

The supplementary information set out in Note 45 on page 258 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 31 March 2016.

**TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS**  
GROUP CHAIRMAN

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

Kuala Lumpur

## STATUTORY \_\_\_\_\_ DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Mohd Shahar Yope @ Yahya, the officer primarily responsible for the financial management of MMC Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 105 to 257 and the supplementary disclosure set out on page 258 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**MOHD SHAHAR YOPE @ YAHYA**

Subscribed and solemnly declared by the abovenamed Mohd Shahar Yope @ Yahya

At: Kuala Lumpur

On: 31 March 2016

Before me:

**Commissioner for Oaths**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MMC CORPORATION BERHAD, (Incorporated in Malaysia), (Company No. 30245 H)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of MMC Corporation Berhad on pages 105 to 257 which comprise the statements of financial position as at 31 December 2015 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 44.

### Directors' Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965, in Malaysia.



**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the requirements of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 40 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 45 on page 258 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OTHER MATTERS**

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

**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants

**NURUL A'IN BINTI ABDUL LATIF**

(No. 2910/02/17 [J])

Chartered Accountant

Kuala Lumpur  
31 March 2016

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		2015			2014		
	Note	Continuing operations RM'000	Dis-continued operation RM'000	Total RM'000	Continuing operations RM'000 (Restated)	Dis-continued operation RM'000 (Restated)	Total RM'000
Revenue	4	3,012,972	2,043,912	5,056,884	3,171,017	5,594,484	8,765,501
Cost of sales	5	(1,835,251)	(1,374,658)	(3,209,909)	(2,056,670)	(3,956,082)	(6,012,752)
Gross profit		1,177,721	669,254	1,846,975	1,114,347	1,638,402	2,752,749
Other operating income:							
– items relating to investments	41	144,898	1,344,142	1,489,040	6,473	60,979	67,452
– others		106,400	76,949	183,349	93,505	228,031	321,536
Administrative expenses	5	(651,824)	(109,443)	(761,267)	(547,691)	(216,316)	(764,007)
Other operating expenses	5	(287,931)	(63,525)	(351,456)	(165,897)	(246,037)	(411,934)
Finance costs	6	(391,711)	(320,032)	(711,743)	(349,384)	(911,242)	(1,260,626)
Share of results of:							
– associates		179,372	8,673	188,045	82,861	35,012	117,873
– joint ventures		88,365	(1,760)	86,605	55,911	6,655	62,566
Profit before zakat and taxation	7	365,290	1,604,258	1,969,548	290,125	595,484	885,609
Zakat expense	8	(7,987)	–	(7,987)	(6,066)	–	(6,066)
Tax (expense)/benefit	9	(57,742)	(87,818)	(145,560)	107,399	(182,640)	(75,241)
Net profit for the financial year		299,561	1,516,440	1,816,001	391,458	412,844	804,302
Other comprehensive (loss)/income (net of tax):							
Items that will not be reclassified subsequently to profit or loss:							
Remeasurement of defined benefit liability		–	–	–	–	413	413
Items that may be reclassified subsequently to profit or loss:							
Available-for-sale financial assets:							
– fair value (losses)/gains		(13,513)	–	(13,513)	(7,174)	–	(7,174)
– disposal		–	–	–	(6,410)	–	(6,410)
Movement in associates' reserve		(14,711)	–	(14,711)	240	–	240
Fair value adjustment							
– cash flow hedge		(18,085)	(4,824)	(22,909)	–	(100,703)	(100,703)
Currency translation differences		87,207	–	87,207	23,874	–	23,874
Other comprehensive income/(loss) for the financial year (net of tax)		40,898	(4,824)	36,074	10,530	(100,290)	(89,760)
Total comprehensive income for the financial year		340,459	1,511,616	1,852,075	401,988	312,554	714,542

The notes on pages 121 to 257 are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	2015			2014		
		Continuing operations RM'000	Dis-continued operation RM'000	Total RM'000	Continuing operations RM'000 (Restated)	Dis-continued operation RM'000 (Restated)	Total RM'000
Net profit attributable to:							
– owners of the parent		244,511	1,419,873	1,664,384	318,742	174,190	492,932
– non-controlling interests		55,050	96,567	151,617	72,716	238,654	311,370
		299,561	1,516,440	1,816,001	391,458	412,844	804,302
Total comprehensive income attributable to:							
– owners of the parent		285,409	1,415,049	1,700,458	329,272	73,900	403,172
– non-controlling interests		55,050	96,567	151,617	72,716	238,654	311,370
		340,459	1,511,616	1,852,075	401,988	312,554	714,542
Earnings per ordinary share attributable to the equity holders of the Company (sen):							
– basic	10	8.0	46.6	54.6	10.5	5.7	16.2

The notes on pages 121 to 257 are an integral part of these financial statements.



# COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
Revenue	4	1,152,987	1,362,697
Cost of sales	5	(590,957)	(712,324)
Gross profit		562,030	650,373
Other operating income		28,208	29,398
Administrative expenses	5	(63,283)	(60,131)
Other operating expenses	5	(208,850)	(87,117)
Finance costs	6	(176,966)	(167,060)
Profit before zakat and taxation	7	141,139	365,463
Zakat expense	8	(2,606)	(2,241)
Tax expense	9	(16,478)	(24,206)
Total comprehensive income for the financial year (net of tax)		122,055	339,016

The notes on pages 121 to 257 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	8,079,269	21,203,402
Finance lease receivables	13	–	1,990,974
Investment properties	14	28,299	28,104
Interests in associates	16	4,504,681	2,545,302
Investments in joint arrangements	17	271,522	287,490
Available-for-sale financial assets	18	3,144	3,635
Inventories	23	1,381,246	1,751,122
Trade and other receivables	20	192,754	388,692
Derivative financial instruments	34	–	99,147
Intangible assets	21	3,089,373	6,902,658
Deferred tax assets	22	744,960	1,601,951
		<b>18,295,248</b>	<b>36,802,477</b>
<b>CURRENT ASSETS</b>			
Inventories	23	467,000	540,187
Trade and other receivables	25	1,544,216	2,589,856
Derivative financial instruments	34	16,282	19,910
Tax recoverable		76,813	322,560
Available-for-sale financial assets	18	70,481	80,864
Deposits, bank and cash balances	26	1,299,623	5,036,025
		<b>3,474,415</b>	<b>8,589,402</b>
Assets held for sale	24	520	12,997
		<b>3,474,935</b>	<b>8,602,399</b>
<b>TOTAL ASSETS</b>		<b>21,770,183</b>	<b>45,404,876</b>

The notes on pages 121 to 257 are an integral part of these financial statements.

	Note	2015 RM'000	2014 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF PARENT</b>			
Share capital	27	304,506	304,506
Reserves		8,747,238	7,200,928
		<b>9,051,744</b>	7,505,434
Non-controlling interests		<b>933,127</b>	2,828,729
<b>TOTAL EQUITY</b>		<b>9,984,871</b>	10,334,163
<b>NON-CURRENT LIABILITIES</b>			
Redeemable preference shares	29	70,188	89,739
Borrowings	30	7,386,589	23,981,508
Land lease received in advance	31	262,743	267,508
Provision for retirement benefits	32(c)	13,380	87,054
Deferred income	33	299,046	2,967,614
Derivative financial instruments	34	–	167,338
Deferred tax liabilities	22	488,718	3,302,373
Trade and other payables	32	281,299	218,922
		<b>8,801,963</b>	31,082,056
<b>CURRENT LIABILITIES</b>			
Borrowings	30	1,354,059	1,670,441
Trade and other payables	32	1,593,036	2,089,333
Tax payables		7,002	43,991
Deferred income	33	29,252	156,571
Derivative financial instruments	34	–	28,321
		<b>2,983,349</b>	3,988,657
<b>TOTAL LIABILITIES</b>		<b>11,785,312</b>	35,070,713
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,770,183</b>	45,404,876

The notes on pages 121 to 257 are an integral part of these financial statements.



# COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 RM'000	2014 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	15,373	14,295
Investments in subsidiaries	15	6,195,783	7,068,076
Interests in associates	16	953,030	70,737
Investments in joint arrangements	17	15,591	15,341
Amounts due from subsidiaries	19	1,278,203	1,334,395
Trade and other receivables	20	1,233	33,281
		<b>8,459,213</b>	8,536,125
<b>CURRENT ASSETS</b>			
Trade and other receivables	25	608,529	597,166
Derivative financial instruments	34	16,026	19,895
Tax recoverable		33,743	14,080
Deposits, bank and cash balances	26	138,756	318,538
		<b>797,054</b>	949,679
Assets held for sale	24	–	12,997
		<b>797,054</b>	962,676
<b>TOTAL ASSETS</b>		<b>9,256,267</b>	9,498,801
<b>EQUITY AND LIABILITIES</b>			
Share capital	27	304,506	304,506
Reserves	28	5,336,340	5,320,862
<b>TOTAL EQUITY</b>		<b>5,640,846</b>	5,625,368
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	32	30,937	27,142
Amounts due to subsidiaries		226,717	201,887
Borrowings	30	2,367,298	2,616,526
		<b>2,624,952</b>	2,845,555

The notes on pages 121 to 257 are an integral part of these financial statements.

	Note	2015 RM'000	2014 RM'000
<b>CURRENT LIABILITIES</b>			
Borrowings	30	<b>590,000</b>	540,000
Trade and other payables	32	<b>400,469</b>	487,878
		<b>990,469</b>	1,027,878
<b>TOTAL LIABILITIES</b>		<b>3,615,421</b>	3,873,433
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,256,267</b>	9,498,801

The notes on pages 121 to 257 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	*Revaluation reserve RM'000
<b>At 1 January 2015</b>		<b>304,506</b>	<b>2,039,770</b>	<b>(3,028)</b>	<b>1,219,271</b>
Net profit for the financial year		-	-	-	-
Other comprehensive income/(loss):					
Share of movement in associates' reserves	16	-	-	14,542	-
Movement in value of investment		-	-	-	-
Fair value adjustment		-	-	-	-
Currency translation differences		-	-	72,665	-
Total other comprehensive income/(loss)		-	-	87,207	-
Total comprehensive income/(loss) for the financial year		-	-	87,207	-
Transactions with owners:					
Acquisition of a subsidiary		-	-	-	-
Compulsory acquisition of NCI		-	-	-	-
Disposal of a subsidiary		-	-	(254)	(1,191,151)
Dividends for financial year ended 31 December 2014	11	-	-	-	-
Dividends paid to non-controlling shareholders	15	-	-	-	-
Total transactions with owners		-	-	(254)	(1,191,151)
<b>At 31 December 2015</b>		<b>304,506</b>	<b>2,039,770</b>	<b>83,925</b>	<b>28,120</b>

\* The revaluation reserves relate to business combination of a subsidiary prior to the adoption of MFRS.

\*\* The distributable capital reserves represent mainly the net gain from disposals of investments prior to adoption of MFRs.

The notes on pages 121 to 257 are an integral part of these financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Attributable to owners of the parent Non-distributable			Distributable		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Available-for- sale financial assets RM'000	Cash flow hedge reserve RM'000	Capital reserves RM'000	**Capital reserves RM'000	Retained earnings RM'000			
69,754	75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163
-	-	-	-	1,664,384	1,664,384	151,617	1,816,001
-	(60,416)	(9,403)	(5,308)	-	(60,585)	-	(60,585)
(13,513)	-	-	-	-	(13,513)	-	(13,513)
-	37,507	-	-	-	37,507	-	37,507
-	-	-	-	-	72,665	-	72,665
(13,513)	(22,909)	(9,403)	(5,308)	-	36,074	-	36,074
(13,513)	(22,909)	(9,403)	(5,308)	1,664,384	1,700,458	151,617	1,852,075
-	-	-	-	-	-	340,508	340,508
-	-	-	-	(679)	(679)	(65,746)	(66,425)
-	(70,553)	-	-	1,215,066	(46,892)	(2,256,481)	(2,303,373)
-	-	-	-	(106,577)	(106,577)	-	(106,577)
-	-	-	-	-	-	(65,500)	(65,500)
-	(70,553)	-	-	1,107,810	(154,148)	(2,047,219)	(2,201,367)
56,241	(18,015)	-	374,945	6,182,252	9,051,744	933,127	9,984,871

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	*Revaluation reserve RM'000
<b>At 1 January 2014</b>		304,506	2,039,770	(26,902)	1,219,271
Net profit for the financial year		-	-	-	-
Other comprehensive income/(loss):					
Share of movement in associates' reserves	16	-	-	-	-
Movement in value of investment		-	-	-	-
Disposal		-	-	-	-
Fair value adjustment		-	-	-	-
Remeasurement of defined benefit plan		-	-	-	-
Currency translation differences		-	-	23,874	-
Total other comprehensive income/(loss)		-	-	23,874	-
Total comprehensive income/(loss) for the financial year		-	-	23,874	-
Transactions with owners:					
Transfer to capital reserves		-	-	-	-
Dividends for financial year ended 31 December 2013	11	-	-	-	-
Dividends paid to non-controlling shareholders	15	-	-	-	-
Non-cash distribution to non-controlling shareholder***		-	-	-	-
Total transactions with owners		-	-	-	-
<b>At 31 December 2014</b>		304,506	2,039,770	(3,028)	1,219,271

\* The revaluation reserves relate to business combination of a subsidiary prior to the adoption of MFRS.

\*\* The distributable capital reserves represent mainly the net gain from disposals of investments prior to the adoption of MFRS.

\*\*\* The non-cash distribution to non-controlling shareholder is in relation to the distribution of quoted investments in MMC-Shapadu Sdn Bhd following its members' voluntary liquidation process.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Attributable to owners of the parent Non-distributable			Distributable		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Available-for- sale financial assets RM'000	Cash flow hedge reserve RM'000	Capital reserves RM'000	**Capital reserves RM'000	Retained earnings RM'000			
83,338	176,150	9,163	379,103	3,009,215	7,193,614	2,976,496	10,170,110
-	-	-	-	492,932	492,932	311,370	804,302
(3,516)	(22,608)	240	-	-	(25,884)	-	(25,884)
(3,658)	-	-	-	-	(3,658)	-	(3,658)
(6,410)	-	-	-	-	(6,410)	-	(6,410)
-	(78,095)	-	-	-	(78,095)	-	(78,095)
-	-	-	-	413	413	-	413
-	-	-	-	-	23,874	-	23,874
(13,584)	(100,703)	240	-	413	(89,760)	-	(89,760)
(13,584)	(100,703)	240	-	493,345	403,172	311,370	714,542
-	-	-	1,150	(1,150)	-	-	-
-	-	-	-	(91,352)	(91,352)	-	(91,352)
-	-	-	-	-	-	(180,217)	(180,217)
-	-	-	-	-	-	(278,920)	(278,920)
-	-	-	1,150	(92,502)	(91,352)	(459,137)	(550,489)
69,754	75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163



# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Non-distributable			Distributable		Total RM'000
		Share capital RM'000	Share premium RM'000	*Capital reserves RM'000	**Capital reserves RM'000	Retained earnings RM'000	
At 1 January 2015		304,506	2,039,770	59,710	243,074	2,978,308	5,625,368
Net profit for the financial year		–	–	–	–	122,055	122,055
Transactions with owners:							
Dividends for the financial year ended 31 December 2014	11	–	–	–	–	(106,577)	(106,577)
At 31 December 2015		304,506	2,039,770	59,710	243,074	2,993,786	5,640,846
At 1 January 2014		304,506	2,039,770	59,710	243,074	2,730,644	5,377,704
Net profit for the financial year		–	–	–	–	339,016	339,016
Transactions with owners:							
Dividends for the financial year ended 31 December 2013	11	–	–	–	–	(91,352)	(91,352)
At 31 December 2014		304,506	2,039,770	59,710	243,074	2,978,308	5,625,368

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

\*\* The distributable capital reserves represent mainly the net gain from disposals of investments prior to the adoption of MFRS.

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
OPERATING ACTIVITIES					
Profit before zakat and taxation:					
– continuing operations		365,290	290,125	141,139	365,463
– discontinued operation		1,604,258	595,484	–	–
		1,969,548	885,609	141,139	365,463
Adjustments for:					
Depreciation of:					
– property, plant and equipment	12	539,136	845,815	7,263	9,159
– investment properties	14	569	489	–	–
Amortisation of:					
– rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:					
– subsidiaries		183,976	467,828	–	–
– associates		16,337	43,871	–	–
– rights on water treatment business	21	–	4,134	–	–
– rights on airport business	21	4,194	4,196	–	–
– land lease received in advance	31	(17,113)	(16,309)	–	–
– deferred income		(75,642)	(86,353)	–	–
– intangible assets – buildings		1,741	–	–	–
Impairment of:					
– property, plant and equipment		1,037	856	(443)	856
– trade and other receivables		58,717	50,425	–	–
– amounts due from subsidiaries		–	–	57,633	–
(Gain)/loss on disposal of:					
– a subsidiary		(1,344,142)	–	–	–
– property, plant and equipment		4,616	1,460	(511)	(672)
– investment properties		–	(1,778)	–	–
– available-for-sale financial assets		–	(6,473)	–	–
– assets held for sale		–	(1,212)	–	–
Write-off of property, plant and equipment		1,995	21,061	5	–
Write-back of impairment of receivables	25	(2,082)	(3,560)	–	–
Dividend income		(3,186)	(558)	(472,837)	(414,201)
Gain on liquidation of subsidiaries		(14,362)	–	–	–

The notes on pages 121 to 257 are an integral part of these financial statements.

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income		<b>(95,631)</b>	(160,606)	<b>(5,161)</b>	(3,489)
Interest expense		<b>711,743</b>	1,260,626	<b>176,966</b>	167,060
Share of results in:					
– associates	16	<b>(188,045)</b>	(117,873)	–	–
– joint ventures	17	<b>(86,605)</b>	(62,566)	–	–
Net unrealised (gain)/loss on foreign exchange		<b>(42,019)</b>	(8,480)	–	5
Provision for retirement benefits	32(c)	<b>4,690</b>	13,247	–	–
Fair value gain on acquisition of subsidiaries		<b>(130,538)</b>	(27,581)	–	–
Bargain purchase on acquisition of subsidiaries		–	(33,398)	–	–
Fair value loss/(gain) on derivative assets		<b>3,868</b>	(18,790)	<b>3,868</b>	(18,790)
		<b>1,502,802</b>	3,054,080	<b>(92,078)</b>	105,391
Changes in working capital:					
Inventories		<b>(58,954)</b>	(36,112)	–	848
Trade and other receivables		<b>(539,380)</b>	43,487	<b>84,288</b>	49,809
Trade and other payables		<b>175,925</b>	4,336	<b>(82,453)</b>	(86,922)
Deferred income	33	<b>110,955</b>	342,170	–	–
Cash generated from/(used in) operations		<b>1,191,348</b>	3,407,961	<b>(90,243)</b>	69,126
Income tax paid		<b>(155,630)</b>	(266,918)	<b>(36,142)</b>	(18,215)
Zakat paid		<b>(7,987)</b>	(6,066)	<b>(2,606)</b>	(2,241)
Land lease received in advance	31	<b>29,372</b>	17,045	–	–
Retirement benefits paid		<b>(4,496)</b>	(16)	–	–
Staff loans repaid		<b>38</b>	(88)	–	–
Net cash flow generated from/(used in) operating activities		<b>1,052,645</b>	3,151,918	<b>(128,991)</b>	48,670

The notes on pages 121 to 257 are an integral part of these financial statements.



# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
INVESTING ACTIVITIES					
Investments in joint ventures		(5,850)	(374)	(250)	(340)
Investments in subsidiaries	41	(706,007)	(153,541)	-	-
Investment in an associate		-	(221,975)	-	-
Additional investment in a subsidiary		-	-	(10,000)	-
Additional investments in associates		(319,014)	(36,755)	-	-
Purchase of additional shares in a subsidiary from non-controlling interests	41	(66,425)	-	-	-
Disposal of a subsidiary	41	(3,432,148)	-	-	-
Advances to subsidiaries		-	-	(406,309)	(275,696)
Repayment from subsidiaries		-	-	341,344	20,653
Advances to joint ventures		-	-	-	(3,695)
Subscription in an associate:					
- rights issue		-	(15,474)	-	(15,474)
- warrants		-	(1,105)	-	(1,105)
Proceeds from selective capital return of an unquoted associate		-	2,871	-	-
Dividends received from:					
- subsidiaries		-	-	377,952	366,202
- associates		161,397	69,066	44,885	-
- joint ventures		50,000	46,500	50,000	46,500
- others		3,186	558	-	-
Interest received		95,631	160,606	5,161	3,489
Proceeds from sale of:					
- property, plant and equipment		7,728	5,424	7,053	4,664
- investment properties		-	3,108	-	-
- available-for-sale financial assets		-	7,418	-	-
- assets held for sale		-	1,343	-	-
Purchase of:					
- property, plant and equipment	12	(837,859)	(2,434,066)	(1,448)	(1,591)
- available-for-sale financial assets	18	(2,639)	-	-	-
- intangible assets	21	(10,191)	-	-	-
Changes in deposits with maturity more than 90 days		222,924	618,474	(24,990)	-
Net cash flow (used in)/generated from investing activities		(4,839,267)	(1,947,922)	383,398	143,607

The notes on pages 121 to 257 are an integral part of these financial statements.

MMC CORPORATION BERHAD  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

		Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Note					
<b>FINANCING ACTIVITIES</b>					
		<b>(106,577)</b>	(91,352)	<b>(106,577)</b>	(91,352)
Dividends paid					
Dividends paid to non-controlling interests of subsidiaries		<b>(65,500)</b>	(180,217)	–	–
Interest paid		<b>(711,743)</b>	(1,260,626)	<b>(176,969)</b>	(167,060)
Borrowings:					
– drawdown		<b>3,019,633</b>	4,202,205	<b>1,200,000</b>	1,075,000
– repayment		<b>(1,988,489)</b>	(2,543,671)	<b>(1,399,228)</b>	(750,224)
Grant received		<b>90,790</b>	–	–	–
Advances from subsidiaries		–	–	<b>25,137</b>	60,381
Repayment to subsidiaries		–	–	<b>(1,464)</b>	(173,650)
Advances from/(repayment to) an associate		–	–	<b>(78)</b>	24
Redemption of RPS in a subsidiary		<b>(22,810)</b>	(45,621)	–	–
Net cash flow generated from/(used in) financing activities		<b>215,304</b>	80,718	<b>(459,179)</b>	(46,881)
Net change in cash and cash equivalents		<b>(3,571,318)</b>	1,284,714	<b>(204,772)</b>	145,396
Foreign exchange differences		<b>72,665</b>	23,874	–	–
Cash and cash equivalents at beginning of the financial year		<b>4,426,705</b>	3,118,117	<b>318,538</b>	173,142
Cash and cash equivalents at end of the financial year		<b>928,052</b>	4,426,705	<b>113,766</b>	318,538
Cash and cash equivalents comprise of:					
Deposits, bank and cash balances	26	<b>1,299,623</b>	5,036,025	<b>138,756</b>	318,538
Less:					
Deposits with maturity more than 90 days	26	<b>(369,046)</b>	(591,970)	<b>(24,990)</b>	–
		<b>930,577</b>	4,444,055	<b>113,766</b>	318,538
Bank overdrafts	30	<b>(2,525)</b>	(17,350)	–	–
		<b>928,052</b>	4,426,705	<b>113,766</b>	318,538

The notes on pages 121 to 257 are an integral part of these financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

### (A) BASIS OF PREPARATION

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

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

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group and the Company's financial year beginning on or after 1 January 2015 are as follows:

- Annual Improvements to MFRSs 2010-2012 Cycle (Amendments to MFRS 2 "Share-based Payment", MFRS 3 "Business Combinations", MFRS 8 "Operating Segments", MFRS 13 "Fair Value Measurement", MFRS 116 "Property, Plant and Equipment", MFRS 124 "Related Party Disclosures" and MFRS 138 "Intangible Assets")
- Annual Improvements to MFRSs 2011-2013 Cycle (Amendments to MFRS 1 "First-time Adoption of Financial Reporting Standards", MFRS 3 "Business Combinations", MFRS 13 "Fair Value Measurement" and MFRS "140 Investment Property")
- Amendments to MFRS 119 "Defined Benefits Plans: Employee Contributions"

The adoption of the above revised standards and interpretations did not have a significant financial impact on the Group and did not result in substantial changes in the Group's policies.

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

**(A) BASIS OF PREPARATION (CONTINUED)**

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”
- Amendments to MFRS 116 “Property, plant and equipment” and MFRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation”
- Amendments to MFRS 10 “Consolidated Financial Statements”, MFRS 12 “Disclosure of Interests in Other Entities” and MFRS 128 “Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception”
- Amendments to MFRS 127 “Separate Financial Statements - Equity accounting in separate financial statements”
- Annual Improvements to MFRSs 2012-2014 Cycle (Amendments to MFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, MFRS 7 “Financial Instruments: Disclosures”, MFRS 119 “Employee Benefits”, MFRS 134 “Interim Financial Reporting”)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9 “Financial instruments”
- MFRS 15 “Revenue from Contracts with Customers”

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 “Consolidated Financial Statements” and MFRS 128 “Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

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

- Amendment to MFRS 11 “Joint Arrangements on Accounting for Acquisitions of Interest in Joint Operations”

Amendment to MFRS 11 “Joint Arrangements on Accounting for Acquisitions of Interest in Joint Operations” (effective from 1 January 2016) require an investor to apply the principles of MFRS 3 “Business Combination” when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

The amendments are also applicable to the formation of a joint operation if, and only if, a business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

The amendments do not apply to the acquisition of an interest in a joint operation when the parties sharing joint control are under the common control of the same ultimate controlling party both before and after the acquisition.

- Amendment to MFRS 116 “Property, Plant and Equipment” and MFRS 138 “Intangible Assets”

Amendment to MFRS 116 “Property, Plant and Equipment” and MFRS 138 “Intangible Assets” (effective from 1 January 2016) provide additional guidance on how the depreciation or amortisation of PPE and intangible assets should be calculated. MFRS 116 prohibits revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of PPE is used or consumed. The amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate except in limited circumstances.

These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.



**(A) BASIS OF PREPARATION (CONTINUED)**

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

- Amendments to MFRS 127 “Separate Financial Statements”

Amendments to MFRS 127 “Separate Financial Statements” (effective from 1 January 2016) on Equity Method in Separate Financial Statements allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

- Amendments to MFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”

Amendments to MFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” (effective from 1 January 2016) clarify that when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa, this does not constitute a change to plan of sale or distribution. That means, the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as ‘held for sale’ or ‘held for distribution’.

- Amendments to MFRS 7 “Financial Instruments: Disclosures”

Amendments to MFRS 7 “Financial Instruments: Disclosures” (effective from 1 January 2016) provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7 and clarify the applicability of Disclosure - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

- Amendment to MFRS 119 “Employee Benefits”

Amendment to MFRS 119 “Employee Benefits” (effective from 1 January 2016) clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

- Amendment to MFRS 134 “Interim Financial Reporting”

Amendment to MFRS 134 “Interim Financial Reporting” (effective from 1 January 2016) clarifies the meaning of disclosure of information ‘elsewhere in the interim financial report’ as used in MFRS 134. The amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

- MFRS 15 “Revenue from Contracts with Customers”

MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**(A) BASIS OF PREPARATION (CONTINUED)**

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

- MFRS 9 “Financial Instruments”

MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”. The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in OCI rather than the statement of profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- Amendments to MFRS 10 “Consolidated Financial Statements” and MFRS 128 “Investments in Associates and Joint Ventures”

Amendments to MFRS 10 “Consolidated Financial Statements” and MFRS 128 “Investments in Associates and Joint Ventures” regarding sale or contribution of assets between an investor and its associate or joint venture resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether (effective date is to be determined by the Board) the non-monetary assets sold or contributed to an associate or joint venture constitute a ‘business’. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a ‘business’. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors’ interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The Group and Company is in the process of assessing the full impact of the new standards, revisions and amendments to published standards.

**(B) CONSOLIDATION****(i) Subsidiaries**

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

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

Acquisition-related costs are expensed as incurred.

Management consider that the Group has de facto control of certain subsidiaries as disclosed in Note 40 even though it has less than 50% of the voting rights. The Group is the majority shareholder of these subsidiaries. There is no history of other shareholders forming a group to exercise their votes collectively.

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

**(B) CONSOLIDATION (CONTINUED)****(i) Subsidiaries (continued)**

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

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

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

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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



**(B) CONSOLIDATION (CONTINUED)****(ii) Joint arrangements**

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

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

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

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

**(iii) Associates**

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

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

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

**(B) CONSOLIDATION (CONTINUED)****(iii) Associates (continued)**

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

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

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

**(C) PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

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

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

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

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

At end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. Refer to accounting policy Note (g) on impairment of non-financial assets.

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

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

**(D) LEASES**

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

**(i) Finance leases**

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

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

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

**(ii) Operating leases****(a) Group as lessee**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on the straight-line basis over the lease period. Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the profit or loss when incurred.

**(b) Group as lessor****Power purchase agreement**

The Group determines the arrangement entered whether it is or contains a lease based on the substance of the arrangement. It requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific asset and whether the arrangement conveys a right to use such assets. An arrangement that contains a lease is accounted for as a finance lease or an operating lease. Payment for services and the cost of inputs of the arrangement are excluded from the calculation of the minimum lease payments.

**(D) LEASES (CONTINUED)****(ii) Operating leases (continued)****(b) Group as lessor (continued)****Power purchase agreement (continued)**

Operating lease accounting has been applied to the Group entities as lessors for the Power Purchase Agreements.

The operating lease income is recognised over the term of the lease on a straight-line basis.

**(E) DEPRECIATION**

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

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

Freehold properties	50 years
Leasehold properties	20 - 101 years
Building and port structures	20 - 50 years
Power plants	6 - 20 years
Plant and machinery	3 - 30 years
C-inspection costs	3 - 6 years

Mining lease properties (freehold) are not depreciated.

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



**(F) INVESTMENT PROPERTIES**

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

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

Building	50 years
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Investment properties are derecognised when it is permanently withdrawn from use and no further economic benefit is expected from its disposal or when they have been disposed. Any gain or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the financial year in which they arise.

**(G) IMPAIRMENT OF NON-FINANCIAL ASSETS**

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

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")). An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell or its VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

**(H) INVESTMENTS**

Investments in subsidiaries, joint arrangements and associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer to accounting policy Note (g) on impairment of non-financial assets.

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

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

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

Rights on PPAs and OMAs ("Rights") that are acquired by the Group are stated at cost less any accumulated amortisation and accumulated impairment losses. The Rights are amortised from the date that they are available for use. Amortisation is based on straight-line basis over its useful life or using the unit of production method. The amortisation is recognised within the "cost of sales" and "other operating expenses", respectively in statement of profit or loss and other comprehensive income.

**(ii) Goodwill**

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

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

**(iii) Rights on Water Treatment Business**

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

**(iv) Rights on Airport Business**

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

**(II) INTANGIBLES (CONTINUED)****(v) Building and Port Related Infrastructure**

The Building and Port Related Infrastructure represent concession assets of a subsidiary that operates Northport terminal in Port Klang. The subsidiary recognises the buildings and port related infrastructure as an intangible asset. All items of intangible assets are initially recorded as cost.

Subsequent costs and expenditures related to infrastructure and equipment arising from the commitments to the lease concession or that increase future revenue are recognised as additions to the intangible assets and are stated at cost. Such cost includes the borrowing costs for long-term construction projects if the recognition criteria are met. Capital expenditures necessary to support the operation as a whole are recognised as property, plant and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note (c).

Capital work-in-progress relates to assets under construction which are not amortised as these assets are not available for use.

The intangible assets are amortised over period of 30 years based on the extended period of port lease arrangement.

**(J) CONSTRUCTION, ENGINEERING AND FABRICATION CONTRACTS**

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

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

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

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

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

**(K) INVENTORIES**

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

**(L) TRADE AND OTHER RECEIVABLES**

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

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

**(M) CASH AND CASH EQUIVALENTS**

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

**(N) BORROWINGS**

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

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

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

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



**(O) GOVERNMENT GRANTS**

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

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

**(P) TAXATION**

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses can be utilised. Deferred tax liability in respect of asset revaluations is also recognised.

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

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

Tax rate enacted or substantively enacted by the end of the reporting period are used to determine deferred tax.

**(Q) LAND LEASE RECEIVED IN ADVANCE**

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

**(R) EMPLOYEE BENEFITS****(i) Short-term employee benefits**

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

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

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

**(ii) Defined benefit plans**

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

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

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

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

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

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

**(S) REVENUE RECOGNITION****(i) Sales of goods and services**

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

**(ii) Energy payments, operation and maintenance charges, project management and engineering consultancy fees**

Revenue is measured at the fair value of the consideration receivable and is recognised in the profit or loss as it accrues.

**(iii) Capacity payments**

Revenue from capacity payments is recognised on a straight-line basis where the PPAs are considered to be or contained an operating lease.

**(iv) Construction contracts****(a) Fixed price contracts**

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

**(b) Cost plus contracts**

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

**(v) Port operations, repairing and cleaning containers**

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

**(vi) Toll operations**

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

**(S) REVENUE RECOGNITION (CONTINUED)****(vii) Water treatment activity**

Revenue from water treatment activities is measured at the fair value of the consideration recoverable in accordance with the Operational and Maintenance Contract between Aliran Utara Sdn. Bhd. Lembaga Air Perak ("LAP") and it is recognised in the profit or loss when sale of treated water has been received by the buyer and it is probable that the economic benefits associated with the transaction will flow to the companies in the Group.

**(viii) Airport activity**

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

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

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

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

**(x) Dividend income**

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

**(xi) Interest income**

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

**(xii) Rental income**

Rental income is recognised on an accrual basis.

**(xiii) Deferred income**

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



**(T) ACCOUNTING FOR ZAKAT**

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

Zakat rates enacted or substantively enacted by the end of each reporting period are used to determine the zakat expense. The rate of zakat on business as determined by Zakat Authority under Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan for 2015 is 2.5% of the zakat base. The zakat is determined based on the adjusted working capital method of eligible companies within the Group. The amount of zakat assessed is recognised as an expense in the financial year in which it is incurred.

**(U) FOREIGN CURRENCIES****(i) Presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Ringgit Malaysia, which is the Group's presentation currency.

**(ii) Transactions and balances**

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

**(iii) Group companies**

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

**(V) FINANCIAL INSTRUMENTS****(i) Description**

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

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

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

**(V) FINANCIAL INSTRUMENTS (CONTINUED)****(ii) Classification**

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

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'deposits, bank and cash balances' in the statement of financial position (Note 25 and 26 respectively).

Available-for-sale financial assets

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

Held-to-maturity financial assets

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

**(iii) Recognition and initial measurement**

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

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

**(V) FINANCIAL INSTRUMENTS (CONTINUED)****(iv) Subsequent measurement - gains and losses**

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

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

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

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

**(v) Subsequent measurement - Impairment on financial assets**Assets carried at amortised cost

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

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

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

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

Assets classified as available-for-sale

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

**(V) FINANCIAL INSTRUMENTS (CONTINUED)****(v) Subsequent measurement - Impairment on financial assets (continued)**Assets classified as available-for-sale (continued)

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

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

De-recognition

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

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

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

**(vi) Hedge accounting**Cash flow hedge

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



**(V) FINANCIAL INSTRUMENTS (CONTINUED)****(vi) Hedge accounting (continued)**Cash flow hedge (continued)

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

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

**(W) CONTINGENT LIABILITIES**

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

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

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

**(X) SEGMENT INFORMATION**

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

**(Y) NON-CURRENT ASSETS CLASSIFIED AS ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

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

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

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

**(Z) SHARE CAPITAL**

Proceeds from ordinary shares issued are accounted for as equity, with the nominal value of the shares being separately disclosed as share capital. Cost directly attributable to the issuance of new shares are shown in equity as a deduction from the proceeds.

Dividends to owners of the Company and non-controlling interests are recognised in the statement of changes in equity in the period in which they are declared.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 1 CORPORATE INFORMATION

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

The principal activities of the subsidiaries are shown in Note 40 to the financial statements.

There is no significant change in the nature of these activities during the financial year, except as disclosed in Note 15 to the financial statements.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Ground Floor, Wisma Budiman, Persiaran Raja Chulan, 50200, Kuala Lumpur.

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 31 March 2016.

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### (a) Financial risk factors

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

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

#### (i) Foreign currency exchange risk

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

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

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)****(i) Foreign currency exchange risk (continued)**

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

	AUD RM'000	USD RM'000	EUR RM'000	CHF RM'000	KWD RM'000	Others RM'000
<b>2015</b>						
Deposits with licensed banks	-	654	-	-	-	-
Trade and other receivables	-	170,300	-	-	-	-
Trade and other payables	(32)	(11,431)	(131)	-	-	(1,056)
Net exposure	(32)	159,523	(131)	-	-	(1,056)
<b>2014</b>						
Deposits with licensed banks	23,317	115,931	161,377	-	9,610	-
Trade and other receivables	17,399	178,882	1,430	63,334	6,982	-
Borrowings	(454,217)	(295,804)	-	-	-	-
Trade and other payables	(17,393)	(6,122)	(5,224)	(1,249)	-	(426)
Net exposure	(430,894)	(7,113)	157,583	62,085	16,592	(426)



**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)****(i) Foreign currency exchange risk (continued)**

Foreign currency risk arises from Group entities which have functional currencies other than functional currencies of the Group entities. A 10% (2014: 10%) strengthening of the functional currencies against the following currencies would have (increased) decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

<b>(Profit) or loss</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
AUD	<b>(3)</b>	(43,089)
USD	<b>15,952</b>	(711)
EUR	<b>(13)</b>	15,758
CHF	<b>-</b>	6,209
KWD	<b>-</b>	1,659
Others	<b>(106)</b>	(43)
Net exposure	<b>15,830</b>	(20,217)

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

**(ii) Interest rate risk**

The Group's interest rate risk arises from the Group's borrowings and deposits denominated in Ringgit Malaysia, and are managed through the use of fixed and floating rates.

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

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

An 0.25% increase/decrease of the weighted average rate of the Group's and the Company's borrowings and deposits, with all other variables held constant, would result in an decrease/increase of RM7 million (2014: RM9 million) and RM2 million (2014: RM5 million) respectively to the profit before tax and zakat.

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)****(iii) Price risk**

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk.

The Group's investments in equity of other entities that are publicly traded are included in one of the following two equity indexes: Bursa Malaysia and ASX.

The table below summarises the impact of increases/decreases of the financial assets on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the share price had increased/decreased by 5% with all other variables held constant.

	Impact on post-tax profit		Impact on other components of equity	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Available-for-sale	–	–	3,681	4,225
Derivative financial instruments – Warrants	801	995	–	–
Net exposure	801	995	3,681	4,225

**(iv) Credit risk**

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

Analysis of the Group and the Company's trade and other receivables is reflected in Note 25.

**(v) Liquidity and cash flow risk**

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

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

## 2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Financial risk factors (continued)

#### (v) Liquidity and cash flow risk (continued)

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

The Company meets its obligations with funds to be received in the form of dividends and distributions from its subsidiaries and joint venture companies.

The following table analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	After 5 years RM'000	Total RM'000
<b>At 31 December 2015</b>					
Trade and other payables	1,593,036	22,889	74,623	183,787	1,874,335
Redeemable preference shares	22,810	22,810	48,305	–	93,925
Borrowings:					
– fixed rate	630,920	356,613	3,849,965	2,420,345	7,257,843
– floating rate	1,057,394	595,277	1,683,291	6,317	3,342,279
	1,688,314	951,890	5,533,256	2,426,662	10,600,122
<b>At 31 December 2014</b>					
Trade and other payables	2,089,333	17,390	57,972	143,560	2,308,255
Redeemable preference shares	22,810	22,810	56,159	12,640	114,419
Borrowings:					
– fixed rate	3,022,899	1,866,562	8,758,214	25,690,183	39,337,858
– floating rate	713,377	1,503,190	1,750,409	91,725	4,058,701
	3,736,276	3,369,752	10,508,623	25,781,908	43,396,559

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)**

## (v) Liquidity and cash flow risk (continued)

Company	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	After 5 years RM'000	Total RM'000
<b>At 31 December 2015</b>					
Trade and other payables	400,469	–	30,937	–	431,406
Amount due to subsidiaries	–	226,717	–	–	226,717
Borrowings:					
– fixed rate	289,223	130,653	1,721,270	1,159,636	3,300,782
– floating rate	466,329	177,460	–	–	643,789
	755,552	308,113	1,721,270	1,159,636	3,944,571
<b>At 31 December 2014</b>					
Trade and other payables	487,878	–	27,142	–	515,020
Amount due to subsidiaries	–	201,887	–	–	201,887
Borrowings:					
– fixed rate	–	159,165	1,061,100	–	1,220,265
– floating rate	571,698	894,242	659,288	–	2,125,228
	571,698	1,053,407	1,720,388	–	3,345,493

Details of borrowings are shown in Note 30.

## (vi) Hedging activities and liquidity risk

The following are cash flow hedge and the liquidity risk of the derivative assets and liabilities.

Cash flow hedge for borrowings

The following information is in relation to a subsidiary that has been disposed during the current financial year as disclosed in Note 41.

The Group has entered into various interest rate swaps and cross currency swaps in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM and USD loans of RM967,604,587 (75% of Junior Tranche Loan), RM525,000,000 (75% of Senior Tranche Loan), USD400,000,000 (100% of USD Loan) and AUD517,644,989 loan.



**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)**

(vi) Hedging activities and liquidity risk (continued)

Cash flow hedge for borrowings (continued)

For the interest rate swaps and cross currency swaps that held by a subsidiary in Malaysia, the notional amount of the various swaps start with RM96,953,206 and thereafter as per schedule for Junior IRS, RM44,273,673 and thereafter as per the schedule for Senior IRS and USD33,752,607 and thereafter as per schedule for CCS. The interest rate swaps and cross currency swaps were entered into for a period of 5 years for Junior IRS, 12 years for Senior IRS and 15 years for CCS.

For the interest rate swaps that held by a subsidiary in Australia, the Group had interest rate swaps with a notional value of AUD464 million. The interest rate swaps were entered into for a period of 10 to 17 years tenure.

The following table indicates financial year 2014 contractual periods in which the cash flows associated with the interest rate swap are expected to occur and affect profit or loss:

Group	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2014						
<u>Financial asset</u>						
Cross currency swaps	99,147	1,460	(66,536)	(17,211)	6,906	78,301
<u>Financial liability</u>						
Interest rate swap	(195,042)	(253,448)	(43,030)	(34,929)	(91,127)	(84,362)

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)**

(vi) Hedging activities and liquidity risk (continued)

Cash flow hedge for borrowings (continued)

Loss of RM78,095,000 was recognised in other comprehensive income in the previous financial year.

Ineffectiveness gain amounting to RM5,891,000 was recognised in profit or loss in the previous financial year in respect of the hedge.

Sensitivity analysis

Fair value sensitivity analysis

A change of 10% strengthening/weakening of the USD at the end of 2014 reporting period would have increased/ (decreased) equity by the amount shown below:

	Equity	
	10% strengthening of USD RM'000	10% weakening of USD RM'000
2014		
Cross currency swaps	100,410	(100,410)

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(a) Financial risk factors (continued)**

(vi) Hedging activities and liquidity risk (continued)

Cash flow hedge for asset acquisition

The Group has entered into forward exchange contracts to limit their exposure on foreign currency risk in relation to the payments to the asset suppliers.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2015 relates to purchases of property, plant and equipment and will be included in the carrying amount of the property, plant and equipment acquired.

The following table indicates the periods in which the cash inflows/(outflows) associated with the forward exchange contracts are expected to occur and affect profit or loss:

	Within 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	After 5 years RM'000	Total RM'000
<b>2015</b>					
Forward exchange contracts					
– inflows	134,326	–	–	–	134,326
– outflows	(135,763)	–	–	–	(135,763)
<b>2014</b>					
Forward exchange contracts					
– inflows	13,660	–	–	–	13,660
– outflows	(14,262)	–	–	–	(14,262)

**2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****(b) Capital risk management**

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

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

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

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Total borrowings	<b>8,740,648</b>	25,651,949	<b>2,957,298</b>	3,156,526
Less: Deposits, bank and cash balances	<b>(1,299,623)</b>	(5,036,025)	<b>(138,756)</b>	(318,538)
Net debt	<b>7,441,025</b>	20,615,924	<b>2,818,542</b>	2,837,988
Total equity	<b>9,984,871</b>	10,334,163	<b>5,640,846</b>	5,625,368
Total capital	<b>17,425,896</b>	30,950,087	<b>8,459,388</b>	8,463,356
Gearing ratio	<b>43%</b>	67%	<b>33%</b>	34%

Please refer to Note 30 for externally imposed financial covenants and capital structure.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's results and financial position are tested for sensitivity to changes in the underlying parameters.



### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of the assets and liabilities within the next financial year are as follows:

(a) Goodwill impairment assessment

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

The recoverable amounts of the Port Business and Airport Operations; CGUs respectively, were determined based on the VIU calculations. The calculations require the use of estimates and judgements as set out in Note 21(A) Port Business and Note 21(B)(i) Airport Operations; to the financial statements.

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

The estimation of VIU of CGU is based on a single combined business unit ("Airport City") consisting of Airport Operations and Property Development Land. The Directors are of the view that this will provide a more accurate description of the overall strategy of the sub-group, whereby all of the activities within various companies within the sub-group are elements of the overall strategic master plan to develop Senai Airport City.

(c) Income Tax

Income Taxes are estimated based on the rules governed under the Income Tax Act, 1967.

Differences in determining the capital allowance, deductibility of certain expenses and subsequent utilisation of investment tax allowance may arise during the estimation of the provision for income taxes between tax calculated at the statement of financial position date, and the final submission to the tax authorities as a result of obtaining further detailed information that may become available subsequent to the statement of financial position date. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions and deferred tax balance in the period in which such determination is made.

(d) Deferred tax assets

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

(e) Recovery of claim receivable of a subsidiary, MMC International Holdings Ltd.

In assessing whether the claim receivable in respect of a discontinued involvement in a project in Middle East is recoverable, the management has assessed the debtor's ability to pay the amount claimed by the Group. Based on the latest development, the management makes a judgement that there is no indication of further impairment on the amount claimed.

(f) Port Concession Agreement

The Group via its indirectly owned subsidiary, Northport Malaysia Bhd. ("NMB"), operates port activities based on the Privatisation Agreement which expired on 30 November 2013. On 28 March 2014, an Interim Privatisation Agreement was signed between the Government of Malaysia, Port Klang Authority and NMB which enable NMB to continue to manage the port activities until the New Privatisation Agreement ("NPA") is approved. As of the date of financial statements, the NPA has not been concluded. The Directors of the Company are of the view that NPA will be approved and have therefore prepared the financial statements of NMB on the going concern basis.

NMB's amortisation policy of the intangible assets is on the basis that it will continue to manage the port activities over the expected concession period of 30 years.

## 4 REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<u>Continuing Operations</u>				
Port operations	1,817,615	1,563,071	-	-
Contract revenue	967,515	1,103,765	680,150	948,496
Airport operations	50,034	40,529	-	-
Water treatment services	14,950	46,093	-	-
Property lease	90,187	83,787	-	-
Sale of property	69,485	333,214	-	-
Dividends (Note 7(i))	3,186	558	472,837	414,201
	3,012,972	3,171,017	1,152,987	1,362,697
<u>Discontinued Operation</u>				
Electricity generation	1,985,210	5,429,982	-	-
Property lease	58,702	164,502	-	-
	2,043,912	5,594,484	-	-
	5,056,884	8,765,501	1,152,987	1,362,697

## 5 ANALYSIS OF EXPENSES

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<u>Cost of sales</u>				
<u>Continuing Operations</u>				
Cost of port operations	947,714	874,034	-	-
Contract cost recognised as an expense	826,117	827,399	590,957	712,324
Cost of airport operations	6,614	6,459	-	-
Cost of water treatment services	15,723	40,368	-	-
Cost of property sale	39,083	308,410	-	-
	1,835,251	2,056,670	590,957	712,324
<u>Discontinued Operation</u>				
Cost of electricity generation	1,374,658	3,956,082	-	-
	3,209,909	6,012,752	590,957	712,324

5 ANALYSIS OF EXPENSES (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<u>Administrative and other operating expenses</u>				
<u>Continuing Operations</u>				
Consultants and professional fees	66,787	15,775	2,989	7,923
Depreciation, amortisation and impairment	302,502	277,496	3,586	3,485
Contributions and Corporate Social Responsibility activities	119,508	107,422	100,152	82,201
Office administration expenses	3,865	3,502	1,288	1,200
Repair and maintenance	14,454	14,209	1,006	1,036
Rental expenses	31,748	31,181	2,379	2,328
Staff related costs	180,434	145,881	46,894	33,754
Utilities	20,189	19,908	173	209
Insurance, cess fund and licenses	2,893	2,762	143	278
Impairment of receivables	56,635	–	–	–
Impairment of amounts due from subsidiaries	–	–	57,633	–
Travelling expenses	32,758	31,331	815	690
Provision for litigation	48,326	–	48,326	–
Others	59,656	64,121	6,749	14,144
	939,755	713,588	272,133	147,248
<u>Discontinued Operation</u>				
Consultants and professional fees	21,160	50,500	–	–
Depreciation, amortisation and impairment	27,369	57,400	–	–
Staff related costs	46,360	94,800	–	–
Insurance, cess fund and licenses	41,821	101,100	–	–
Impairment of receivables	–	48,973	–	–
Others	36,258	109,580	–	–
	172,968	462,353	–	–
	1,112,723	1,175,941	272,133	147,248

Included in the cost of electricity generation is the amortisation of intangible assets relating to rights on PPAs and OMAs amounting to RM200 million (2014: RM512 million).

## 6 FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
<u>Continuing Operations</u>				
Term Loans	<b>258,031</b>	228,204	<b>156,877</b>	146,071
Islamic Medium Term Notes	<b>93,212</b>	82,339	–	–
Others	<b>40,468</b>	38,841	<b>20,089</b>	20,989
	<b>391,711</b>	349,384	<b>176,966</b>	167,060
<u>Discontinued Operation</u>				
Term Loans	<b>54,760</b>	151,900	–	–
Medium Terms Notes	<b>119,398</b>	345,393	–	–
Junior Sukuk	<b>39,638</b>	113,400	–	–
Sukuk Ijarah Bonds	<b>90,781</b>	238,248	–	–
Others	<b>15,455</b>	62,301	–	–
	<b>320,032</b>	911,242	–	–
	<b>711,743</b>	1,260,626	<b>176,966</b>	167,060



7 PROFIT BEFORE ZAKAT AND TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
(i) Profit before zakat and taxation is arrived at:				
<u>Continuing Operations</u>				
<b>After charging:</b>				
Auditors' remuneration:				
– statutory audit (PwC)	756	660	412	320
– audit related services (PwC)	381	388	309	331
– non-audit services (PwC)	234	24	234	24
Other auditors' remuneration:				
– statutory audit (non-PwC)	545	459	151	179
– audit related services (non-PwC)	3	–	–	–
– non-audit services (non-PwC)	61	61	–	–
Directors' fees (Note 7(ii))	1,446	902	910	425
Depreciation of:				
– property, plant and equipment (Note 12)	313,876	282,827	7,263	9,159
– investment properties (Note 14)	569	489	–	–
Amortisation of:				
– rights on water treatment business (Note 21)	–	4,134	–	–
– rights on airport business (Note 21)	4,194	4,196	–	–
– intangible assets - buildings	1,741	–	–	–
Impairment of trade and other receivables (Note 25)	58,717	1,452	–	–
Impairment on amounts due from subsidiaries	–	–	57,633	–
Realised loss on foreign exchange	4	48	–	–
Unrealised loss on foreign exchange	2,817	997	–	5
Impairment of property, plant and equipment	1,037	856	–	856
Provision for retirement benefits (Note 32(c))	1,514	1,272	–	–
Hire of plant and machinery	123,006	130,922	–	–
Rent of leasehold land and buildings	56,883	53,628	2,379	2,328
Write-off of property, plant and equipment	1,995	21,061	5	–
Fair value loss on derivative assets	3,868	–	3,868	–
Loss on disposal of property, plant and equipment	5,127	1,460	–	–
Accretion of interest on borrowings	42,842	33,728	770	–
Allowance for slow moving stocks	1,207	–	–	–
Contribution and Corporate Social Responsibility activities	122,791	112,772	100,152	82,201

## 7 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
<u>Continuing Operations (continued)</u>				
<b>After charging: (continued)</b>				
Staff costs (including Executive Directors' remuneration (Note 7(ii)):				
– wages, salaries and bonuses	407,887	313,083	32,230	24,098
– defined contribution plan	39,125	30,518	4,836	3,599
– other employee benefits	33,456	34,789	1,642	1,632
<b>After crediting:</b>				
Realised gain on foreign exchange	3,102	1,102	106	–
Unrealised gain on foreign exchange	29,970	9,477	–	–
Amortisation of:				
– land lease received in advance (Note 31)	17,113	16,309	–	–
– deferred income (Note 33)	28,914	26,089	–	–
Accretion of interest on borrowings	–	–	–	3,474
Fair value gain on derivative assets	–	18,790	–	18,790
Rental income	6,262	724	299	115
Write-back of impairment of receivables (Note 25)	2,082	3,560	–	–
Write-back of allowance for slow moving stocks	–	1,034	–	–
Write-back of impairment of property, plant and equipment	–	–	443	–
Interest income	26,206	27,918	5,161	3,489
Gross dividend income:				
– subsidiaries: unquoted in Malaysia	–	–	377,952	367,701
– associates: quoted in Malaysia	–	–	44,885	–
– joint ventures: unquoted in Malaysia	–	–	50,000	46,500
– other investments: quoted in Malaysia	3,186	558	–	–
Gain on disposal of:				
– property, plant and equipment	511	–	511	672
– investment properties	–	1,778	–	–
– non-current assets held for sale	–	1,212	–	–
– available-for-sale financial assets	–	6,473	–	–
Gain on liquidation of subsidiaries	14,362	–	–	–
Fair value gain on acquisition a subsidiary	130,538	–	–	–

7 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000 (Restated)	2015 RM'000	2014 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
<u>Discontinued Operation</u>				
<b>After charging:</b>				
Auditors' remuneration:				
– statutory audit (PwC)	38	135	–	–
– audit related services (PwC)	90	424	–	–
Other auditors' remuneration:				
– statutory audit (non-PwC)	395	1,290	–	–
– audit related services (non-PwC)	–	1,225	–	–
– non-audit services (non-PwC)	1,245	2,574	–	–
Depreciation of:				
– property, plant and equipment (Note 12)	225,260	562,988	–	–
Amortisation of:				
– rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:				
– subsidiaries (Note 21)	183,976	467,828	–	–
– associates	16,337	43,871	–	–
Impairment of trade and other receivables (Note 25)	–	48,973	–	–
Provision for retirement benefits (Note 32(c))	3,176	11,975	–	–
Staff costs:				
– wages, salaries and bonuses	50,784	133,769	–	–
– defined contribution plan	7,255	17,401	–	–
– other employee benefits	4,385	11,976	–	–
<b>After crediting:</b>				
Amortisation of deferred income (Note 33)	46,728	60,264	–	–
Interest income	69,425	132,688	–	–
Gain on disposal of a subsidiary (including remeasurement gain)	1,344,142	–	–	–
Fair value gain on acquisition of subsidiaries	–	27,581	–	–
Bargain purchase on acquisition of subsidiaries	–	33,398	–	–
Unrealised gain on foreign exchange	14,866	–	–	–

**7 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)**

(ii) Directors' remuneration:

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

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Directors of the Company</b>				
Non-Executive Directors:				
– fees	<b>1,446</b>	902	<b>910</b>	425
– other emoluments	<b>757</b>	2,338	<b>717</b>	486
– defined contribution plan	–	293	–	7
– estimated monetary value of benefits-in-kind	<b>55</b>	304	<b>30</b>	107
Executive Director:				
– salaries and other emoluments	<b>4,390</b>	3,406	<b>4,023</b>	2,712
– defined contribution plan	<b>483</b>	393	<b>483</b>	325
– estimated monetary value of benefits-in-kind	<b>165</b>	161	<b>165</b>	161
	<b>7,296</b>	7,797	<b>6,328</b>	4,223

**8 ZAKAT EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Movement in zakat liability:				
– current financial year's expense	<b>7,987</b>	6,066	<b>2,606</b>	2,241
– paid during the financial year	<b>(7,987)</b>	(6,066)	<b>(2,606)</b>	(2,241)
At the end of the financial year	–	–	–	–



9 TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Continuing operations	57,742	(107,399)	16,478	24,206
Discontinued operation	87,818	182,640	–	–
	145,560	75,241	16,478	24,206
Malaysian income tax				
Current tax:				
– in respect of profit for the financial year	140,336	286,669	20,339	60,440
– over accrual in prior financial years (net)	(2,178)	(32,623)	(3,861)	(36,234)
	138,158	254,046	16,478	24,206
Deferred tax (Note 22):				
– origination and reversal of temporary differences	26,429	(203,738)	–	–
– (over)/under accrual in prior financial years (net)	(19,027)	24,933	–	–
	7,402	(178,805)	–	–
	145,560	75,241	16,478	24,206

**9 TAX EXPENSE (CONTINUED)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation and after zakat	<b>1,961,561</b>	879,543	<b>138,533</b>	363,222
Tax calculated at the applicable Malaysian tax rate of 25% (2014: 25%)	<b>490,390</b>	219,886	<b>34,633</b>	90,806
Tax effects of:				
– expenses not deductible for tax purposes	<b>237,017</b>	220,044	<b>104,787</b>	72,855
– income not subject to tax	<b>(407,442)</b>	(83,398)	<b>(119,834)</b>	(103,550)
– change in tax rate	<b>(33,082)</b>	151	–	–
– effect of deduction on C-Inspection costs	–	(40,215)	–	–
– temporary differences not recognised	<b>9,246</b>	11,577	–	329
– utilisation of previously unrecognised temporary differences and tax losses	<b>(20,655)</b>	(7,653)	–	–
– recognition of investment tax allowance	<b>(41,964)</b>	(192,350)	–	–
– expense not recognised during the financial year	<b>1,918</b>	–	<b>753</b>	–
– share of results of associates and joint ventures (net)	<b>(68,663)</b>	(45,111)	–	–
– over accrual in prior financial years (net)	<b>(21,205)</b>	(7,690)	<b>(3,861)</b>	(36,234)
Income tax expense	<b>145,560</b>	75,241	<b>16,478</b>	24,206

**10 EARNINGS PER ORDINARY SHARE**

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders of the Company (RM'000)		
– from continuing operations	<b>244,511</b>	318,742
– from discontinued operation	<b>1,419,873</b>	174,190
	<b>1,664,384</b>	492,932
Weighted average number of ordinary shares in issue ('000)	<b>3,045,058</b>	3,045,058
Basic earnings per share (sen)		
– from continuing operations	<b>8.0</b>	10.5
– from discontinued operation	<b>46.6</b>	5.7
	<b>54.6</b>	16.2

No diluted EPS is computed for the Group as there are no dilutive potential ordinary shares in issue.

**11 DIVIDENDS**

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividends paid:		
In respect of financial year ended 31 December 2013:		
A final single-tier dividend of 3.0 sen per ordinary share on 3,045,058,552 ordinary shares paid on 27 June 2014	–	91,352
In respect of financial year ended 31 December 2014:		
A final single-tier dividend of 3.5 sen per ordinary share on 3,045,058,552 ordinary shares paid on 6 July 2015	<b>106,577</b>	–

At the forthcoming Annual General Meeting, a final single-tier dividend of 3.8 sen per ordinary share in respect of the financial year ended 31 December 2015 on 3,045,058,552 ordinary shares, amounting to RM115,712,225 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividends, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

## 12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000
<b>Cost</b>			
At 1 January 2014	80,766	954,129	4,152,747
Acquisition of a subsidiary	94,537	–	–
Disposals	–	–	–
Additions	1,612	68,103	68,797
Reclassification	–	–	219,781
Reclassification to:			
– Inventories	–	(73,000)	–
– Assets held for sale (Note 24)	–	–	–
Write-off	–	–	(8,714)
#Adjustments	–	–	(766)
At 31 December 2014	176,915	949,232	4,431,845
Acquisition of a subsidiary	146,275	4,814	87,425
Disposal of a subsidiary	(139,551)	(115,274)	–
Disposals	–	(1,703)	–
Additions	254,929	–	32,981
Reclassification	–	–	155,336
Reclassification from assets held for sale (Note 24)	–	–	–
Write-off	–	–	–
#Adjustments	–	–	(18,789)
<b>At 31 December 2015</b>	<b>438,568</b>	<b>837,069</b>	<b>4,688,798</b>

Note:

# Adjustments due to variation order in final contract value.



Mining leases properties RM'000	Power plants RM'000	Plant and machinery RM'000	Capital work in progress RM'000	C-inspection and parts cost RM'000	Total RM'000
347	10,560,905	2,907,604	4,791,609	1,166,511	24,614,618
-	135,724	477	-	-	230,738
-	(2,056)	(26,880)	(581)	-	(29,517)
-	53,267	198,151	1,885,778	158,358	2,434,066
-	-	493,413	(713,194)	-	-
-	-	-	-	-	(73,000)
-	-	(37,541)	-	-	(37,541)
-	(26,229)	(4,527)	-	-	(39,470)
-	-	1,407	-	-	641
347	10,721,611	3,532,104	5,963,612	1,324,869	27,100,535
-	-	764,965	7,637	-	1,011,116
-	(10,724,256)	(419,994)	(5,352,274)	(1,408,610)	(18,159,959)
-	-	(27,743)	-	-	(29,446)
-	2,771	49,811	413,626	83,741	837,859
-	-	208,362	(363,698)	-	-
-	-	37,541	-	-	37,541
-	(126)	(5,619)	-	-	(5,745)
-	-	(9,453)	-	-	(28,242)
347	-	4,129,974	668,903	-	10,763,659

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000
<b>Accumulated depreciation</b>			
At 1 January 2014	(14,868)	(101,980)	(743,948)
Depreciation (Note 7(i))	(2,695)	(20,350)	(87,648)
Disposals	-	-	-
Write-off	-	-	8,714
Reclassification to:			
- Inventories	-	7,715	-
- Assets held for sale (Note 24)	-	-	-
At 31 December 2014	(17,563)	(114,615)	(822,882)
Disposal of a subsidiary	<b>11,273</b>	<b>35,415</b>	-
Depreciation (Note 7(i))	<b>(958)</b>	<b>(17,285)</b>	<b>(91,051)</b>
Disposals	-	411	-
Write-off	-	-	-
Adjustment	-	-	(150)
Reclassification from assets held for sale (Note 24)	-	-	-
<b>At 31 December 2015</b>	<b>(7,248)</b>	<b>(96,074)</b>	<b>(914,083)</b>

Mining leases properties RM'000	Power plants RM'000	Plant and machinery RM'000	Capital work in progress RM'000	C-inspection and parts cost RM'000	Total RM'000
-	(2,318,610)	(1,441,463)	-	(486,656)	(5,107,525)
-	(363,022)	(206,447)	-	(165,653)	(845,815)
-	-	22,633	-	-	22,633
-	5,332	4,363	-	-	18,409
-	-	-	-	-	7,715
-	-	24,544	-	-	24,544
-	(2,676,300)	(1,596,370)	-	(652,309)	(5,880,039)
-	<b>2,826,718</b>	<b>156,695</b>	-	<b>725,523</b>	<b>3,755,624</b>
-	<b>(150,418)</b>	<b>(206,210)</b>	-	<b>(73,214)</b>	<b>(539,136)</b>
-	-	<b>16,691</b>	-	-	<b>17,102</b>
-	-	<b>3,750</b>	-	-	<b>3,750</b>
-	-	<b>1,134</b>	-	-	<b>984</b>
-	-	<b>(24,544)</b>	-	-	<b>(24,544)</b>
-	-	<b>(1,648,854)</b>	-	-	<b>(2,666,259)</b>

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000
<b>Accumulated impairment losses</b>			
At 1 January 2014	(11,257)	–	(1,348)
Impairment loss	–	–	–
At 31 December 2014	(11,257)	–	(1,348)
Impairment loss	–	–	–
<b>At 31 December 2015</b>	<b>(11,257)</b>	<b>–</b>	<b>(1,348)</b>
<b>Net book value</b>			
At 31 December 2014	148,095	834,617	3,607,615
<b>At 31 December 2015</b>	<b>420,063</b>	<b>740,995</b>	<b>3,773,367</b>

Mining leases properties RM'000	Power plants RM'000	Plant and machinery RM'000	Capital work in progress RM'000	C- inspection and parts cost RM'000	Total RM'000
-	-	(3,633)	-	-	(16,238)
-	-	(856)	-	-	(856)
-	-	(4,489)	-	-	(17,094)
-	-	(1,037)	-	-	(1,037)
-	-	<b>(5,526)</b>	-	-	<b>(18,131)</b>
347	8,045,311	1,931,245	5,963,612	672,560	21,203,402
<b>347</b>	-	<b>2,475,594</b>	<b>668,903</b>	-	<b>8,079,269</b>



## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold properties RM'000	Leasehold properties RM'000	Mining leases properties RM'000	Plant, machinery and equipment RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2014	826	5,620	347	85,539	92,332
Additions	-	-	-	1,591	1,591
Disposals	-	-	-	(13,223)	(13,223)
Reclassification to assets held for sale (Note 24)	-	-	-	(37,541)	(37,541)
Write-off	-	-	-	(10)	(10)
At 31 December 2014	826	5,620	347	36,356	43,149
Additions	-	-	-	<b>1,448</b>	<b>1,448</b>
Disposals	-	-	-	<b>(18,746)</b>	<b>(18,746)</b>
Reclassification from assets held for sale (Note 24)	-	-	-	<b>37,541</b>	<b>37,541</b>
Write-off	-	-	-	<b>(7)</b>	<b>(7)</b>
<b>At 31 December 2015</b>	<b>826</b>	<b>5,620</b>	<b>347</b>	<b>56,592</b>	<b>63,385</b>
<b>Accumulated depreciation</b>					
At 1 January 2014	-	(1,349)	-	(51,275)	(52,624)
Depreciation (Note 7(i))	-	(57)	-	(9,102)	(9,159)
Disposals	-	-	-	9,231	9,231
Reclassification to assets held for sale (Note 24)	-	-	-	24,544	24,544
Write-off	-	-	-	10	10
At 31 December 2014	-	(1,406)	-	(26,592)	(27,998)
Depreciation (Note 7(i))	-	<b>(57)</b>	-	<b>(7,206)</b>	<b>(7,263)</b>
Disposals	-	-	-	<b>12,204</b>	<b>12,204</b>
Reclassification from assets held for sale (Note 24)	-	-	-	<b>(24,544)</b>	<b>(24,544)</b>
Write-off	-	-	-	<b>2</b>	<b>2</b>
<b>At 31 December 2015</b>	<b>-</b>	<b>(1,463)</b>	<b>-</b>	<b>(46,136)</b>	<b>(47,599)</b>

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold properties RM'000	Leasehold properties RM'000	Mining leases properties RM'000	Plant, machinery and equipment RM'000	Total RM'000
<b>Accumulated impairment losses</b>					
At 31 December 2014	-	-	-	(856)	(856)
Impairment losses	-	-	-	443	443
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(413)</b>	<b>(413)</b>
<b>Net book value</b>					
At 31 December 2014	826	4,214	347	8,908	14,295
<b>At 31 December 2015</b>	<b>826</b>	<b>4,157</b>	<b>347</b>	<b>10,043</b>	<b>15,373</b>

	Group	
	2015 RM'000	2014 RM'000
Net book value of property, plant and equipment pledged as security for borrowings	<b>4,962,173</b>	18,360,343

Included in the property, plant and equipment of the Group is interest capitalised at a rate ranging from 3.8% to 6.2% per annum amounting to RM110.6 million (2014: RM267.4 million).

**13 FINANCE LEASE RECEIVABLES**

The finance lease receivable in the previous financial year relates to the 25-year lease agreement for the right to use and occupy 3 parcels of land, substation and assets which has been deconsolidated upon disposal of a subsidiary as disclosed Note 41.

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Minimum lease payments:</b>		
Within one year	-	143,629
1-2 years	-	157,675
2-5 years	-	495,574
Over 5 years	-	3,916,436
Gross finance lease	-	4,713,314
Less: unearned finance income	-	(2,722,340)
Present value of minimum lease payments	-	1,990,974
<b>Analysed as:</b>		
Within one year	-	-
1-2 years	-	211
2-5 years	-	24,960
Over 5 years	-	1,965,803
Total finance lease receivable classified as non-current	-	1,990,974

#### 14 INVESTMENT PROPERTIES

	Group	
	2015 RM'000	2014 RM'000
<b>Cost</b>		
At 1 January	34,330	35,789
Acquisition of a subsidiary	1,284	–
Disposals	–	(1,459)
Transfer to assets held for sale (Note 24)	(563)	–
At 31 December	35,051	34,330
<b>Accumulated depreciation</b>		
At 1 January	(5,338)	(4,978)
Depreciation (Note 7(i))	(569)	(489)
Disposals	–	129
Transfer to assets held for sale (Note 24)	43	–
At 31 December	(5,864)	(5,338)
<b>Accumulated impairment losses</b>		
At 1 January/31 December	(888)	(888)
Net book value	28,299	28,104
Fair value	183,200	167,946

The fair value as at 31 December 2015 and 31 December 2014 were conducted by qualified professional valuers who have recent experience in location and category of the property being valued, based on the market comparable approach that reflects the recent transactions prices for the similar properties and are within level 2 of the fair value hierarchy as described in Note 42.

All investment properties are freehold properties.

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

	Group	
	2015 RM'000	2014 RM'000
Rental income	351	609
Direct operating expenses	765	908

## 15 INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Investments in subsidiaries at cost:		
Unquoted shares	6,207,028	7,079,321
Less: accumulated impairment losses	(11,245)	(11,245)
Total	6,195,783	7,068,076

Details of the Group's subsidiaries are shown in Note 40.

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

	NCB* Holdings Bhd RM'000	Malakoff# Corporation Berhad RM'000	Pelabuhan Tanjung Pelepas Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>2015</b>					
NCI percentage of ownership interest and voting interest	13.3%	49%	30%	10%-47.1%	
Carrying amount of NCI	274,385	–	657,716	1,026	933,127
(Loss)/Profit allocated to NCI	(376)	96,567	53,394	2,032	151,617
Dividends paid to NCI of the Group	–	64,000	1,500	–	65,500

\* NCI of NCB relates to the completion of acquisition of additional shares in NCB on 1 December 2015 as disclosed in Note 41.

# NCI of Malakoff represent the 4 and half months of the current financial period up to the point of the completion of its Initial Public Offering ("IPO") on the Main Market of Bursa Malaysia as disclosed in Note 41.



15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	Malakoff Corporation Berhad RM'000	Pelabuhan Tanjung Pelepas Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>2014</b>				
NCI percentage of ownership interest and voting interest	49%	30%	10%–72.5%	
Carrying amount of NCI	2,223,907	607,036	(2,214)	2,828,729
Profit allocated to NCI	238,654	72,610	106	311,370
Dividends paid to NCI of the Group	179,017	1,200	–	180,217

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

	<b>2015</b>	
	NCB* Holdings Bhd RM'000	Pelabuhan Tanjung Pelepas Sdn. Bhd. RM'000
NCI percentage of ownership interest and voting interest	13.3%	30.0%
As at 31 December		
Non-current assets	1,565,939	4,815,441
Current assets	686,996	730,913
Non-current liabilities	(412,841)	(2,896,649)
Current liabilities	(450,977)	(468,958)
Net assets	1,389,117	2,180,747
Year ended 31 December		
Revenue	88,499	1,200,589
Profit for the year	(2,831)	177,359
Total comprehensive income	(2,831)	177,560
Cash flows generated from operating activities	71,001	420,238
Cash flows used in investing activities	(12,260)	(169,726)
Cash flows used in financing activities	(9,846)	(221,192)
Net change in cash and cash equivalents	48,895	29,320

\* NCB's financial results represent one month of the current financial period following the completion of acquisition of additional shares in NCB on 1 December 2015 as disclosed in Note 41.

**15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

	<b>2014</b>	
	<b>Malakoff Corporation Berhad RM'000</b>	<b>Pelabuhan Tanjung Pelepas Sdn. Bhd. RM'000</b>
NCI percentage of ownership interest and voting interest	49%	30%
As at 31 December		
Non-current assets	23,344,477	4,917,331
Current assets	5,991,595	622,744
Non-current liabilities	(23,267,720)	(3,077,937)
Current liabilities	(1,891,736)	(457,543)
Net assets	4,176,616	2,004,595
Year ended 31 December		
Revenue	5,594,484	1,043,727
Profit for the year	412,844	267,339
Total comprehensive income	317,720	267,339
Cash flows generated from operating activities	2,701,949	285,404
Cash flows used in investing activities	(856,168)	(537,920)
Cash flows (used in)/generated from financing activities	(646,665)	586,318
Net change in cash and cash equivalents	1,199,116	333,802

## 16 INTERESTS IN ASSOCIATES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost	290,378	1,641,867	–	–
Shares quoted in Malaysia, at cost	4,407,552	1,250,253	1,036,804	154,511
Share of post-acquisition loss	(110,094)	(204,849)	–	–
	4,587,836	2,687,271	1,036,804	154,511
Accumulated impairment losses	(83,155)	(498,599)	(83,774)	(83,774)
	4,504,681	2,188,672	953,030	70,737
Redeemable unquoted loan stocks	–	356,630	–	–
Interests in associates	4,504,681	2,545,302	953,030	70,737
Market value of quoted associates:				
Shares quoted in Malaysia	4,040,926	1,535,486	1,517,550	87,869

On 15 May 2015, Malakoff Corporation Berhad ("Malakoff") completed its Initial Public Offering ("IPO") on the Main Market of Bursa Malaysia. With the completion of the IPO listing, the Group's effective interest in Malakoff was reduced from 51% to 37.6% and the latter became an associate of the Group. The effect of the disposal is disclosed in Note 41.

Details of the Group's associates and the accounting periods used for applying the equity method of accounting for the associates' results are shown in Note 40.

The Group has discontinued the recognition of its share of losses of its inactive associates as the share of losses of these associates has exceeded the Group's interest in those associates. The unrecognised share of losses of these associates for the current financial year and cumulatively were immaterial to the Group. The details of inactive associates are disclosed in Note 40.

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

The diminution in market value of an associate quoted in Malaysia does not represent a significant or prolonged impairment to the carrying amount as stated above.

**16 INTERESTS IN ASSOCIATES (CONTINUED)**

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

	2015			
	Malakoff Corporation Berhad RM'000	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Red Sea Gateway Terminal Company Limited RM'000
<b>Summarised financial information</b>				
Effective percentage of ownership interest	37.6%	30.9%	39.2%	20.0%
<b>As at 31 December</b>				
Non-current assets	24,197,234	1,088,802	582,923	1,865,748
Current assets	6,175,358	1,002,973	246,906	240,675
Non-current liabilities	(22,624,310)	(158,291)	(337,450)	(1,031,526)
Current liabilities	(1,729,728)	(961,563)	(287,335)	(186,858)
Net assets	6,018,554	971,921	205,044	888,039
<b>Year ended 31 December</b>				
Profit for the year	495,896	106,055	30,519	90,561
Other comprehensive loss	(24,188)	–	(1,998)	–
Total comprehensive income	471,708	106,055	28,521	90,561
Revenue	5,301,987	3,618,969	409,098	477,868
Depreciation and amortisation	(1,159,900)	(54,003)	(2,200)	(89,541)
Interest income	192,053	14,126	41,790	–
Interest expense	(794,618)	(6,077)	(47,993)	(32,070)
Income tax (expense)/credit	(206,144)	(34,005)	11,699	(8,093)
Fair value based on hierarchy level 1	3,006,459	953,230	81,237	

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

**16 INTERESTS IN ASSOCIATES (CONTINUED)**

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

	2015					
	Malakoff Corporation Berhad RM'000	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Red Sea Gateway Terminal Company Limited RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount:</b>						
Effective percentage of ownership interest	37.6%	30.9%	39.2%	20%		
<b>As at 31 December</b>						
Group's share of net assets	2,428,938	300,232	70,287	178,407	(1,230)	2,976,634
Remeasurement gain	955,376	572,671	–	–	–	1,528,047
Investments in associates	3,384,314	872,903	70,287	178,407	(1,230)	4,504,681
<b>Group's share of result</b>						
<b>Year ended 31 December</b>						
Group's share of profit for the year	114,508	32,806	13,772	13,938	13,021	188,045
Group's share of other comprehensive loss	(18,511)	–	(778)	–	(41,296)	(60,585)
Group's share of total comprehensive income/(loss)	95,997	32,806	12,994	13,938	(28,275)	127,460
<b>Other information</b>						
Gross dividends received by the Group	93,950	45,912	–	–	21,535	161,397



**16 INTERESTS IN ASSOCIATES (CONTINUED)**

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

	2014						
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Kapar Energy Ventures Sdn. Bhd. RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000	NCB Holdings Bhd RM'000
<b>Summarised financial information</b>							
Effective percentage of ownership interest	30.9%	39.2%	20.4%	6.1%	20.4%	20.0%	15.7%
<b>As at 31 December</b>							
Non-current assets	1,052,358	369,581	3,256,852	6,739,485	4,303,278	1,530,453	1,637,046
Current assets	738,729	191,624	1,519,584	429,755	317,601	187,785	663,287
Non-current liabilities	(161,630)	(217,288)	(3,235,750)	(5,337,201)	(3,106,647)	(135,078)	(493,537)
Current liabilities	(616,463)	(189,033)	(952,954)	(538,611)	(418,412)	(931,797)	(400,744)
Net assets	1,012,994	154,884	587,732	1,293,428	1,095,820	651,363	1,406,052
<b>Year ended 31 December</b>							
Profit/(loss) for the year	167,628	51,815	(128,789)	269,492	104,130	68,283	(768)
Other comprehensive (loss)/income	–	(8,601)	–	13,800	(59,423)	–	–
Total comprehensive income/(loss)	167,628	43,214	(128,789)	283,292	44,707	68,283	(768)
Revenue	2,773,462	287,072	1,973,405	947,910	1,039,970	239,948	66,503
Depreciation and amortisation	(51,336)	(895)	(241)	(241,788)	(160,454)	(71,628)	(10,510)
Interest income	7,512	55,190	18,277	–	13	–	323
Interest expense	(618)	(24,099)	(187,406)	(320,412)	(155,233)	(28,962)	(515)
Income tax expense	(41,993)	(11,232)	(42,801)	–	–	(4,430)	82
Fair value based on hierarchy level 1	1,278,917	87,869					168,701

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

## 16 INTERESTS IN ASSOCIATES (CONTINUED)

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

	2014								
	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Kapar Energy Ventures Sdn. Bhd. RM'000	Shuaibah Water and Electricity Company Limited RM'000	Hidd Power Company B.S.C RM'000	Red Sea Gateway Terminal Company Limited RM'000	NCB Holdings Bhd RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount:</b>									
Effective percentage of ownership interest	30.9%	39.2%	20.4%	6.1%	20.4%	20.0%	15.7%		
<b>As at 31 December</b>									
Group's share of net assets	313,340	57,293	235,093	155,212	438,309	134,498	221,854	60,402	1,616,001
Remeasurement gain	572,671	–	–	–	–	–	–	–	572,671
Investments in associates	886,011	57,293	235,093	155,212	438,309	134,498	221,854	60,402	2,188,672
<b>Group's share of result</b>									
<b>Year ended 31 December</b>									
Group's share of profit/(loss) for the year	51,854	17,469	(51,515)	32,339	41,652	13,658	(121)	12,537	117,873
Group's share of other comprehensive (loss)/income	–	(3,276)	–	1,656	(23,769)	–	–	(495)	(25,884)
Group's share of total comprehensive income/(loss)	51,854	14,193	(51,515)	33,995	17,883	13,658	(121)	12,042	91,989
<b>Other information</b>									
Gross dividends received by the Group	49,091	–	–	–	16,975	–	–	3,000	69,066

**17 INVESTMENTS IN JOINT ARRANGEMENTS**

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

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

**Investments in joint ventures**

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At cost:				
Unquoted shares, inside Malaysia	<b>183,012</b>	177,095	<b>15,591</b>	15,341
Unquoted shares, outside Malaysia	–	64,118	–	–
Share of post-acquisition reserves	<b>88,510</b>	46,277	–	–
	<b>271,522</b>	287,490	<b>15,591</b>	15,341

Details of the Group's joint ventures are shown in Note 40.

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

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

	<b>2015</b>			
	<b>MMC Gamuda Joint Venture Sdn. Bhd. RM'000</b>	<b>MMC Gamuda KVMRT (PDP) Sdn. Bhd. RM'000</b>	<b>MMC Gamuda KVMRT (T) Sdn. Bhd. RM'000</b>	<b>Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd. RM'000</b>
<b>Summarised financial information</b>				
Effective percentage of ownership interest	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>	<b>50.0%</b>
<b>As at 31 December</b>				
Non-current assets	<b>23,488</b>	<b>42,781</b>	<b>409,744</b>	<b>619,920</b>
Current assets	<b>219,768</b>	<b>1,144,829</b>	<b>432,798</b>	<b>63,090</b>
Non-current liabilities	<b>(40,385)</b>	<b>(372,913)</b>	<b>(35,758)</b>	<b>(330,000)</b>
Current liabilities	<b>(92,005)</b>	<b>(714,193)</b>	<b>(787,465)</b>	<b>(42,546)</b>
Deposits, cash and bank balances	<b>75,406</b>	<b>495,892</b>	<b>27,208</b>	<b>55,392</b>
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	<b>(330,000)</b>
Current financial liabilities (excluding trade and other payables and provisions)	–	<b>(79,500)</b>	–	–
<b>Year ended 31 December</b>				
Profit/(Loss) for the year	<b>7,189</b>	<b>134,685</b>	<b>25,856</b>	<b>(281)</b>

## 17 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)

### Investments in joint ventures (continued)

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

	2015			
	MMC Gamuda Joint Venture Sdn. Bhd. RM'000	MMC Gamuda KVMRT (PDP) Sdn. Bhd. RM'000	MMC Gamuda KVMRT (T) Sdn. Bhd. RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd. RM'000
<b>Included in the total comprehensive income/(loss) is:</b>				
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%
Revenue	43,977	3,453,494	1,408,343	44,768
Depreciation and amortisation	(204)	(5,878)	(9,738)	(1,185)
Interest income	4,644	1,810	8,387	310
Interest expense	–	(2,981)	(1,288)	(24,885)
Income tax expense	(179)	(45,967)	(5,486)	–

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

**17 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)****Investments in joint ventures (continued)**

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

	2015					
	MMC Gamuda Joint Venture Sdn. Bhd. RM'000	MMC Gamuda KVMRT (PDP) Sdn. Bhd. RM'000	MMC Gamuda KVMRT (T) Sdn. Bhd. RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd. RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount:</b>						
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%		
<b>As at 31 December</b>						
Group's share of net assets/(liabilities)/ carrying amount in the statement of financial position	58,566	50,253	9,662	155,256	(2,215)	271,522
<b>Group's share of result</b>						
<b>Year ended 31 December</b>						
Group's share of profit/(loss) for the year	3,594	67,342	12,928	(141)	2,882	86,605
<b>Other information</b>						
Distribution received	-	50,000	-	-	-	50,000



**17 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)****Investments in joint ventures (continued)**

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

	2014				
	MMC Gamuda Joint Venture Sdn. Bhd. RM'000	MMC Gamuda KVMRT (PDP) Sdn. Bhd. RM'000	MMC Gamuda KVMRT (T) Sdn. Bhd. RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd. RM'000	Almiyah Attilemcania SPA RM'000
<b>Summarised financial information</b>					
Effective percentage of ownership interest	50%	50%	50%	50%	18.2%
<b>As at 31 December</b>					
Non-current assets	4,832	29,199	401,367	628,678	492,250
Current assets	429,500	974,849	469,634	19,909	232,888
Non-current liabilities	(640)	(332,948)	(29,262)	(287,470)	(485,737)
Current liabilities	(191,127)	(601,578)	(848,276)	(50,100)	(77,258)
Deposits, cash and bank balances	331,891	421,427	64,382	18,052	76,223
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	(287,470)	(482,704)
Current financial liabilities (excluding trade and other payables and provisions)	–	(82,000)	–	(14,535)	–
<b>Year ended 31 December</b>					
Profit/(loss) for the year	10,648	101,897	(2,961)	2,238	18,461
<b>Included in the total comprehensive income/(loss) is:</b>					
Revenue	725,305	2,633,051	1,684,852	36,592	120,755
Depreciation and amortisation	(2,207)	(5,968)	(8,501)	(1,061)	(21,463)
Interest income	12,441	1,535	4,259	647	–
Interest expense	(951)	–	(24,232)	(17,400)	(17,139)
Income tax expense	(446)	(42,430)	(2,851)	(135)	–

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

**17 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)****Investments in joint ventures (continued)**

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

	2014						
	MMC Gamuda Joint Venture Sdn. Bhd. RM'000	MMC Gamuda KVMRT (PDP) Sdn. Bhd. RM'000	MMC Gamuda KVMRT (T) Sdn. Bhd. RM'000	Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd. RM'000	Almiyah Attilemcania SPA RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
<b>Reconciliation of net assets to carrying amount:</b>							
<b>Effective percentage of ownership interest</b>	50%	50%	50%	50%	18.2%		
<b>As at 31 December</b>							
Group's share of net assets/(liabilities)/ carrying amount in the statement of financial position	54,972	32,910	(3,266)	155,395	57,885	(10,406)	287,490
<b>Group's share of result</b>							
<b>Year ended 31 December</b>							
Group's share of profit/(loss) for the year	5,324	50,948	(1,480)	1,119	6,655	–	62,566
<b>Other information</b>							
Distribution received	–	46,500	–	–	–	–	46,500

**17 INVESTMENTS IN JOINT ARRANGEMENTS (CONTINUED)****Investments in joint ventures (continued)**

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

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Capital commitment:		
Property, plant and equipment:		
Authorised and contracted for	-	-
Contingent liabilities:		
Performance bond to Government of Malaysia	<b>794,442</b>	773,647
Advance payment guarantee	-	96,523

**Investments in joint operations**

Details of the Group's joint operations are shown in Note 40.

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

**18 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

A reconciliation from opening balances to fair value measurement on level 1 of the fair value hierarchy as described in Note 42 is as follows:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At 1 January	<b>84,499</b>	95,512
Additions	<b>2,639</b>	–
Net losses transferred to equity	<b>(13,513)</b>	(3,658)
Disposals	<b>–</b>	(7,355)
At 31 December	<b>73,625</b>	84,499
Less: non-current portion	<b>(3,144)</b>	(3,635)
Current portion	<b>70,481</b>	80,864

Available-for-sale financial assets comprise the following:

Listed equity securities:

– in Malaysia	<b>70,539</b>	80,912
– outside Malaysia	<b>3,086</b>	3,587
	<b>73,625</b>	84,499

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

Ringgit Malaysia	<b>70,539</b>	80,912
Australian Dollar	<b>3,086</b>	3,587
	<b>73,625</b>	84,499

**19 AMOUNTS DUE FROM SUBSIDIARIES**

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

	<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Amounts due from subsidiaries	<b>1,336,880</b>	1,337,757
Less: Impairment	<b>(58,677)</b>	(3,362)
	<b>1,278,203</b>	1,334,395

**20 TRADE AND OTHER RECEIVABLES**

Analysis of amounts recoverable after 12 months:

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Trade receivables	<b>188,965</b>	270,855	<b>1,233</b>	33,281
Staff loans	<b>3,222</b>	3,044	–	–
Other receivables	<b>567</b>	114,793	–	–
	<b>192,754</b>	388,692	<b>1,233</b>	33,281
Staff loans to eligible staff	<b>3,360</b>	3,223	–	–
Repayments due within the next twelve months	<b>(138)</b>	(179)	–	–
	<b>3,222</b>	3,044	–	–

Analysis of repayment schedule:

Within 1 year	<b>138</b>	179	–	–
After 1 year	<b>3,222</b>	3,044	–	–
	<b>3,360</b>	3,223	–	–

	<b>Group and Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Mining exploration expenditure, at cost	<b>9,962</b>	9,962
Accumulated impairment losses	<b>(9,962)</b>	(9,962)
Carrying value	–	–



**20 TRADE AND OTHER RECEIVABLES (CONTINUED)**

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

Included in the trade receivables is the cash consideration from land disposal during the financial year. The outstanding consideration, receivables within 2 years are secured by bank guarantees issued by the buyer. Fair value adjustment has been made for the difference between the carrying amount and the present value of the estimated cash flows.

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

**21 INTANGIBLE ASSETS**

Group	Rights on Power Purchase Agreement and Operations Maintenance Agreement RM'000	Goodwill on consolidation RM'000	Rights on water treatment business RM'000	Rights on airport business RM'000	Buildings RM'000	CWIP RM'000	Total RM'000
<b>Cost</b>							
1 January 2014	7,651,870	2,043,263	30,060	188,909	-	-	9,914,102
Acquisition of a subsidiary	100,739	-	-	-	-	-	100,739
At 31 December 2014	7,752,609	2,043,263	30,060	188,909	-	-	10,014,841
Acquisition of a subsidiary (Note 41)	-	677,166	-	-	529,023	13,124	1,219,313
Additions	-	-	-	-	1,507	8,684	10,191
Disposal of a subsidiary	(7,752,609)	(340,392)	-	-	-	-	(8,093,001)
Reclassification	-	-	-	-	4,472	(4,472)	-
<b>At 31 December 2015</b>	<b>-</b>	<b>2,380,037</b>	<b>30,060</b>	<b>188,909</b>	<b>535,002</b>	<b>17,336</b>	<b>3,151,344</b>
<b>Accumulated amortisation/ impairment losses</b>							
1 January 2014	(2,588,319)	-	(25,926)	(21,780)	-	-	(2,636,025)
Amortisation charge (Note 7(ii))	(467,828)	-	(4,134)	(4,196)	-	-	(476,158)
At 31 December 2014	(3,056,147)	-	(30,060)	(25,976)	-	-	(3,112,183)
Amortisation charge (Note 7(ii))	(183,976)	-	-	(4,194)	(1,741)	-	(189,911)
Disposal of a subsidiary	3,240,123	-	-	-	-	-	3,240,123
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>(30,060)</b>	<b>(30,170)</b>	<b>(1,741)</b>	<b>-</b>	<b>(61,971)</b>

## 21 INTANGIBLE ASSETS (CONTINUED)

Group	Rights on Power Purchase Agreement and Operations Maintenance Agreement RM'000	Goodwill on consolidation RM'000	Rights on water treatment business RM'000	Rights on airport business RM'000	Buildings RM'000	CWIP RM'000	Total RM'000
<b>Net book value</b>							
At 31 December 2014	4,696,462	2,043,263	–	162,933	–	–	6,902,658
<b>At 31 December 2015</b>	<b>–</b>	<b>2,380,037</b>	<b>–</b>	<b>158,739</b>	<b>533,261</b>	<b>17,336</b>	<b>3,089,373</b>

**Goodwill on consolidation**

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

	2015 RM'000	2014 RM'000
Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP")		
– port business	1,512,366	1,512,366
NCB Holdings Bhd. ("NCB")		
– port business	677,166	–
Malakoff Corporation Berhad		
– electricity generation business	–	340,392
Senai Airport Terminal Services Sdn. Bhd.		
– manage, operate, maintain and develop the Senai International Airport in Johor Darul Takzim and to provide airport and aviation related services and property development ("Airport City")	190,505	190,505
	<b>2,380,037</b>	<b>2,043,263</b>

**21 INTANGIBLE ASSETS (CONTINUED)****(A) Port Business**Pelabuhan Tanjung Pelepas Sdn. Bhd.

The recoverable amount of the CGU is determined based on the VIU calculation. The VIU of port business was determined by discounting the future cash flows to be generated from the continuing use of the unit and exceeds the carrying amount of the CGU.

The VIU is derived based on management's cash flow projections for 5 financial years from 2016 to 2020 and the key assumptions used in the calculation of VIU are as follows:

- (a) Based on the business plan, the projected annual Twenty-Foot Equivalent Unit ("TEU") over the projection period from 2016 to 2020, will be in the region of 8.5 million TEUs;
- (b) The cash flow projections after 2020 are extrapolated to the end of concession period using a nominal long-term growth rate of 1.0%-3.0% (2014: 3.0%) per annum which takes into consideration the current GDP, inflation and average growth rate for the industry; and
- (c) A pre-tax discount rate of 10.01% (2014: 11.35%) per annum.

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

The Group's review includes an impact assesment of changes in key assumptions. Based on the sensitivity analysis performed, it is concluded that no reasonable change in the base case assumptions would cause the carrying amounts of the CGUs to exceed its recoverable amount.

NCB Holdings Bhd.

No impairment review has been performed for the Group's goodwill in NCB Holding Bhd. ("NCB") as the Purchase Price Allocation ("PPA") exercise is still being finalised.

## 21 INTANGIBLE ASSETS (CONTINUED)

### (B) Airport City

#### Senai Airport City Sdn Bhd

The estimation of VIU is based on a single combined Airport City business unit to reflect the overall strategy of the Senai Airport Terminal Services Sdn. Bhd. ("SATS") group, whereby all of the activities within various companies within the SATS group are elements of the overall strategic master plan to develop Senai Airport City.

#### (i) Airport Operations

The recoverable amount of the Airport Operations is determined based on a VIU approach. The VIU of the Airport Operations is determined by discounting the future cash flows to be generated from the continuing use of the assets over the remaining useful life of the concession.

The key assumptions used in the calculation of the VIU are as follows:

- (a) Pre-tax discount rate of 9.0% (2014: 10.5%) per annum;
- (b) A high growth potential is projected due to the development of the Iskandar Development Region. The development is expected to result in an exponential growth in the number of passenger over the next 5 years (2014: 5 years) and thereafter a 1% to 2% (2014: 2% to 4%) growth rate is expected for the duration of the concession period;
- (c) The inflation rate is expected to remain at 2% to 5% per annum throughout the concession period; and
- (d) Non-aeronautical revenue is assumed to grow in tandem with passenger growth.

#### (ii) Property Development Land

The recoverable amount of the property development land is determined based on the market value of the land which as of December 2015, has been valued at a price higher than the fair value upon acquisition.

The Group's review includes an impact assesment of changes in key assumptions. Based on the sensitivity analysis performed, it is concluded that no reasonable change in the base case assumptions would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

**22 DEFERRED TAXATION**

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

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Deferred tax assets	<b>744,960</b>	1,601,951	-	-
Deferred tax liabilities	<b>(488,718)</b>	(3,302,373)	-	-
	<b>256,242</b>	(1,700,422)	-	-
At 1 January	<b>(1,700,422)</b>	(1,881,251)	-	-
(Charged)/Credited to profit or loss (Note 9):				
- property, plant and equipment	<b>(205,783)</b>	(144,383)	<b>647</b>	(23)
- deferred expense	-	(22,516)	-	-
- tax losses	<b>3,271</b>	(17,639)	-	-
- deferred income	<b>14,108</b>	65,355	-	-
- provisions	<b>32,203</b>	16,837	-	96
- intangibles	<b>43,621</b>	123,234	-	-
- investment tax allowances	<b>92,122</b>	153,604	-	-
- others	<b>13,056</b>	4,313	<b>(647)</b>	(73)
	<b>(7,402)</b>	178,805	-	-
Acquisition of a subsidiary	<b>(33)</b>	(40,876)	-	-
Disposal of a subsidiary	<b>1,964,099</b>	-	-	-
Recognised in OCI	-	42,900	-	-
At 31 December	<b>256,242</b>	(1,700,422)	-	-



22 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Subject to income tax:				
Deferred tax assets				
Property, plant and equipment	58,387	325,617	889	–
Tax losses	26,388	44,584	–	–
Provisions	36,227	220,618	186	186
Deferred income	–	707,283	–	–
Investment tax allowances	976,456	884,334	–	–
Others	57,047	46,168	(665)	(44)
Deferred tax asset (before offsetting)	1,154,505	2,228,604	410	142
Offsetting	(409,545)	(626,653)	(410)	(142)
Deferred tax assets (after offsetting)	744,960	1,601,951	–	–
Deferred tax liabilities				
Property, plant and equipment	(913,818)	(2,814,164)	(384)	(142)
Intangibles	15,623	(1,073,583)	–	–
Deferred expense	–	(41,279)	–	–
Others	(68)	–	(26)	–
Deferred tax liabilities (before offsetting)	(898,263)	(3,929,026)	(410)	(142)
Offsetting	409,545	626,653	410	142
Deferred tax liabilities (after offsetting)	(488,718)	(3,302,373)	–	–

The amount of deductible temporary differences and unused tax losses (both of which have no expiry dates) for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2015 RM'000	2014 RM'000
Deductible temporary differences	288,513	130,923
Unused tax losses	269,837	186,425
	558,350	317,348

**23 INVENTORIES**

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Spares, consumables and container repair materials	<b>93,425</b>	307,858
Diesels and fuels	–	87,241
Coals	–	161,345
Chemicals	<b>159</b>	112
Raw materials	<b>52</b>	71
Freehold land	<b>321,638</b>	–
Development expenditure	<b>69,373</b>	–
	<b>484,647</b>	556,627
Less: Allowance for slow moving stocks	<b>(17,647)</b>	(16,440)
Current	<b>467,000</b>	540,187
Freehold land	<b>1,203,657</b>	1,554,426
Development expenditure	<b>177,589</b>	196,696
Non-current	<b>1,381,246</b>	1,751,122
	<b>1,848,246</b>	2,291,309

Inventories of the Group of RM300.2 million (2014: RM69.3 million) comprising of freehold land, spare parts, consumables and container repair materials are pledged as security for borrowings as disclosed in Note 30.

**Freehold land**

Freehold land comprises several contiguous pieces of land with a total area of approximately 2,246.21 acres, earmarked for the development of a cargo and logistics hub, high-tech industries park and mixed development.

**Development expenditure**

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

24 ASSETS HELD FOR SALE

	Group	
	2015 RM'000	2014 RM'000
Investment properties (Note 14)	520	–
Property, plant and equipment (Note 12)	–	12,997
At 1 January	12,997	131
Transfer from investment properties (Note 14)	520	–
Transfer to property, plant and equipment (Note 12)	(12,997)	12,997
Disposal	–	(131)
	520	12,997

	Company	
	2015 RM'000	2014 RM'000
Property, plant and equipment (Note 12)	–	12,997
At 1 January	12,997	–
Transfer to property, plant and equipment (Note 12)	(12,997)	12,997
	–	12,997

## 25 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	<b>1,084,449</b>	1,539,871	<b>413,583</b>	221,072
Less: impairment of trade receivables	<b>(62,094)</b>	(375,933)	<b>(8)</b>	(8)
	<b>1,022,355</b>	1,163,938	<b>413,575</b>	221,064
Other receivables	<b>360,182</b>	840,024	<b>44,951</b>	309,789
Less: impairment of other receivables	<b>(66,852)</b>	(12,774)	<b>(864)</b>	(864)
	<b>293,330</b>	827,250	<b>44,087</b>	308,925
Deposits	<b>24,256</b>	119,277	<b>2,616</b>	1,595
Prepayments	<b>28,097</b>	45,511	<b>21</b>	33
	<b>345,683</b>	992,038	<b>46,724</b>	310,553
Amounts due from contract customers (Note 35)	<b>63,093</b>	65,525	<b>36,643</b>	17,564
Amounts due from associates	<b>1,685</b>	320,479	<b>187</b>	109
Amounts due from joint ventures	<b>111,400</b>	47,876	<b>111,400</b>	47,876
	<b>1,544,216</b>	2,589,856	<b>608,529</b>	597,166

Credit terms of trade receivables of the Group and Company vary from 30 to 60 days (2014: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

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

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

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade receivables due from a contractor of Klang Valley Mass Rapid Transit project and a major international shipping line customer, representing approximately 53% (2014: due from Tenaga Nasional Berhad ("TNB") and a major international shipping line customer, representing approximately 57%) of the total trade receivables of the Group. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

**25 TRADE AND OTHER RECEIVABLES (CONTINUED)**

As at 31 December 2015, trade and other receivables of RM251.7 million (2014: RM59.2 million) for the Group were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The aging analysis of trade and other receivables (excluding deposits and prepayments) are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Neither past due nor impaired	<b>1,240,158</b>	2,365,886	<b>605,885</b>	595,538
Past due not impaired:				
Up to 3 months	<b>164,639</b>	26,693	–	–
3 to 6 months	<b>46,001</b>	22,591	–	–
More than 6 months	<b>41,065</b>	9,898	–	–
	<b>251,705</b>	59,182	–	–
Impaired	<b>128,946</b>	388,707	<b>872</b>	872
	<b>1,620,809</b>	2,813,775	<b>606,757</b>	596,410

The receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group. More than 90% (2014: 84%) of the Group's gross receivables are from this group of customers. Receivables that are past due but not individually impaired relate to a number of independent customers for whom there is no recent history of default.

As at 31 December 2015, trade and other receivables amounting to RM128.9 million (2014: RM388.7 million) for the Group and RM872,000 (2014: RM872,000) for the Company were impaired and provided for. The individually impaired receivables mainly relate to customers, which some have defaulted in payment. The aging analysis of these trade and other receivables are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Up to 3 months	–	–	–	–
3 to 6 months	–	678	–	–
More than 6 months	<b>128,946</b>	388,029	<b>872</b>	872
	<b>128,946</b>	388,707	<b>872</b>	872



**26 TRADE AND OTHER RECEIVABLES (CONTINUED)**

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

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Functional currency (RM)		
– US Dollar	<b>170,300</b>	178,882
– AUD	–	17,399
– CHF	–	63,334
– others	–	8,412
	<b>170,300</b>	268,027

Trade and other receivables for the Company are denominated in Ringgit Malaysia.

The Group's historical experience shows that the allowances for impaired receivables have been adequate and due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's receivables.

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

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At 1 January	<b>388,707</b>	255,717	<b>872</b>	872
Impairment during the financial year (Note 7(i))	<b>58,717</b>	50,425	–	–
Acquisition of a subsidiary	<b>51,956</b>	86,661	–	–
Disposal of a subsidiary	<b>(360,627)</b>	–	–	–
Write-off	<b>(7,725)</b>	(536)	–	–
Write-back of impairment of receivables (Note 7(i))	<b>(2,082)</b>	(3,560)	–	–
At 31 December	<b>128,946</b>	388,707	<b>872</b>	872

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

The amounts due from associates in the previous financial year is mainly in respect of interest receivable, which is subject to existing terms of the unsecured loan stocks.

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

26 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with:				
Licensed banks	272,550	2,927,162	21,536	86,828
Investment banks	135,274	233,441	83,160	5,482
Other financial institutions	326,810	682,326	–	154,087
	734,634	3,842,929	104,696	246,397
Cash and bank balances	195,943	601,126	9,070	72,141
Deposits and balances with maturity less than 90 days	930,577	4,444,055	113,766	318,538
Deposits with maturity more than 90 days with:				
Licensed banks	20,822	334,312	–	–
Investment banks	348,224	254,708	24,990	–
Other financial institutions	–	2,950	–	–
	369,046	591,970	24,990	–
Total	1,299,623	5,036,025	138,756	318,538

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Functional currency (RM)				
– US Dollar	654	115,931	–	–
– Australian Dollar	–	23,317	–	–
– Kuwait Dinar	–	9,610	–	–
– EURO	–	161,377	–	–
	654	310,235	–	–

**26 DEPOSITS, BANK AND CASH BALANCES (CONTINUED)**

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

	Group		Company	
	2015 % per annum	2014 % per annum	2015 % per annum	2014 % per annum
Deposits placed with:				
Licensed banks	<b>3.55</b>	3.76	<b>3.11</b>	3.24
Investment banks	<b>4.00</b>	3.69	<b>4.33</b>	3.55
Other financial institutions	<b>4.45</b>	4.33	–	4.03

The Group and the Company have deposits with an average maturity of 53 days (2014: 52 days) and 9 days (2014: 22 days) respectively.

Deposits with maturity more than 90 days placed with:

Licensed banks	<b>4.08</b>	3.77	–	–
Investment banks	<b>3.50</b>	3.12	<b>3.35</b>	–
Other financial institutions	–	4.34	–	–

**27 SHARE CAPITAL**

	Group and Company			
	Number of ordinary shares		Amount	
	2015 '000	2014 '000	2015 RM'000	2014 RM'000
Authorised:				
Ordinary shares of RM0.10 each:				
At 31 December	<b>10,000,000</b>	10,000,000	<b>1,000,000</b>	1,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At 31 December	<b>3,045,058</b>	3,045,058	<b>304,506</b>	304,506

**28 RESERVES**

The single-tier tax system, which came into effect on 1st January 2014 does not require companies to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

**29 REDEEMABLE PREFERENCE SHARES ("RPS")**

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Nominal value of RPS at RM0.01 each:		
At 1 January/31 December	<b>1,140</b>	1,140
Premium on RPS:		
At 1 January/31 December	<b>112,911</b>	112,911
	<b>114,051</b>	114,051
Dividend on RPS	<b>44,119</b>	40,267
Classified as liabilities	<b>158,170</b>	154,318
Less: Accumulated redemption	<b>(68,431)</b>	(45,621)
At 31 December	<b>89,739</b>	108,697
Amount recognised within the next twelve months (Note 32)	<b>(19,551)</b>	(18,958)
Classified as non-current liabilities	<b>70,188</b>	89,739

Details of the Redeemable Preference Shares ("RPS") are as follows:

- (i) The RPS shall be fully redeemable in five equal instalments at the total amount of RM114.1 million to be payable on 30 September of every year starting from 30 September 2013 to 30 September 2017.
- (ii) The holders of the RPS shall have the right to receive a fixed cumulative preferential dividend of RM50.0 million for all the RPS based on par value of RM0.01 per share and which shall be payable in three equal instalments on 30 September 2018, 30 September 2019 and 30 September 2020.
- (iii) The RPS shall not confer any voting right except where the rights of the RPS are affected.
- (iv) In the event of liquidation, the holders of the RPS shall rank pari passu with the holders of ordinary shares and shall rank in priority to the other holders of preference shares, save for the Special Share in respect of any distribution or repayment of capital.

## 30 BORROWINGS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
<b>Secured:</b>				
Term loans	594,542	616,065	150,000	175,000
Al-Istisna Bonds	-	64,845	-	-
Islamic Medium Term Notes	13,178	13,090	-	-
Sukuk Medium Term Notes	-	440,000	-	-
Revolving Credits	20,934	-	-	-
Sukuk Wakalah	-	50,000	-	-
USD term loan	-	9,441	-	-
AUD term loan	-	13,629	-	-
Bank overdrafts	70	16,269	-	-
<b>Unsecured:</b>				
Term loans	150,000	-	150,000	-
Revolving Credits	499,197	380,900	290,000	365,000
Bank overdrafts	2,455	1,081	-	-
Multi-option line	2,016	3,454	-	-
Government Loan	71,667	61,667	-	-
	1,354,059	1,670,441	590,000	540,000
<b>Non-current</b>				
<b>Secured:</b>				
Term loans	3,958,018	4,910,708	997,298	2,296,526
Al-Istisna Bonds	-	64,650	-	-
Sukuk Medium Term Notes	-	3,884,427	-	-
Islamic Medium Term Notes	1,680,238	1,660,403	-	-
Sukuk Ijarah Medium Term Notes	-	3,581,077	-	-
Senior Sukuk Murabahah	-	3,290,000	-	-
USD term loan	-	931,163	-	-
AUD term loan	-	1,916,436	-	-
Sukuk Wakalah	-	400,000	-	-



30 BORROWINGS (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current (continued)</b>				
<b>Unsecured:</b>				
Term loans	70,000	220,000	70,000	220,000
Revolving Credits	100,000	100,000	100,000	100,000
Subordinated Loan Notes	–	126,247	–	–
Government Loan	28,333	38,333	–	–
Junior Sukuk Musharakah	–	1,800,000	–	–
Junior EBL Term Loan	–	1,058,064	–	–
Sukuk Murabahah	1,200,000	–	1,200,000	–
Sukuk Musyarakah	350,000	–	–	–
	<b>7,386,589</b>	23,981,508	<b>2,367,298</b>	2,616,526
Total	<b>8,740,648</b>	25,651,949	<b>2,957,298</b>	3,156,526
Fair values of borrowings	<b>8,678,615</b>	27,194,910	<b>2,957,298</b>	3,156,526
Analysis of repayment schedule:				
Within 1 year	1,354,059	1,670,441	590,000	540,000
From 1 to 2 years	675,663	1,727,853	170,000	550,000
From 2 to 5 years	4,890,134	7,781,870	1,357,298	2,066,526
After 5 years	1,820,792	14,471,785	840,000	–
	<b>8,740,648</b>	25,651,949	<b>2,957,298</b>	3,156,526

**30 BORROWINGS (CONTINUED)****Ports and Logistics**

- (i) A term loan of a subsidiary has fixed interest rate of 1% per annum above the effective cost of funds of the lender, fixed at each drawdown date until 31 December 2016 and floating interest rate of 1% per annum above the cost of funds of the lender from 1 January 2017 onwards. Other term loans have fixed interest rate of 1.5% per annum above the effective cost of funds of the lenders.

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

The term loans are secured by:

- (a) a fixed and floating charge by way of debenture over all the assets and undertaking of the subsidiary.
  - (b) a charge on the specific Designated Accounts and all monies standing to the credit of the subsidiary.
  - (c) assignment of certain rights and benefits of the subsidiary.
- (ii) A term loan (Commodity Murabahah Term Financing loan) of a subsidiary, carries effective islamic cost of funds rate plus 1.30% per annum and is repayable in 10 instalments commencing from the end of the fourth year from the first disbursement date. This facility is secured by way of a negative pledge over the subsidiary's property, plant and equipment. In addition, the subsidiary shall remain as the subsidiary of the Company and the value of their shareholders' funds shall not be less than RM500 million at all times.
- (iii) A term loan (Commodity Murabahah Term Financing loan) of a subsidiary, carries effective islamic cost of funds rate plus 1.20% per annum. This facility is secured by way of a negative pledge over the subsidiary's property, plant and equipment. In addition, the subsidiary shall remain as the subsidiary of the Company and the value of their shareholders' funds shall not be less than RM500 million at all times, the gearing ratio shall not exceed 1 times and minimum profit coverage of 5 times at the subsidiary level.
- (iv) The Islamic Medium Term Notes ("IMTN") entered into by a subsidiary in 2010 was established in accordance with Shariah principle of Musharakah. The tenure of the IMTN commencing from date of the first issuance of the IMTN and ending on date falling 10 years thereafter, maturing in September 2020. Profit rates on the IMTN are charged at a fixed rate which ranges from 3.75% to 4.36% per annum.
- (v) A revolving credit (Murabahah Tawarruq) of a subsidiary is charged at profit rate of 1% per annum above the islamic cost of funds rate and repayable in full at the end of each profit period, unless rollover. Profit shall be paid in arrears upon maturity of each period at prevailing rate.
- (vi) The Islamic Commercial Paper ("ICP") and IMTN programme entered into by a subsidiary in 2014 with a combined nominal value of RM1.5 billion and a sub-limit on the ICP of RM500.0 million in nominal value were established in accordance with Shariah principle of Musharakah (collectively known as Sukuk Musharakah programmes). As at reporting date, the subsidiary has issued RM350 million Sukuk Musharakah under its IMTN programme which has a 10-year tenure maturing December 2024 and carries a profit rate of 5.78% per annum.

### 30 BORROWINGS (CONTINUED)

#### Energy and Utilities

The following information are in relation to a subsidiary that has been disposed during the financial year as disclosed in Note 41.

- (vii) In the previous financial year, the Commercial Papers, bonds, Medium Term and Loan Notes and Senior Sukuk of subsidiaries were secured over property, plant and equipment amounted to RM13,336 million. The Sukuk Wakalah was secured over the Operation and Maintenance Agreement, Sub Operation and Maintenance Agreement and Assets Sales Agreement held by a subsidiary and all the balances in the Revenue Account, Operating Account, Finance Service Reserve Account, Maintenance Reserve Account and Overhaul Reserve Account of the subsidiary.

These borrowings were subject to the following significant financial covenants:

- (a) Al-Bai' Bithaman Ajil: Maintain the Debt/Equity ratio to be no greater than 9:1 during post-completion [of power plant] period and ensure that the Debt Service Cover ratio is not less than 1.25 times commencing from commercial operations date. The bond was fully redeemed in the previous financial year.
- (b) Al-Istisna bonds: Maintain a Debt/Equity ratio of not higher than 4:1 and maintain an Annual Finance Service ratio of not less than 1.4 times commencing from the third year of the first issue of the bonds.
- (c) Sukuk Ijarah Medium Term Notes: Maintain a Debt/Equity ratio of not more than 80:20 and a Finance Service Cover ratio of at least 1.25 times.
- (d) USD term loan: Maintain a Debt/Equity ratio of not more than 1.25:1 and a Group Debt/Equity ratio of not more than 7:1.
- (e) Junior term loan: Maintain a Debt/Equity ratio of not more than 1.25:1 and a Group Debt/Equity ratio of not more than 7:1.
- (f) Senior Sukuk Murabahah: Maintain a Debt/Equity ratio of not more than 80:20 and a Finance Service Cover ratio of not less than 1.05:1.
- (g) Senior USD term loan: Maintain a Debt/Equity ratio of not more than 80:20 and a Finance Service Cover ratio of not less than 1.05:1.
- (h) Senior RM term loan: Maintain a Debt/Equity ratio of not more than 80:20 and a Finance Service Cover ratio of not less than 1.05:1.
- (i) AUD term loan: Maintain a total Debt/Equity ratio of not more than 1.25:1, Group total Debt/Equity ratio of not more than 7:1 and a minimum projected Debt Service Cover ratio of 1.10:1 on any two consecutive calculation date.
- (j) Sukuk Wakalah: Maintain a Debt/Equity ratio of not more than 80:20 commencing 24 months after the issue date until the final maturity and a Finance Service Cover ratio of at least 1.25 times.

**30 BORROWINGS (CONTINUED)****Energy and Utilities (continued)**

(vii) These borrowings were subject to the following significant financial covenants: (continued)

- (k) Sukuk Medium Term Note: Maintain an aggregated Debt/Equity ratio of not more than 1:1 and a Group Debt/Equity ratio of not more than 5.5:1.
- (l) Commercial Papers: Maintain a Debt/Equity ratio of no greater than 1.25:1 and Group Debt/Equity ratio to be no greater than 7:1 at all times. Commercial paper was fully redeemed in the previous financial year.
- (m) Term loans:
  - Maintain a Debt/Equity ratio of not more than 1.50:1 and a Debt Service Cover ratio of not less than 1.20 times.
  - Maintain a Debt Service Cover ratio of not less than 1.10 times.

The profit rates and interest rates per annum of the aforementioned borrowings ranging from 3.65% to 9.3% and from 9.0% to 12.0%, respectively in the previous financial year.

**Engineering and Construction**

(viii) The revolving credit of subsidiaries are unsecured and bear an effective interest rate of 4.72% (2014: 4.80%) per annum.

**Corporate and others**

- (ix) The term loans of the Company are secured by certain assets of the Company and a wholly-owned subsidiary. Interest rates on the term loans of the Company ranges from 4.43% to 6.25% per annum (2014: 4.92% to 6.31%) per annum. The tenure of the loans ranges from 1 - 4 years with bullet repayments.
- (x) A term financing-i of a subsidiary carries an effective islamic cost of funds plus 0.5% per annum with repayable period up to 31 December 2018. The term financing-i was secured by:
  - (a) pledge of bank guarantees issued by the purchaser in respect of the land disposal;
  - (b) pledge of bank account; and
  - (c) Letter of Comfort from the holding company.

**30 BORROWINGS (CONTINUED)****Corporate and others (continued)**

- (xi) The IMTN entered into by a subsidiary in 2011 was established in accordance with the Shariah principle of Ijarah. The IMTN program comprised first tranche with a tenure of 13 years and second tranche with a tenure of 11.5 years, commencing from date of the issuance of each tranche. The profit rates for first and second tranche are charged at 4.218% per annum and 4.118% per annum respectively, payable on semi-annually.
- (xii) The revolving credit facilities of the Company bear interest ranging from 4.00% to 4.70% per annum (2014: 4.00% to 4.69% per annum).
- (xiii) The Government loan of a subsidiary is repayable starting on the sixth concession year from 2009 in ten equal instalments and each payment shall be made within the first month of the particular concession year.
- (xiv) The IMTN programme entered into by the Company during the year was established in accordance with Shariah principle of Murabahah (via tawarruq arrangement). The tenure of the IMTNs issued under the programme ranges from 5 years to 12 years. Profit rates on the IMTN issued are at fixed rates ranging from 5.20% to 5.95% per annum.
- (xv) A term loan of a subsidiary obtained during the year is secured by certain assets of the subsidiary and the Company's subsidiaries. The interest rate is 5.91% per annum with loan tenure of 5 years.

**31 LAND LEASE RECEIVED IN ADVANCE**

	Group	
	2015 RM'000	2014 RM'000
<b>At cost:</b>		
At 1 January	<b>267,508</b>	281,909
Additions during the financial year	<b>29,372</b>	17,045
Recognised as income during the financial year (Note 7(i))	<b>(17,113)</b>	(16,309)
Recognisable within next 12 months (included under other payables) (Note 32)	<b>(17,024)</b>	(15,137)
At 31 December	<b>262,743</b>	267,508

Included in the land lease received in advance is an amount of RM91,981,169 (2014: RM95,966,357) received in respect of part of the leasehold land stated in Note 12 being sub-leased to certain third party for a period of 30 years.



## 32 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
Trade payables	364,448	804,857	118,796	246,537
Other payables	624,419	362,078	112,851	57,767
Accruals	353,672	636,905	40,220	9,213
Dividend payable on RPS (Note 29)	19,551	18,958	–	–
Land lease received in advance (Note 31)	17,024	15,137	–	–
Land lease liabilities (Note 32(a))	2,674	3,068	–	–
Finance lease liabilities (Note 32(a))	13,936	–	–	–
Concession fee payable (Note 32(b))	20,000	20,000	–	–
Amounts due to contract customers (Note 35)	175,081	226,193	128,602	174,361
Provision for retirement benefits (Note 32(c))	2,231	2,137	–	–
	<b>1,593,036</b>	<b>2,089,333</b>	<b>400,469</b>	<b>487,878</b>
<b>Non-current</b>				
Trade payables	30,937	27,354	30,937	27,142
Other payables	218,174	179,289	–	–
Land lease liabilities (Note 32(a))	11,413	12,279	–	–
Finance lease liabilities (Note 32(a))	20,775	–	–	–
	<b>281,299</b>	<b>218,922</b>	<b>30,937</b>	<b>27,142</b>
<b>Total</b>	<b>1,874,335</b>	<b>2,308,255</b>	<b>431,406</b>	<b>515,020</b>

### 32 TRADE AND OTHER PAYABLES (CONTINUED)

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Functional currency (RM):				
– Australian Dollar	32	17,393	–	–
– US Dollar	11,431	6,122	–	–
– EURO	131	5,224	–	–
– Others	1,056	1,675	–	–
	12,650	30,414	–	–

Credit terms of trade payables granted to the Group and Company vary from immediate payment to 90 days (2014: immediate payment to 90 days).

#### (a) Lease liabilities

	Group			
	Land lease liabilities		Finance lease liabilities	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Minimum lease payments:				
Not later than 1 year	3,636	4,098	16,708	–
Later than 1 year and not later than 5 years	8,440	7,918	20,364	–
Later than 5 years	6,656	9,005	–	–
	18,732	21,021	37,072	–
Less: Unexpired term charges	(4,645)	(5,674)	(2,361)	–
	14,087	15,347	34,711	–
Present value of finance lease obligations:				
Not later than 1 year	2,674	3,068	13,936	–
Later than 1 year and not later than 5 years	8,439	4,559	20,775	–
Later than 5 years	2,974	7,720	–	–
	14,087	15,347	34,711	–

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

**32 TRADE AND OTHER PAYABLES (CONTINUED)**

## (b) Concession fee payable

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Not later than 1 year	<b>20,000</b>	20,000

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

The concession fee of RM20 million (2014: RM20 million) is payable to Federal Government which is for the rights granted to operate, manage and develop the Airport, as disclosed above.

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

## (c) Provision for retirement benefits

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Present value of unfunded obligations	<b>15,611</b>	104,810
Fair value of plan assets	–	(15,619)
Net liability recognised in the statement of financial position	<b>15,611</b>	89,191
Analysed as:		
Current	<b>2,231</b>	2,137
Non-current	<b>13,380</b>	87,054
	<b>15,611</b>	89,191

## 32 TRADE AND OTHER PAYABLES (CONTINUED)

### (c) Provision for retirement benefits (continued)

Movement in defined benefit liabilities:

	Group	
	2015 RM'000	2014 RM'000
Defined benefit liabilities at beginning of the year	104,810	97,459
Included in the profit or loss:		
Current service cost	3,161	9,317
Interest cost	1,744	4,913
Other service cost	–	(54)
	4,905	14,176
Included under other comprehensive income:		
Actuarial loss/(gain) arising from:		
– financial assumption changes	–	1,239
– demographic assumption changes	–	(1,160)
– experience adjustment	–	(872)
Others	175	161
	175	(632)
Other movement:		
Benefits paid by the plan	(1,146)	(3,125)
Benefits paid directly by the employer	(3,350)	(3,068)
Disposal of a subsidiary	(89,783)	–
	(94,279)	(6,193)
Defined benefit obligations at end of the year	15,611	104,810

**32 TRADE AND OTHER PAYABLES (CONTINUED)**

## (c) Provision for retirement benefits (continued)

Movement in fair value of plan assets:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Plan assets at beginning of the year	<b>(15,619)</b>	(16,790)
Included in the profit or loss:		
Interest income	<b>(215)</b>	(929)
Included under other comprehensive income:		
Return on scheme assets	–	783
Other movement:		
Benefits paid by the plan	<b>2,988</b>	2,719
Employer contribution	–	(1,402)
Disposal of a subsidiary	<b>12,846</b>	–
	<b>15,834</b>	1,317
Plan assets at end of the year	–	(15,619)



## 32 TRADE AND OTHER PAYABLES (CONTINUED)

### (c) Provision for retirement benefits (continued)

Movement in net defined benefit liabilities:

	Group	
	2015 RM'000	2014 RM'000
Net defined benefit liabilities at beginning of the year	89,191	80,669
The expense included under profit or loss is analysed as follows:		
Current service cost	3,161	9,316
Interest cost	1,529	3,984
Other service cost	–	(53)
Expenses recognised in the profit or loss	4,690	13,247
The expense included under other comprehensive income is analysed as follows:		
Actuarial loss/(gain) arising from:		
– demographic changes	–	(1,160)
– financial assumption changes	–	1,239
– experience adjustment	–	(872)
Return on scheme assets	–	783
Others	175	161
Expenses recognised in the other comprehensive income	175	151
Other movement is analysed as follows:		
Benefits paid directly by the employer	(1,146)	(3,068)
Benefits paid by the plan	(362)	(406)
Employer contribution	–	(1,402)
Disposal of a subsidiary	(76,937)	–
	(78,445)	(4,876)
Net defined benefit liabilities at end of the year	15,611	89,191

**32 TRADE AND OTHER PAYABLES (CONTINUED)**

## (c) Provision for retirement benefits (continued)

Plan assets

The major categories of plan assets are as follows:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Equity instruments	–	8,981
Malaysian government securities	–	3,998
Foreign investments	–	1,234
Cash and cash equivalents	–	609
Corporate bonds	–	500
Others	–	297
At 31 December	–	15,619

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

	<b>Group</b>	
	<b>2015 %</b>	<b>2014 %</b>
Discount rates	<b>5.5</b>	5.4 to 5.5
Salary inflation rates	<b>5.0</b>	5.0 to 7.9

**32 TRADE AND OTHER PAYABLES (CONTINUED)**

(c) Provision for retirement benefits (continued)

**Sensitivity analysis**

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>%</b>	<b>%</b>
<hr/>		
Impact on the aggregate service and interest costs:		
Discount rate:		
One percentage point increase	<b>(1,002)</b>	(1,509)
One percentage point decrease	<b>1,002</b>	1,546
<hr/>		
Salary inflation:		
One percentage point increase	<b>1,319</b>	2,786
One percentage point decrease	<b>(1,319)</b>	(2,568)
<hr/>		
Impact on the defined benefit obligation:		
Discount rate:		
One percentage point increase	<b>(1,002)</b>	(8,680)
One percentage point decrease	<b>1,002</b>	10,147
<hr/>		
Salary inflation:		
One percentage point increase	<b>1,319</b>	9,884
One percentage point decrease	<b>(1,319)</b>	(8,637)
<hr/>		

**33 DEFERRED INCOME**

	Group	
	2015 RM'000	2014 RM'000
At 1 January	3,124,185	2,868,368
Deferred income recognised during the financial year	110,955	342,170
Grant received during the financial year	90,790	–
Recognised as income during the financial year (Note 7 (i))	(75,642)	(86,353)
Acquisition of a subsidiary	83,395	–
Disposal of a subsidiary	(3,005,385)	–
At 31 December	328,298	3,124,185
Non-current	299,046	2,967,614
Current	29,252	156,571
At 31 December	328,298	3,124,185

Deferred income is in relation to grants/funds received by subsidiaries for the development activities related to logistics businesses and for the portion of unearned revenue recognised from capacity payments.

**34 DERIVATIVE FINANCIAL INSTRUMENTS**

	Group			
	2015		2014	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Current</b>				
Derivative used for hedging:				
Interest rate swap	–	–	–	27,704
Forward foreign exchange	256	–	15	617
	256	–	15	28,321
Derivative held for trading:				
Warrants	16,026	–	19,895	–
	16,282	–	19,910	28,321
<b>Non-current</b>				
Derivative used for hedging:				
Interest rate swap	–	–	–	167,338
Cross currency swap	–	–	99,147	–
	–	–	99,147	167,338

34 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	Company			
	2015		2014	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Current</b>				
Derivative held for trading:				
Warrants	16,026	–	19,895	–
	16,026	–	19,895	–

- (i) The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2015 were RM135,763,000 (2014: RM14,262,000). The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts as of 31 December 2015 relates to purchases of property, plant and equipment and will be included in the carrying amount of the property, plant and equipment acquired.
- (ii) The warrants are traded on Bursa Malaysia. It entitles the holder to subscribe for 1 new ordinary shares of Zelan Berhad at the exercise price of RM0.25 per warrant and matures on 25 January 2019. The warrants are classified as current as the exercise rights of the warrants are at the discretion of the holder.
- (iii) The interest rate swap and cross currency swap were used to achieve an appropriate mix of fixed and floating interest rate exposure within the Group's policy. The Group entered into interest rate swaps and cross currency swaps, to hedge the interest rate risk and foreign exchange risk. The interest rate swap and cross currency swap are in respect of a subsidiary that has been deconsolidated following completion of its listing on Bursa Malaysia as disclosed in Note 41. The interest rate swaps and cross currency swaps were entered into for a period of 5 years to 25 years tenure.



## 35 CONSTRUCTION CONTRACTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Aggregate costs incurred and recognised profits (less losses) to date	<b>7,261,263</b>	6,680,699	<b>6,384,298</b>	5,704,146
Progress billings	<b>(7,373,251)</b>	(6,841,367)	<b>(6,476,257)</b>	(5,860,943)
	<b>(111,988)</b>	(160,668)	<b>(91,959)</b>	(156,797)
Amounts due from contract customers (Note 25)	<b>63,093</b>	65,525	<b>36,643</b>	17,564
Amounts due to contract customers (Note 32)	<b>(175,081)</b>	(226,193)	<b>(128,602)</b>	(174,361)
	<b>(111,988)</b>	(160,668)	<b>(91,959)</b>	(156,797)
Retentions on contracts	<b>1,997</b>	1,997	–	–

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Office rental	<b>1,469</b>	2,348	<b>622</b>	1,437
Depreciation of property, plant and equipment	<b>4,934</b>	6,096	<b>4,449</b>	5,671
Hire of plant and machinery	<b>144</b>	2,217	<b>102</b>	2,128
Staff costs	<b>110,200</b>	110,230	<b>51,907</b>	50,878
Staff costs consist of the following:				
Salaries, wages and bonuses	<b>92,025</b>	94,180	<b>35,115</b>	35,619
Defined contribution plan - contribution	<b>5,023</b>	3,878	<b>4,434</b>	3,461
Other employee benefits	<b>13,152</b>	12,172	<b>12,358</b>	11,798
	<b>110,200</b>	110,230	<b>51,907</b>	50,878

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

**36 SEGMENTAL INFORMATION**

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

The reportable segments of ports and logistics mainly derive their revenue from ports while energy and utilities derive their revenue mainly from electricity generation (Energy); engineering and construction segment derive their revenue from infrastructure and construction projects. Included in "Others" are mainly investment holding, airport operations and water treatment operations, which individually does not meet the quantitative thresholds required by MFRS 8.

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

	Ports and logistics RM'000	Energy and utilities		Engineering and construction RM'000	Others RM'000	Total RM'000
		Gas RM'000	Energy RM'000			
<b>2015</b>						
<b>Revenue</b>						
Total	1,920,988	-	2,043,912	1,035,711	139,902	5,140,513
Inter-segment	(13,833)	-	-	(69,650)	(146)	(83,629)
External	1,907,155	-	2,043,912	966,061	139,756	5,056,884
<b>Results</b>						
Profit/(loss) before zakat and taxation	489,967	32,806	1,718,764	179,855	(451,844)	1,969,548
Finance costs	165,991	-	320,032	200	225,520	711,743
Depreciation and amortisation	284,895	-	409,236	7,043	28,442	729,616
EBITDA*	940,853	32,806	2,448,032	187,098	(197,882)	3,410,907

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

## 36 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics RM'000	Energy and utilities		Engineering and construction RM'000	Others RM'000	Total RM'000
		Gas RM'000	Energy RM'000			
<b>2015</b>						
<b>Other information</b>						
Segment assets	11,257,113	-	-	573,680	3,863,564	15,694,357
Joint ventures	3,784	-	-	280,816	(13,078)	271,522
Associates	4,788	872,903	3,384,314	70,289	172,387	4,504,681
Interest-bearing instruments	1,026,520	-	-	118,423	154,680	1,299,623
Total assets						21,770,183
Segment liabilities	1,633,080	-	-	576,427	764,969	2,974,476
Interest-bearing instruments	3,686,428	-	-	24,368	5,100,040	8,810,836
Total liabilities						11,785,312
<b>Other disclosures</b>						
Capital expenditure	554,689	-	235,438	3,005	44,727	837,859
Interest income	20,106	-	69,425	5,067	1,033	95,631
Depreciation:						
- property, plant and equipment	283,054	-	225,260	7,043	23,779	539,136
- investment properties	98	-	-	-	471	569
Amortisation of:						
- rights on Power Purchase Agreement and Operations and Maintenance Agreement	-	-	183,976	-	-	183,976
- rights on airport business	-	-	-	-	4,194	4,194
- intangible assets - buildings	1,741	-	-	-	-	1,741

36 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics RM'000	Energy and utilities Gas RM'000	Energy RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
<b>2014</b>						
<b>Revenue</b>						
Total	1,659,168	–	5,594,484	1,288,134	421,150	8,962,936
Inter-segment	(12,945)	–	–	(184,490)	–	(197,435)
External	1,646,223	–	5,594,484	1,103,644	421,150	8,765,501
<b>Results</b>						
Profit/(loss) before zakat and taxation	254,034	51,854	595,484	310,632	(326,395)	885,609
Finance costs	135,757	–	911,242	(262)	213,889	1,260,626
Depreciation and amortisation	248,517	–	1,030,816	8,074	35,055	1,322,462
EBITDA*	638,308	51,854	2,537,542	318,444	(77,451)	3,468,697
<b>2014</b>						
<b>Other information</b>						
Segment assets	8,276,470	–	24,511,038	697,578	4,050,973	37,536,059
Joint ventures	–	–	57,885	240,385	(10,780)	287,490
Associates	221,854	886,011	1,251,521	57,295	128,621	2,545,302
Interest-bearing instruments	680,057	–	3,896,409	185,730	273,829	5,036,025
Total assets						45,404,876
Segment liabilities	1,067,845	–	6,931,977	634,623	694,580	9,329,025
Interest-bearing instruments	3,348,193	–	18,224,005	8,535	4,160,955	25,741,688
Total liabilities						35,070,713

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

## 36 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics RM'000	Energy and utilities Gas RM'000	Energy RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
2014 (continued)						
<b>Other disclosures</b>						
Capital expenditure	776,857	–	1,614,561	2,852	39,796	2,434,066
Interest income	(16,226)	–	(132,688)	(2,381)	(9,311)	(160,606)
Depreciation:						
– property, plant and equipment	248,517	–	562,988	8,074	26,236	845,815
– investment properties	–	–	–	–	489	489
Amortisation of:						
– rights on Power Purchase Agreement and Operations and Maintenance Agreement	–	–	467,828	–	–	467,828
– rights on water treatment business	–	–	–	–	4,134	4,134
– rights on airport business	–	–	–	–	4,196	4,196

The Group's operations are principally based in Malaysia. The foreign-based entities' revenue, results, assets and liabilities in comparison to the Group's figures are negligible. Accordingly, no segmental information based on geographical segment is disclosed.

The following are the major customers with revenue equal or more than 10% of the Group's total revenue:

Customer	Segment	2015 RM'000	2014 RM'000
Customer A	Energy and Utilities	1,972,134	5,457,407
Customer B	Ports and Logistics	650,680	609,435
Customer C	Engineering and Construction	655,137	730,226
Total		3,277,951	6,797,068



**37 SIGNIFICANT CONTINGENT LIABILITIES**

- (a) Jurutera Perunding Daya Sdn. Bhd. and Pengurusan Projek Daya Sdn. Bhd. (collectively known as "Daya Group") have instituted legal proceedings against the Company and a subsidiary, Projek Lebuhraya Timur Sdn. Bhd. ("Pelita") for, amongst others, general damages which the Daya Group indicated are in the region of RM49.9 million, for alleged work undertaken in respect of the privatisation of the East Coast Expressway.

On 22 December 2011, the High Court delivered its decision and dismissed the Daya Group's claim against the Company and allowed the Company's counterclaim. The High Court however, allowed the Daya Group's claim on liability only against Pelita and dismissed Pelita's counterclaim. The quantum of damages, if any, will be assessed in separate proceedings. Pelita's solicitors are unable to provide an assessment of possible damages against Pelita as documents for the assessment have not been provided by solicitors of the Daya Group to-date.

Both the Daya Group and Pelita lodged appeals to the Court of Appeal against the decision of the High Court. On 7 September 2015, the Court of Appeal dismissed the appeals of both the Daya Group and Pelita with no order as to costs.

- (b) At 31 December 2015, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Bank guarantees issued to third parties for performance (secured/unsecured)	198,843	464,993	–	–

Bank guarantees issued to third parties mainly comprise customers and utilities suppliers. These are mainly in respect of performance bonds and payment guarantee for utilities facilities.

There are no other material contingent liabilities, litigations or guarantees other than those arising in the ordinary course of the business of the Group and the Company and the Directors are of the opinion that their outcome will not have a material adverse effect on the financial positions of the Group and the Company.

**38 COMMITMENTS**

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

**(a) Capital commitments:**

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Property, plant and equipment				
Authorised but not contracted for	<b>3,172</b>	463,428	–	544
Contracted but not provided for	<b>195,108</b>	1,494,013	–	–
<b>Total</b>	<b>198,280</b>	1,957,441	–	544

**(b) Non-cancellable operating lease commitments**

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
(i) For computer hardware		
Not later than 1 year	<b>186</b>	533
Later than 1 year and not later than 5 years	<b>93</b>	278
	<b>279</b>	811
(ii) For the port area		
Not later than 1 year	<b>32,780</b>	31,301
Later than 1 year and not later than 5 years	<b>134,094</b>	130,964
Later than 5 years	<b>1,585,452</b>	1,637,002
	<b>1,752,326</b>	1,799,267
(iii) For rental of office building and equipment		
Not later than 1 year	<b>8,424</b>	4,930
Later than 1 year and not later than 5 years	<b>8,661</b>	8,220
	<b>17,085</b>	13,150
<b>Total</b>	<b>1,769,690</b>	1,813,228

### 39 SIGNIFICANT RELATED PARTY DISCLOSURES

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Dr/(Cr)</b>				
(a) The following transactions were carried out with related parties:				
Transactions with subsidiaries:				
Transfer of equity interest in a subsidiary company	-	-	-	222,391
Transactions with associates:				
Interest income on unsecured subordinated loan notes	-	(26,410)	-	-
Companies subject to common significant influence:				
Borrowings drawdown	33,731	1,269	-	-
Deposits (withdrawn)/made	(367,099)	282,148	(63,848)	97,018

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Dr/(Cr)</b>				
(b) Financial year-end balances arising from:				
Transactions with subsidiaries:				
Transfer of equity interest in a subsidiary	-	-	1,122,703	1,122,703
Associates:				
Interest income on unsecured subordinated loan notes	-	320,370	-	-
Companies subject to common significant influence:				
Borrowings drawdown	375,000	341,269	-	-
Deposits made	212,528	569,627	83,160	147,018

**39 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

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

Dr/(Cr)	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(c) Key management compensation				
Fees	<b>1,813</b>	902	<b>910</b>	425
Salaries and bonuses	<b>11,620</b>	9,367	<b>11,620</b>	8,688
Defined contribution plan - contributions	<b>1,673</b>	1,602	<b>1,673</b>	1,248
Other employee benefits	<b>1,302</b>	3,218	<b>1,237</b>	1,154
	<b>16,408</b>	15,089	<b>15,440</b>	11,515

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

**40 COMPANIES IN THE GROUP**

The principal activities of the companies in the Group, their places of incorporation and the interest of the Group are shown below:

**Subsidiaries**

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
* Aliran Ihsan Resources Berhad	Malaysia	100.0	100.0	Investment holding
Anglo-Oriental (Annuities) Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
Anglo-Oriental (Malaya) Sdn. Bhd.	Malaysia	100.0	100.0	Property and investment holding
* Johor Port Berhad	Malaysia	100.0	100.0	Port operations
MMC Engineering Group Berhad	Malaysia	100.0	100.0	Engineering, management services and investment holding
MMC Tepat Teknik Sdn. Bhd.	Malaysia	70.0	70.0	Construction and fabrication
* MMC Zelan Sdn. Bhd.	Malaysia	60.0	60.0	Undertake, construct, maintain, manage/execute any Light Rail Transit (LRT) project in Malaysia or elsewhere and to carry out all related works thereto
MMC Pembetungan Langat Sdn. Bhd. (formerly known as Pembetungan Langat Sdn. Bhd.)	Malaysia	100.0	100.0	Design, develop, construct and build of sewage plant
* MMC Port Holdings Sdn. Bhd. (formerly known as MMC Ventures Sdn. Bhd.)	Malaysia	100.0	100.0	Investment holding
# MMC International Holdings Limited	British Virgin Islands	100.0	100.0	Investment holding
++ NCB Holdings Bhd. *	Malaysia	86.7	15.7	Investment holding and provision of management services to its subsidiaries.
Pernas Charter Management Sdn. Bhd.	Malaysia	100.0	100.0	Provision of management services to holding company and fellow subsidiaries.
Pelabuhan Tanjung Pelepas Sdn. Bhd.	Malaysia	70.0	70.0	Port operations



## 40 COMPANIES IN THE GROUP (CONTINUED)

## Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
* Senai Airport Terminal Services Sdn. Bhd.	Malaysia	100.0	100.0	To manage, operate, maintain and develop the Senai International Airport
Timah Securities Berhad	Malaysia	100.0	100.0	Property investment
<b>Subsidiaries of Aliran Ihsan Resources Berhad</b>				
* Aliran Utara Sdn. Bhd.	Malaysia	100.0	100.0	Operation, maintenance and management of water treatment plant
* Southern Water Corporation Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding, water treatment and rehabilitation of water treatment plants, construction of water works
* Southern Water Technology Sdn. Bhd.	Malaysia	100.0	100.0	Construction of water work and water treatment plant
* Southern Water Engineering Sdn. Bhd.	Malaysia	100.0	100.0	Water treatment specialist and operation, maintenance and provision of services related to water treatment and equipment
<b>Subsidiaries of Anglo-Oriental (Annuities) Sdn. Bhd.</b>				
Labohan Dagang Galian Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
MMC Marketing Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
<b>Subsidiaries of Anglo-Oriental (Malaya) Sdn. Bhd.</b>				
Tronoh Holdings (Selangor) Sendirian Berhad	Malaysia	100.0	100.0	Property investment
<b>Subsidiaries of Johor Port Berhad</b>				
* JP Logistics Sdn. Bhd.	Malaysia	100.0	100.0	Providing logistics services
* JP Logistics Pte Limited	Singapore	100.0	100.0	Providing logistics services
* Seaport Worldwide Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding and property development
<b>Subsidiaries of Malakoff Corporation Berhad</b>				
* Malakoff Power Berhad	Malaysia	–	51.0	Operation and maintenance of power plants

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## 40 COMPANIES IN THE GROUP (CONTINUED)

## Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
Subsidiaries of Malakoff Corporation Berhad (continued)				
* Teknik Janakuasa Sdn. Bhd. @	Malaysia	–	51.0	Investment holding company and provision of operation and maintenance and any related services
* GB3 Sdn. Bhd. @	Malaysia	–	38.3	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
* Prai Power Sdn. Bhd. @	Malaysia	–	51.0	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
* Segari Energy Ventures Sdn. Bhd. @	Malaysia	–	47.8	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of power plant
* Tanjung Bin Power Sdn. Bhd. @	Malaysia	–	45.9	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 2,100 MW coal-fired electricity generating facilitiy and sale of electrical energy and generating capacity of the power plant
* Malakoff Engineering Sdn. Bhd. @	Malaysia	–	51.0	Provision of engineering and project management services
* MESB Project Management Sdn. Bhd. @	Malaysia	–	51.0	Dormant
* Malakoff Utilities Sdn. Bhd. @	Malaysia	–	51.0	Build, own and operate an electricity distribution system and a centralised chilled water plant system

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
Subsidiaries of Malakoff Corporation Berhad (continued)				
* Hypergantic Sdn. Bhd. @	Malaysia	–	51.0	Investment holding
* Desa Kilat Sdn. Bhd. @	Malaysia	–	27.5	Land reclamation, development and/or sale of reclaimed land
* Malakoff AlDjazair Desal Sdn. Bhd. @	Malaysia	–	51.0	Investment holding
* TJSB Global Sdn. Bhd. @	Malaysia	–	51.0	Investment holding
* Tuah Utama Sdn. Bhd. @	Malaysia	–	51.0	Investment holding
* Natural Analysis Sdn. Bhd. @	Malaysia	–	51.0	Dormant
* TJSB Services Sdn. Bhd. @	Malaysia	–	51.0	Provision of maintenance, repair and overhaul and any related services to power plants and any other plants of similar main and auxiliary operating systems
# Malakoff International Limited @	Cayman Islands	–	51.0	Offshore - Investment holding
# Malakoff Hidd Holding @ Company Limited	Guernsey	–	51.0	Asset, property, investment, intellectual property and other holding companies
# Malakoff Summit Hidd Holding @ Company Limited	Guernsey	–	29.1	Asset, property, investment, intellectual property and other holding companies
# Malakoff Gulf Limited @	British Virgin Islands	–	51.0	Offshore - Investment holding
# Malakoff Technical (Dhofar) @ Limited	British Virgin Islands	–	51.0	Offshore - Investment holding
* Tlemcen Desalination @ Investment Company SAS	France	–	35.7	Offshore - Investment holding
# TJSB International Limited @	Cayman Islands	–	51.0	Offshore - Investment holding
# Malakoff Oman @ Desalination Company Limited	British Virgin Islands	–	51.0	Offshore - Investment holding

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
Subsidiaries of Malakoff Corporation Berhad (continued)				
# TJSB International @ (Shoaiba) Limited	British Virgin Islands	–	51.0	Offshore - Investment holding
# TJSB Middle East Limited @	British Virgin Islands	–	51.0	Operation and maintenance of power plant
* PT. Teknik Janakuasa @	Indonesia	–	48.5	Provision of operation and maintenance services to power plant and/or other utility plants
* Malakoff R&D Sdn. Bhd. @	Malaysia	–	51.0	Promoting, developing, acquiring and enhancing the group's capacity and innovation in the energy business
* Tanjung Bin Energy Sdn. Bhd. @	Malaysia	–	51.0	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000MW coal-fired electricity generating facility
* Tanjung Bin Energy Issuer @ Berhad	Malaysia	–	51.0	Administer and manage the development of a 1,000MW coal-fired electricity generating facility
* Tanjung Bin O&M Berhad @	Malaysia	–	51.0	Operation and maintenance of power plant
* Pacific Goldtree Sdn. Bhd. @	Malaysia	–	51.0	Investment holding
* Skyfirst Power Sdn. Bhd. @	Malaysia	–	51.0	Investment holding
* Malakoff Australia Pty. Ltd. @	Australia	–	51.0	Investment holding company
* Wind Macarthur Holdings @ (T) Pty. Limited	Australia	–	51.0	Investment holding
* Malakoff Holdings Pty. Ltd. @	Australia	–	51.0	Investment holding
* Wind Macarthur (T) Pty. Limited @	Australia	–	51.0	Leasing of plant and equipment

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
Subsidiaries of Malakoff Corporation Berhad (continued)				
* Wind Macarthur Finco @ Pty. Limited	Australia	–	51.0	Financing operations for Macarthur wind farm project
* Malakoff Wind Macarthur @ Holdings Pty. Limited	Australia	–	51.0	Investment holding
* Malakoff Wind Macarthur @ Pty. Limited.	Australia	–	51.0	Leasing of wind turbine assets
@ Port Dickson Power Berhad	Malaysia	–	51.0	Independent power producer licensed by the Government to supply electricity exclusively to TNB
@ PDP O&M Sdn. Bhd.	Malaysia	–	51.0	Operation and maintenance of power plant
Subsidiaries of MMC Engineering Group Berhad				
MMC Engineering & Construction Sdn. Bhd.	Malaysia	100.0	100.0	Civil engineering construction works
MMC Engineering Services Sdn. Bhd.	Malaysia	100.0	100.0	Specialised engineering construction works
MMC-GTM Bina Sama Sdn. Berhad	Malaysia	100.0	100.0	Contractor for civil engineering and construction works
MMC Technical Services Sdn. Bhd. (formerly known as MMC Petroleum & Resources Sdn. Bhd.)	Malaysia	100.0	100.0	Investment holding company and to provide professional services to the oil and gas and resources industries
Subsidiaries of MMC Technical Services Sdn. Bhd.				
MMC Oil & Gas Engineering Sdn. Bhd.	Malaysia	100.0	100.0	Provision of professional engineering services to the oil and gas industry
Subsidiaries of MMC Tepat Teknik Sdn Bhd				
MMC Tepat Teknik (Kejuruteraan) Sdn. Bhd.	Malaysia	70.0	70.0	Construction and fabrication

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2015 %	2014 %	
Subsidiaries of MMC International Holdings Limited				
# MMC Saudi Holdings Limited	British Virgin Islands	100.0	100.0	Investment holding
# City Island Holdings Limited	British Virgin Islands	100.0	100.0	Investment holding
# MMC Utilities Limited	British Virgin Islands	100.0	100.0	Investment holding and provision of project management services
* MMC Saudi Arabia Limited	Kingdom of Saudi Arabia	100.0	100.0	Investment holding
Subsidiaries of Pelabuhan Tanjung Pelepas Sdn. Bhd.				
^ Pelepas Terminal Inland Services Sdn. Bhd.	Malaysia	49.0	49.0	Repair, prepare and trade of containers, containerisation system and other related works
Subsidiaries of Senai Airport Terminal Services Sdn. Bhd.				
* Senai Airport City Services Sdn. Bhd. (formerly known as Senai High Tech Park Sdn. Bhd.)	Malaysia	100.0	100.0	Construct, develop, equip, maintain, carry on, market and manage the Senai High Technology Park in Johor
* Senai Airport City Sdn. Bhd. (formerly known as Enigma Harmoni Sdn. Bhd.)	Malaysia	100.0	100.0	Property development
Subsidiaries of NCB Holdings Berhad				
* Northport (Malaysia) Bhd. %	Malaysia	86.7	15.7	Port operations
* Northport Distripark Sdn. Bhd. %	Malaysia	86.7	15.7	Management of a distribution centre
* Kontena Nasional Berhad %	Malaysia	86.7	15.7	Logistics
* Kontena Nasional Global Logistics Sdn. Bhd. %	Malaysia	86.7	15.7	Freight forwarding services
* KN Global Transport Sdn. Bhd. %	Malaysia	86.7	15.7	Warehousing, distribution and freight forwarding services



**40 COMPANIES IN THE GROUP (CONTINUED)****Inactive subsidiaries**

Name of company	Country of incorporation	Group's effective interest	
		2015 %	2014 %
Bidor Malaya Tin Sdn. Bhd.	Malaysia	100.0	100.0
Kramat Tin Dredging Berhad	Malaysia	52.9	52.9
MMC Rail Ventures Sdn. Bhd.	Malaysia	100.0	100.0
Projek Lebuhraya Timur Sdn. Bhd.	Malaysia	100.0	100.0
MMC Utilities Berhad	Malaysia	100.0	100.0
Southern Kinta Consolidated (M) Berhad	Malaysia	100.0	100.0
Southern Malayan Tin Dredging (M) Berhad	Malaysia	100.0	100.0
* MMC EG Co. Limited	Mongolia	90.0	90.0
MMC Sdn. Bhd.	Malaysia	100.0	100.0
MMC Utilities Holdings Sdn. Bhd.	Malaysia	100.0	100.0
MMC Transport Engineering Sdn. Bhd.	Malaysia	100.0	100.0
<b>Subsidiaries of Anglo-Oriental (Annuities) Sdn. Bhd.</b>			
* Anglo-Oriental do Brasil Limited	Brazil	100.0	100.0
Dana Vision Sdn. Bhd.	Malaysia	100.0	100.0
* MMC Exploration & Production (Philippines) Pte Ltd	Samoa	100.0	100.0
* MMC Exploration & Production (Thailand) Pte Ltd (under liquidation)	Thailand	100.0	100.0
MMC-Shapadu (Holdings) Sdn. Berhad (under members' voluntary liquidation)	Malaysia	76.0	76.0
<b>Subsidiaries of Anglo-Oriental (Malaya) Sdn. Bhd.</b>			
Anglo-Oriental Malaya Trustees Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	100.0	100.0
MMC Frigstad Offshore	Malaysia	100.0	100.0
<b>Subsidiaries of MMC Tepat Teknik Sdn. Bhd.</b>			
* Tepat Teknik (Labuan) Ltd	Malaysia	70.0	70.0
MMC Tepat Teknik (Sarawak) Sdn. Bhd.	Malaysia	70.0	70.0

40 COMPANIES IN THE GROUP (CONTINUED)

Inactive subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest	
		2015 %	2014 %
Subsidiaries of MMC International Holding Limited			
# MMC Ports Limited	British Virgin Islands	100.0	100.0
Subsidiaries of Malakoff Corporation Berhad			
# Spring Assets Limited @	British Virgin Islands	–	51.0
* Malakoff Capital (L) Limited @	Federal Territory of Labuan, Malaysia	–	51.0
Subsidiaries of Senai Airport Terminal Services Sdn. Bhd.			
* Aturan Jernih Sdn. Bhd.	Malaysia	100.0	100.0
* Senai Airport Sdn. Bhd.	Malaysia	100.0	100.0
* SPJ Corporation Berhad	Malaysia	100.0	100.0
Subsidiaries of Aliran Ihsan Resources Berhad			
* Aliran Jebat Sdn. Bhd.	Malaysia	80.0	80.0
* Equiventures Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	49.0	49.0
* Strategi Tegas (M) Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	30.0	30.0
Subsidiaries of NCB Holdings Bhd.			
* Konnas Prolink Sendirian Berhad %	Malaysia	86.7	15.7
* KN Maritime Services Sdn. Bhd. %	Malaysia	86.7	15.7
* KN Loginfra Sdn. Bhd. %	Malaysia	86.7	15.7
* Klang Port Management Sdn. Bhd. %	Malaysia	86.7	15.7

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Associates

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2015 %	2014 %		
++Zelan Berhad	Malaysia	39.2	39.2	31.12.2015	Investment holding, civil engineering and construction of power plant and buildings
++Gas Malaysia Berhad	Malaysia	30.9	30.9	31.12.2015	Selling, marketing and promotion of natural gas to the industrial, commercial and residential sectors as well as construct and operate the Natural Gas Distribution System in Peninsular Malaysia
++Malakoff Corporation * Berhad	Malaysia	37.6	51.0	31.12.2015	Investment holding
<b>Associates of MMC International Holdings Limited</b>					
* Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	20.0	20.0	31.12.2015	Operation and maintenance of container terminals
* Red Sea Ports Development Company Limited	Kingdom of Saudi Arabia	20.0	20.0	31.12.2015	Operation and maintenance of container terminals
* Jazan Economic City Land Company Limited	Kingdom of Saudi Arabia	50.0	50.0	31.12.2015	Development of Jazan Economic City in the Kingdom of Saudi Arabia
<b>Associates of Malakoff Corporation Berhad</b>					
Kapar Energy Ventures @ Sdn. Bhd.	Malaysia	–	20.4	31.12.2014	Generation and sale of electricity
* Lekir Bulk Terminal @ Sdn. Bhd.	Malaysia	–	10.2	31.12.2014	Development, ownership and management of dry bulk terminal
* Malaysian Shoaiba @ Consortium Sdn. Bhd.	Malaysia	–	20.4	31.12.2014	Investment holding

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Associates (continued)

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2015 %	2014 %		
Associates of Malakoff Corporation Berhad (continued)					
* Saudi-Malaysia @ Water & Electricity Company Limited	Kingdom of Saudi Arabia	–	10.2	31.12.2014	Offshore - Investment holding
* Shuaibah Water & @ Electricity Company Limited	Kingdom of Saudi Arabia	–	6.1	31.12.2014	Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant
* Shuaibah Expansion @ Project Company Limited	Kingdom of Saudi Arabia	–	6.0	31.12.2014	Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities
* Shuaibah Expansion @ Holding Company Limited	Kingdom of Saudi Arabia	–	6.1	31.12.2014	Development, construction, ownership, operation and maintenance of the Shuaibah Phase 3 Expansion Independent Water Producer ("IWP"), transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock
# Oman Technical @ Partners Limited	British Virgin Island	–	22.1	31.12.2014	Offshore - Investment Holding
# Salalah Power Holdings @ Limited	Bermuda	–	22.1	31.12.2014	Offshore - Investment Holding
* Al-Imtiaz Operation @ & Maintenance Company Limited	Kingdom of Saudi Arabia	–	10.2	31.12.2014	Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Associates (continued)

Name of company	Country of incorporation	Group's effective interest		Accounting date for inclusion of company results	Principal activities
		2015 %	2014 %		
Associates of Malakoff Corporation Berhad (continued)					
* Saudi-Malaysia @ Operation & Maintenance Services Company Limited	Kingdom of Saudi Arabia	–	10.2	31.12.2014	Operation and maintenance of power and water desalination plant
* Hyflux-TJSB Algeria SPA @	Algeria	–	24.9	31.12.2014	Operation and maintenance of water desalination plant
# Hidd Power Company @ B.S.C (c)	Bahrain	–	20.4	31.12.2014	Building, operation and maintenance of power and water stations for special purposes (specific supply only)
@ Muscat City Desalination Company S.A.O.C	Oman	–	23.0	31.12.2014	Desalination of water
@ Muscat City Desalination Operation and Maintenance Company LLC	Oman	–	16.0	31.12.2014	Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes, business agencies (excluding portfolio and securities) and wholesale industrial chemicals
Associates of NCB Holdings Bhd.					
* P.T. Ritra Konnas % Freight Centre	Indonesia	28.9	5.2	31.12.2015	Container depot operations

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Inactive associates

Name of company	Country of incorporation	Group's effective interest	
		2015 %	2014 %
Konsortium Bernas MMC SPPM Sdn. Bhd. (formerly known as Tunas Tertib Sdn. Bhd.)	Malaysia	10.0	10.0
<b>Associates of MMC Marketing Sdn. Bhd.</b>			
* Ajil Minerals Sdn. Bhd.	Malaysia	49.0	49.0
<b>Associates of MMC Tepat Teknik Sdn. Bhd.</b>			
* Tepat Teknik-VME Sdn. Bhd.	Malaysia	34.9	34.9
<b>Associates of MMC International Holdings Limited</b>			
MMC Overseas Pte Limited	Federal Territory of Labuan, Malaysia	10.0	10.0

## Joint arrangements

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2015 %	2014 %	
Joint ventures				
* Projek Smart Holdings Sdn. Bhd.	Malaysia	50.0	50.0	Investment holding
* Syarikat Mengurus Air Banjir dan Terowong Sdn. Bhd.	Malaysia	50.0	50.0	Undertakes the Stormwater Management and Road Tunnel project
* MMC-Gamuda Joint Venture Sdn. Bhd.	Malaysia	50.0	50.0	Design, construction, testing, commissioning and maintenance of the Electric Double Tracking Project
* MMC Gamuda KVMRT (PDP) Sdn. Bhd.	Malaysia	50.0	50.0	Undertake, construct, maintain, improve, develop, implement, control, execute and manage any Mass Rapid Transit project in Malaysia or elsewhere
* MMC Gamuda KVMRT (T) Sdn. Bhd.	Malaysia	50.0	50.0	Undertake pre-qualifying and tendering of the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project



**40 COMPANIES IN THE GROUP (CONTINUED)****Joint arrangements (continued)**

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2015 %	2014 %	
Joint ventures (continued)				
* MMC Gamuda KVMRT (PDP SSP) Sdn. Bhd.	Malaysia	50.0	50.0	Undertake, construct, maintain, improve, develop, implement, control, execute and manage any Mass Rapid Transit project in Malaysia or elsewhere
Salcon MNCB AZSB JV Sdn. Bhd.	Malaysia	34.0	34.0	Process engineering, construction and operation for clean water and waste/water treatment plants and pipe network and related mechanical, electrical and instrumentation work
* KTMB MMC Cargo Sdn. Bhd.	Malaysia	49.0	–	Rail freight transport and related businesses in the rail cargo sector
Joint Ventures of Malakoff Corporation Berhad				
* Almiyah Attilemcania SPA @	Algeria	–	18.2	Construction, operation and maintenance of a sea water desalination plant and marketing the desalinated water produced
Joint Ventures of MMC Engineering Group Berhad				
Salcon MMCEs AZSB JV Sdn. Bhd.	Malaysia	34.0	34.0	Process engineering, construction and operation for clean water and waste/water treatment plants and pipe network and related mechanical, electrical and instrumentation work
* MMCE-Franky Consortium Joint Venture	Malaysia	60.0	60.0	Construction and completion of Kuantan-Kertih Railway Project Civil Works Package 2

## 40 COMPANIES IN THE GROUP (CONTINUED)

## Joint arrangements (continued)

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2015 %	2014 %	
Joint ventures (continued)				
Joint Ventures of Johor Port Berhad				
* KOTUG Asia Sdn. Bhd.	Malaysia	51.0	–	Providing tug boats and maritime crafts services
* Cranetech Global Sdn. Bhd. (formerly known as Premier Global Solution Sdn. Bhd.)	Malaysia	50.0	–	Providing maintenance services and spare parts for all types of industrial crane
Joint operations				
* MMC-Gamuda Joint Venture	Malaysia	50.0	50.0	Design, engineering, procurement, construction, installation, testing and commissioning of Stormwater Management and Road Tunnel project
* MMC-Gamuda Joint Venture (2T)	Malaysia	50.0	50.0	Construction, completion, testing, commissioning and maintenance of the Infrastructure works comprising packages N1 to N6 including maintenance works for N7 and N8 of the Electrified Double Tracking Project (“EDTP”) between Ipoh and Padang Besar
* MMC Gamuda KVMRT (UGW) Joint Venture	Malaysia	50.0	50.0	Execution of the tunnelling, underground works and such other works in relation to the underground works package for the Klang Valley Mass Rapid Transit Project

The keys to the symbols used are as follows:

\* Audited by firms other than PricewaterhouseCoopers, Malaysia

++ Quoted companies

# No legal requirement to appoint auditors

^ De facto controlled subsidiaries

@ Subsidiaries, associates and joint ventures companies of a subsidiary that was disposed during the year

% Subsidiaries and associates companies of a subsidiary that was acquired during the year

**41 SIGNIFICANT EVENTS****ACQUISITION OF SUBSIDIARIES****2015**

- (i) On 1 December 2015, MMC Port Holdings Sdn. Bhd. ("MMC Port") (formerly known as MMC Ventures Sdn. Bhd.), a wholly-owned subsidiary of MMC, had completed the acquisition of additional 251,195,573 ordinary shares of RM1.00, representing 53.42% of the issued and paid up capital of NCB Holdings Bhd. ("NCB"), for a total cash consideration of RM1,105 million or RM4.40 per NCB share. As a result, MMC's effective interest in NCB increased from 30.13% to 83.55% and the latter became a subsidiary of the Group.

Upon completion of the aforementioned acquisition, MMC Port is obliged to extend a mandatory general offer to acquire all of the remaining NCB shares, not already owned by MMC Port, for a cash offer price of RM4.40 per NCB share ("Proposed MGO") in accordance with Section 218(2) of the Capital Markets and Services Act 2007 and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010. Under the proposed MGO, MMC Port had acquired additional shares of 14,942,395 ordinary shares or 3.2% equity interest in NCB for a total cash consideration of RM65.7 million, resulting a further increase of MMC's effective interest in NCB to 86.72% as at 31 December 2015.

In the one month to 31 December 2015, NCB contributed revenue of RM88,499,000 and loss of RM2,831,000. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been RM844,389,000 and consolidated profit for the financial year would have been RM21,531,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015. As at the reporting date, management has yet to finalise the Purchase Price Allocation ("PPA") exercise in respect of the aforementioned acquisition. In accordance with MFRS 3 "Business Combination", management has 12 months from the date of the completion of the acquisition to complete the PPA.

#### 41 SIGNIFICANT EVENTS (CONTINUED)

##### ACQUISITION OF SUBSIDIARIES (CONTINUED)

##### 2015 (continued)

(i) (continued)

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

	Book Value RM'000	Fair Value RM'000
Property, plant and equipment	1,011,116	1,011,116
Intangible assets	542,147	542,147
Other non-current assets	8,664	8,664
Trade and other receivables	398,478	396,240
Cash and cash equivalents	399,254	399,254
Other current assets	35,032	35,032
Trade and other payables	(464,943)	(479,500)
Borrowings	(380,850)	(380,850)
Deferred income	(83,395)	(83,395)
Other liabilities	(73,555)	(56,760)
Total identifiable net assets	1,391,948	1,391,948
Non-controlling interest		(340,508)
Goodwill on consolidation		677,166
Total		1,728,606
Cash consideration paid		1,105,261
Fair value of existing equity interest at acquisition date		623,345
Total		1,728,606
Net cash outflow arising from acquisition of subsidiaries:		
Cash consideration paid		1,105,261
Less: Cash and cash equivalent of subsidiary acquired		(399,254)
Net cash outflow to the Group on acquisition		706,007

**41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)****ACQUISITION OF SUBSIDIARIES (CONTINUED)****2014**

- (ii) On 30 April 2014, Hypergantic Sdn. Bhd., a wholly-owned subsidiary of Malakoff Corporation Berhad ("Malakoff"), which in turn a 51%-owned subsidiary of the Company had acquired 112,500 ordinary shares of RM1.00 each and 112,500 redeemable preference shares of RM1.00 each in Port Dickson Power Berhad for RM289,000,000, representing 75% of the total issued and paid up share capital of Port Dickson Power Berhad. Prior to the acquisition, Port Dickson Power Berhad was an equity accounted investee with 25% equity interest held by the Group. With the acquisition, Port Dickson Power Berhad became a wholly-owned subsidiary of Malakoff.

On 30 April 2014, in connection with the above acquisition, Malakoff Power Berhad, a wholly-owned subsidiary of Malakoff had also acquired 2 ordinary shares of RM1.00 each in PDP O&M Sdn. Bhd. for RM11,000,000, representing 100% of the total issued and paid up share capital of PDP O&M Sdn. Bhd.

The total purchase consideration of the acquisition of RM300,000,000 were paid in cash. The companies were engaged in generating, operating and maintaining a gas-fuelled generation power plant in Port Dickson, Negeri Sembilan. In the eight months to 31 December 2014, these subsidiaries contributed revenue of RM223,534,000 and profit of RM75,715,000. If the acquisitions had occurred on 1 January 2014, management estimates that consolidated revenue would have been RM8,890,625,000 and consolidated profit for the financial year would have been RM791,757,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

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

	<b>2014 RM'000</b>
Property, plant and equipment	230,738
Intangible assets	100,739
Deferred tax assets	10,658
Inventories	19,068
Trade and other receivables	38,616
Cash and cash equivalents	146,459
Trade and other payables	(46,767)
Current tax liabilities	(18,246)
Deferred tax liabilities	(51,534)
Provisional fair value of net assets acquired	429,731

**41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)****ACQUISITION OF SUBSIDIARIES (CONTINUED)****2014 (continued)**

(ii) (continued)

	2014 RM'000
Net cash outflow arising from acquisition of subsidiaries:	
Purchase consideration settled in cash and cash equivalents	(300,000)
Less: cash and cash equivalents acquired	146,459
Cash outflow on acquisitions, net of cash and cash equivalents acquired	(153,541)
Bargain purchase was recognised as a result of the acquisitions as follows:	
Purchase consideration	300,000
Provisional fair value of existing interest in the acquiree	96,333
Provisional fair value of identifiable assets, liabilities and contingent liabilities	(429,731)
Bargain purchase	(33,398)

The remeasurement to fair value of the Group's existing 25% interest in Port Dickson Power Berhad, the acquiree, resulted in a gain of RM27,581,000 (RM96,333,000 less RM68,752,000 carrying value of equity-accounted investee at acquisition date), which has been recognised in other operating income in the statement of profit or loss and other comprehensive income.

**ACQUISITION OF AN ASSOCIATE****2015**

MMC Port, a wholly-owned subsidiary of MMC, had acquired additional ordinary shares of RM1.00 each in NCB on the following dates:

Date	Number of share	Total cash consideration	Equity interest
16 June 2015	25,000,000	RM86.3 million	5.32%
21 July 2015	42,677,600	RM186.5 million	9.08%

With the above acquisitions, MMC's effective interest in NCB had increased from 15.73% to 30.13%.



**41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)****ACQUISITION OF AN ASSOCIATE (CONTINUED)****2014**

On 2 December 2014, MMC Port., a wholly-owned subsidiary of the Company acquired 73,991,679 ordinary shares of RM1.00 each, representing 15.73% issued and paid-up share capital of NCB, a listed company on Bursa Malaysia for a total cash consideration of RM221.98 million. NCB principal activities are investment holding and the provision of management services to its subsidiaries. Through its subsidiaries, NCB operates a port and provides haulage, freight forwarding, ancillary services and shipping services. As at the previous reporting date, NCB had been accounted for as an associate by virtue of the Group's influence over its financial and operating policies.

**DISPOSAL OF A SUBSIDIARY****2015**

Pursuant to the Initial Public Offering ("IPO") listing of Malakoff on the Main Market of Bursa Malaysia on 15 May 2015, Anglo-Oriental (Annuities) Sdn Bhd ("AOA"), a wholly-owned subsidiary of MMC undertook an offer for sale of 160,962,910 ordinary shares of RM0.10 each of Malakoff's enlarged share capital, at an offer price of RM1.80 per ordinary share for a cash consideration of RM289.7 million. Upon completion of the IPO listing, the Group's effective interest in Malakoff has reduced from 51% to 37.6%, and the latter in turn became an associate of the Group. The IPO listing resulted in gain on sale of Malakoff shares and a fair value re-measurement in investment of RM388.8 million and RM955.4 million, respectively.

The results of Malakoff have been disclosed as a discontinued operation in the Group's financial statements.

41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

DISPOSAL OF A SUBSIDIARY (CONTINUED)

2015

The disposal had the following effects on the financial position of the Group:

	At date of disposal RM'000
Property, plant and equipment	14,404,335
Intangible assets	4,512,486
Investment in associates	1,192,318
Finance lease receivables	1,990,974
Trade & other receivables	1,963,969
Cash & cash equivalents	3,715,728
Other assets	1,122,916
Borrowings	(18,308,470)
Trade & other payables	(1,160,708)
Deferred income	(3,005,385)
Other liabilities	(469,662)
Deferred tax liabilities	(1,964,099)
Net assets disposed	3,994,402
Goodwill on consolidation	340,392
Less:	4,334,794
Transfer to investment in associate	(2,448,111)
Non-controlling interests	(1,991,869)
	(105,186)
Total disposal proceed (net of expenses of RM6.2 million)	(283,580)
Gain on disposal to the Group	(388,766)
Gain on fair value re-measurement	(955,376)
Total gain	(1,344,142)
Cash outflow arising from the disposal:	
Cash consideration	283,580
Cash and cash equivalents of subsidiary disposed	(3,715,728)
Net cash outflow to the Group	(3,432,148)

**41 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)****DISPOSAL OF A SUBSIDIARY (CONTINUED)**

The cash flow Information is as follows

	1.1.2015 to 15.5.2015 RM'000	1.1.2014 to 31.12.2014 RM'000
Net cash (used in)/generated from		
– operating activities	397,654	2,701,949
– investing activities	57,119	(856,168)
– financing activities	(370,398)	(646,665)
Effect in cash flows	84,375	1,199,116

**42 FINANCIAL INSTRUMENTS**

Policy on transfer between levels.

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

**(a) Financial instruments in Level 1**

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

**(b) Financial instruments in Level 2**

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

Specific valuation techniques used to value financial instruments include:

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

**(c) Financial instruments in Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## 42 FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value information

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

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

Group	2015									
	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Financial assets</b>										
Derivative financial assets:										
Forward foreign exchange	-	256	-	256	-	-	-	-	256	256
Warrants	16,026	-	-	16,026	-	-	-	-	16,026	16,026
Available-for-sale financial assets	73,625	-	-	73,625	-	-	-	-	73,625	73,625
	89,651	256	-	89,907	-	-	-	-	89,907	89,907
<b>Financial liabilities</b>										
Redeemable preference share	-	-	-	-	-	(75,650)	-	(75,650)	(75,650)	(89,739)
Borrowings	-	-	-	-	-	(8,678,615)	-	(8,678,615)	(8,678,615)	(8,744,518)
	-	-	-	-	-	(8,754,265)	-	(8,754,265)	(8,754,265)	(8,834,257)
<b>Company</b>										
<b>Financial assets</b>										
Warrants	16,026	-	-	16,026	-	-	-	-	16,026	16,026
<b>Financial liabilities</b>										
Borrowings	-	-	-	-	-	(2,957,298)	-	(2,957,298)	(2,957,298)	(2,957,298)
Amounts due to subsidiaries	-	-	-	-	-	(226,717)	-	(226,717)	(226,717)	(226,717)
	-	-	-	-	-	(3,184,015)	-	(3,184,015)	(3,184,015)	(3,184,015)

## 42 FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value information (continued)

Group	2014									
	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Financial assets</b>										
Derivative financial assets:										
Cross currency swaps	-	99,147	-	99,147	-	-	-	-	99,147	99,147
Forward foreign exchange	-	15	-	15	-	-	-	-	15	15
Warrants	19,895	-	-	19,895	-	-	-	-	19,895	19,895
Available-for-sale financial assets	84,499	-	-	84,499	-	-	-	-	84,499	84,499
	104,394	99,162	-	203,556	-	-	-	-	203,556	203,556
<b>Financial liabilities</b>										
Derivative financial liabilities:										
Interest rate swaps	-	(195,042)	-	(195,042)	-	-	-	-	(195,042)	(195,042)
Forward foreign exchange	-	(617)	-	(617)	-	-	-	-	(617)	(617)
Redeemable preference share	-	-	-	-	-	(90,330)	-	(90,330)	(90,330)	(108,697)
Borrowings	-	-	-	-	-	(27,077,822)	(117,088)	(27,194,910)	(27,194,910)	(25,651,949)
	-	(195,659)	-	(195,659)	-	(27,168,152)	(117,088)	(27,285,240)	(27,480,899)	(25,956,305)

## 42 FINANCIAL INSTRUMENTS (CONTINUED)

## Fair value information (continued)

Company	2014									
	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Financial assets</b>										
Warrants	19,895	–	–	19,895	–	–	–	–	19,895	19,895
<b>Financial liabilities</b>										
Borrowings	–	–	–	–	–	(3,156,526)	–	(3,156,526)	(3,156,526)	(3,156,526)
Amounts due to subsidiaries	–	–	–	–	–	(201,887)	–	(201,887)	(201,887)	(201,887)
	–	–	–	–	–	(3,358,413)	–	(3,358,413)	(3,358,413)	(3,358,413)

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as the key unobservable inputs used in the valuation models in the valuation models in the previous financial year.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Subordinated loan notes	Discounted cash flows using a rate based on the weighted average cost of capital of the Company at the reporting date

Valuation process applied by the Group for Level 3 fair value.

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.



**43 EVENTS AFTER REPORTING DATE**

- (i) On 28 January 2016, MMC acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid capital of MMC Land Sdn Bhd ("MMC Land"), for a total cash consideration of RM2.00. MMC Land operates principally as an investment holding company.
- (ii) On the same date, MMC through its newly wholly-owned subsidiary, MMC Land, acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid up capital of Northern Technocity Sdn Bhd ("NTSB") for a total cash consideration of RM2.00. NTSB shall operate as a property development company.
- (iii) On 1 December 2015, MMC Port completed the acquisition of the additional 53.42% equity interest in NCB as disclosed in Note 41. Upon completion of the acquisition, MMC Port is obliged to extend a mandatory general offer ("Offer") to acquire all the remaining NCB Shares which are not already owned by MMC Port for a cash offer price of RM4.40 per NCB share in accordance with Section 218(2) of the Capital Markets and Services Act, 2007 ("CMSA") and Section 9(1), Part III of the Malaysian Code on Take-Overs and Mergers, 2010. On 20 January 2016, being the closing date of the Offer, MMC Port held 455,214,825 NCB Shares, representing approximately 96.81 % of the issued and paid-up share capital of NCB.

NCB Shares had been suspended from trading with effect from 9.00 a.m. on 29 January 2016, pursuant to Paragraph 16.02(3) of Bursa Securities Listing Requirements and thereafter NCB Shares had been removed from the Official List of Bursa Securities with effect from 9.00 a.m. on 17 February 2016, pursuant to Paragraph 16.07(a) of Bursa Securities Listing Requirements.

- (iv) On 4 February 2016, MMC through its wholly-owned subsidiary, MMC Utilities Limited, acquired 90 ordinary shares of USD1.00 each, representing 90% issued and paid up capital of MMC Overseas Pte. Ltd. ("MMC Overseas"), an investment holding company incorporated under the Labuan Companies Act 1990, for a total cash consideration of USD90.00. With the acquisition, MMC Overseas becomes a wholly-owned subsidiary of the Group.

**44 COMPARATIVE**

- (a) As disclosed in Note 41, given the deemed disposal following the reduction of the Group's effective interest in Malakoff from 51% to 37.6%, the results of Malakoff have been classified as discontinued operation. The comparatives of the Group's results and cash flows for the financial year ended 31 December 2014 have been restated accordingly.
- (b) The following comparatives have been reclassified to conform with current financial year's presentation:

Impact on the Group's statement of comprehensive income for the financial year ended 31 December 2014:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Cost of sales	6,006,293	6,459	6,012,752
Administrative expenses	770,466	(6,459)	764,007

#### 44 COMPARATIVE (CONTINUED)

(b) The following comparatives have been reclassified to conform with current financial year's presentation: (continued)

Impact on the Group's statement of financial position as at 31 December 2014:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Non-current assets			
Derivative financial instruments	119,042	(19,895)	99,147
Current asset			
Derivative financial instruments	15	19,895	19,910
Non-current liabilities			
Trade and other payables	39,633	179,289	218,922
Current liabilities			
Trade and other payables	2,268,622	(179,289)	2,089,333

Impact on the Company's statement of financial position as at 31 December 2014:

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Non-current assets			
Derivative financial instruments	19,895	(19,895)	–
Current asset			
Derivative financial instruments	–	19,895	19,895

The reclassifications do not have any impact to the earning per share and statements of cash flows.

**45 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

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

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiary companies:				
– realised earnings	5,871,280	2,944,137	2,993,786	2,978,308
– unrealised earnings	173,225	373,525	–	–
	6,044,505	3,317,662	2,993,786	2,978,308
Total retained earnings from associated companies:				
– realised earnings	264,525	203,673	–	–
– unrealised losses	(28,371)	(28,371)	–	–
	236,154	175,302	–	–
Total (accumulated losses)/retained earnings from joint ventures:				
– realised earnings	26,756	23,279	–	–
– unrealised losses	(25,000)	(24,978)	–	–
	1,756	(1,699)	–	–
	6,282,415	3,491,265	2,993,786	2,978,308
Less: consolidation adjustments	(100,163)	(81,207)	–	–
	6,182,252	3,410,058	2,993,786	2,978,308

## LIST OF PROPERTIES

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

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry		Net book value (RM'000)	Age of building (years)	Year of acquisition
PTD No. 2423, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	349.04	Port terminal, office buildings, commercial & industrial land	2055	) ) ) ) )	2,190,079	16	1995
PTD Nos. 2424-2426, PTD Nos. 2427-2455, PTD Nos. 2458-2504, PTD Nos. 2514, 2516, 2517, 2520, 2521 Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	724.80	Commercial & industrial land	2055	) ) ) ) ) ) ) )		–	1995
PTD No. 1586, Serkat, District of Pontian, Johor	Grant in perpetuity	114.92	Land for port terminal & buildings	2055	) ) ) )		–	1995
PTD No. 2519, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	0.22	Commercial & Industrial land	2055	) ) ) )		–	1995
PTD 3161, Tanjung Kupang, District of Johor Bahru, Johor	Leasehold	2.79	Building	2107	) ) ) )		–	2008
H.S. (D) 23569, PTD 8797, Mukim of Senai, District of Kulaijaya, Johor	Leasehold	495.98	Senai International Airport	2033		895,001	12	2003
PTD No. 1357, 2050, PTD Nos. 1836-1838, PTD Nos. 2149-2151, PTD Nos. 2053-2054, Lot 8252, H.S.(D) 68263, Serkat/Sg. Karang, District of Pontian, Johor	Leasehold	912.78	Industrial/ Vacant	2103		488,099	10	2005

## LIST OF PROPERTIES

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Plentong, District of Johor Bahru, Johor	Leasehold	112.10	Break bulk and dry bulk cargo berths 7-11	2052	68,134	18	1997
Plentong, District of Johor Bahru, Johor	Leasehold	13.44	Container Terminal berths 1-3	2052	39,343	23	1992
Plentong, District of Johor Bahru, Johor	Leasehold	–	Dangerous cargo jetty 4	2052	29,866	16	1999
Plentong, District of Johor Bahru, Johor	Leasehold	–	Dangerous cargo jetty	2052	9,712	22	1992
Lot Nos. 762 & 763, Setul, District of Seremban, Negeri Sembilan	Leasehold	5.56	Factory building	2089	10,488	24	1992
Lot 190 GM 422, PTD Nos. 105141 - 105147, PTD Nos. 105180 - 105183, PTD Nos. 105194 - 105249, PTD No. 105258, PTD Nos. 105264 - 105267, PTD Nos. 105286 - 105288, PTD Nos. 105300 - 105366, PTD Nos. 105371 - 105451, PTD Nos. 105457 - 105581, PTD Nos. 105599 - 108012, Mukim of Senai, District of Kulaijaya, Johor	Freehold	496.59	Land held for development of Senai Airport City	) ) ) ) ) ) ) ) ) ) ) ) )	1,437,688	–	2008
PTD No. 175304, PTD Nos. 175317 - 175318, PTD Nos. 175328 - 175330, PTD Nos. 175349 - 175352, PTD No. 175292, PTD Nos. 175297 - 175298 Mukim of Tebrau, District of Johor Bahru, Johor	Freehold	412.51	Land held for development of Senai Airport City	) ) ) ) ) ) ) )		–	2008

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
PLO 702, Zone 12C, Pasir Gudang Industrial Area, Johor	Leasehold	26.97	Industrial/ Vacant	2073	53,787	2	2014
PLO 796, Zone 12C, Pasir Gudang Industrial Area, Johor	Leasehold	6.2	Industrial/ Vacant	2073	13,141	2	2014
Lot 2896, H.S.(D) 211709, Lot 3094, H.S.(D) 211710, Lot 3095, H.S.(D) 211711, Lot 3097, H.S.(D) 211712, Lot 3101, H.S.(D) 211713, Serkat, District of Pontian, Johor	Freehold	96.17	Industrial/ Vacant	–	254,928	–	2015
Berth 1 to 7A, Southpoint, Port Klang	Leasehold	17.99	Berthing facilities for ship	2034	4,180	27 - 45	1992
Berth 8A, North Port, Port Klang	Leasehold	9.75	Berthing facilities for ship	2043	263,190	2	2014
Berth 8, 9 and 10, North Port, Port Klang	Leasehold	18.5	Berthing facilities for ship	2043	N/A	42	1986
Berth 11 and Back-up Area, North Port, Port Klang	Leasehold	13.9	Berthing facilities for ships and storage of containers	2043	3,085	42	1992
Berth 12 and 13, North Port, Port Klang	Leasehold	9.6	Berthing facilities for ships	2043	14,853	14	1992
Berth 14-25, North Port, Port Klang	Leasehold	66.31	Berthing facilities for ships	2043	42,845	14	1992



Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Container Terminal, North Port, Port Klang	Leasehold	49.2	Storage of containers, warehouses and office buildings	2043	N/A	42	1986
Container Terminal, North Port, Port Klang	Leasehold	N/A	Infrastructure and warehouses	2043	151,519	43	1986
Dockyard, Southpoint, Port Klang	Leasehold	3.28	Docking facilities	2034	N/A	45	1992
Port and Terminal Area	Leasehold	N/A	Infrastructure power stations and warehouses	2043	47,467	17 - 23	1992
Warehouse D1 to D4, Jalan Parang, North Port, Port Klang	Leasehold	2.6	Warehouses for cargo storage	2031	20,490	18 - 23	1995
HS(D) 24617 PT 11690 & HS(D) 31134 PT 13728, Jalan Parang, North Port, Port Klang	Leasehold	13.7	Storage, open yard and undeveloped land	2031	11,119	18 - 23	1995
P.T. 1644, Lebuh Raja Lumu, Kawasan Perindustrian Pandamaran, 42000 Port Klang, Selangor Darul Ehsan	Leasehold	129,692 sq.m.	Warehouse, office and container yard	2079	37,296	17	1983
Komplek KN, Kawasan Perindustrian Selat Klang Utara, 42000 Port Klang, Selangor Darul Ehsan	Leasehold	40,431 sq.m.	Warehouse, office and container yard	2086	25,894	33	1978

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Batu 9, Jalan Klang Lama, 47300 Petaling Jaya, Selangor Darul Ehsan	Leasehold	74,936 sq.m.	Warehouse, office and container yard	2103	59,268	26	1979
2443 Lorong Perusahaan Satu, Kawasan Perindustrian Prai, 13600 Prai, Pulau Pinang	Leasehold	81,692 sq.m.	Warehouse and office	2041 - 2053	14,497	18 - 30	1981
Lot 126, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang Darul Makmur	Leasehold	175,791 sq.m.	Warehouse, office and container yard	2063	20,587	17	1993
PLO 282, Jalan Suasa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim	Leasehold	57,986 sq.m.	Container Yard	2046	16,024	N/A	1982
PLO 249, Jalan Tembaga Satu, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim	Leasehold	140,866 sq.m.	Office and container yard Tenanted	2045	18,947	8	1997
Geran 43498, Lot No 37465, HS(D) 13093 PT 223, Mukim Kapar, Klang, Selangor Darul Ehsan	Freehold	178,580 sq.m.	Vacant Land	N/A	18,103	N/A	2008

# SHAREHOLDING STATISTICS

as at 15 March 2016

Class of securities	:	Ordinary Shares of RM0.10 each
Authorised Share Capital	:	RM1,000,000,000.00
Issued and paid-up Capital	:	RM304,505,855.20
Voting rights	:	One vote for every Ordinary Share
No. of shareholders	:	8,717

## SUBSTANTIAL SHAREHOLDERS

	Direct	No. of Shares %	Indirect	%
Seaport Terminal (Johore) Sdn Bhd	1,576,108,840	51.76	–	–
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	617,592,900	20.28	–	–
Lembaga Tabung Haji	199,766,100	6.56	–	–
Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	172,082,800	5.65	–	–
Maybank Asset Management Sdn Bhd – Lembaga Tabung Haji	990,400	0.03	–	–
Indra Cita Sdn Bhd	–	–	*1,576,108,840	51.76
Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor	–	–	@1,576,108,840	51.76

### Notes:

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

@ deemed interested through Indra Cita Sdn Bhd

## ANALYSIS BY SIZE OF SHAREHOLDING

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100 shares	464	5.32	7,610	0.00
100 – 1,000	1,199	13.75	879,837	0.03
1,001 – 10,000	5,154	59.13	23,587,253	0.77
10,001 – 100,000	1,591	18.25	47,669,376	1.57
100,001 to less than 5% of issued shares	305	3.50	407,363,836	13.38
5% and above of issued shares	4	0.05	2,565,550,640	84.25
<b>TOTAL</b>	<b>8,717</b>	<b>100.00</b>	<b>3,045,058,552</b>	<b>100.00</b>

## DIRECTORS' INTEREST AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

None of the Directors has any direct or indirect interest in the Company or in a related corporation.

## THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of shares held	% of issued capital
1	Seaport Terminal (Johore) Sdn. Bhd.	1,576,108,840	51.76
2	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	617,592,900	20.28
3	Lembaga Tabung Haji	199,766,100	6.56
4	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	172,082,800	5.65
5	Kumpulan Wang Persaraan (Diperbadankan)	105,136,600	3.45
6	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt AN for AIA Bhd.	28,371,800	0.93
7	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	26,115,300	0.86
8	Citigroup Nominees (Asing) Sdn Bhd – Exempt AN for Citibank New York (Norges Bank 1)	17,941,220	0.59
9	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	16,053,180	0.53
10	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	14,552,700	0.48
11	Amanahraya Trustees Berhad – AS 1Malaysia	11,943,400	0.39
12	Amanahraya Trustees Berhad – Public Islamic Dividend Fund	11,274,800	0.37
13	Amanahraya Trustees Berhad – Amanah Saham Didik	10,484,400	0.34
14	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (U.S.A)	9,384,400	0.31
15	Amanahraya Trustees Berhad – Amanah Saham Malaysia	8,097,700	0.27
16	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	6,679,700	0.22

No.	Name	No. of shares held	% of issued capital
17	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	4,823,600	0.16
18	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	4,801,900	0.16
19	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Ai Chu	3,733,800	0.12
20	Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund C021 for College Retirement Equities Fund	3,438,230	0.11
21	Citigroup Nominees (Asing) Sdn Bhd – Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	3,429,871	0.11
22	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cheng Mooi Soong	3,327,000	0.11
23	CIMB Group Nominees (Tempatan) Sdn Bhd – CIMB Islamic Trustee Berhad for Pacific Dana Aman (3717 TR01)	3,085,000	0.10
24	AmSec Nominees (Tempatan) Sdn Bhd – AmTrustee Berhad for Pacific Dividend Fund (UT-PM-Div)	2,795,400	0.09
25	Amanah Raya Berhad – Kumpulan Wang Bersama Syariah	2,570,000	0.08
26	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for The Bank of New York Mellon (Mellon Acct)	2,358,800	0.08
27	Mega First Housing Development Sdn Bhd	2,130,000	0.07
28	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Series	1,921,200	0.06
29	Maybank Nominees (Tempatan) Sdn Bhd – Exempt AN for Maybank Asset Management Sdn Bhd (Resident)	1,829,300	0.06
30	DB (Malaysia) Nominee (Asing) Sdn Bhd – SSBT Fund WTAU for Wisdomtree Emerging Markets Smallcap Dividend Fund	1,806,300	0.06
<b>Total</b>		<b>2,873,636,241</b>	<b>94.37</b>

## ADMINISTRATIVE \_\_\_\_\_ DETAILS

**ADMINISTRATIVE DETAILS FOR THE FORTIETH ANNUAL GENERAL MEETING OF MMC CORPORATION BERHAD TO BE HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON TUESDAY, 10 MAY 2016 AT 10.00 A.M.**

### **PARKING**

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

### **REGISTRATION**

- Registration will start at 8.00 a.m. and registration counters will remain open until the conclusion of the Annual General Meeting or at such time as may be determined by the Chairman of the meeting.
- Directional signages are placed at conspicuous areas to direct you to the meeting registration counter.
- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter.
- After the verification and registration, you will be given an identification tag. No person will be allowed to enter the Ballroom without the identification tag.

### **REFRESHMENT**

- Light refreshment will be served outside Mahkota II before the commencement of the Annual General Meeting.

### **MEAL VOUCHERS**

- Meal vouchers will be provided after the Annual General Meeting.

### **RECORD OF DEPOSITORS FOR ATTENDANCE AT THE ANNUAL GENERAL MEETING**

- For the purpose of determining members who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 3 May 2016. Only depositors whose names appear on the Record of Depositors as at 3 May 2016 shall be entitled to attend the Annual General Meeting or appoint proxies to attend and/or vote on their behalf.





# PROXY FORM

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

I/We, \_\_\_\_\_  
(block letters)

of \_\_\_\_\_

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

Name/NRIC No.

No. of Shares

Percentage (%)

Proxy 1 \_\_\_\_\_ and/or failing him/her

Proxy 2 \_\_\_\_\_ or failing him/her the

Chairman of the meeting as \*my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Tuesday, 10 May 2016 at 10.00 a.m., and at any adjournments thereof, on the following resolutions referred to in the notice of the Annual General Meeting:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote)

## AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon.		
	<b>ORDINARY BUSINESS</b>	<b>FOR</b>	<b>AGAINST</b>
2.	Declaration of Final Single-Tier Dividend of 3.8 sen per share <b>(Resolution 1)</b>		
3.	Re-election of Dato' Sri Che Khalib Mohamad Noh pursuant to Article 78 of the Articles of Association of the Company <b>(Resolution 2)</b>		
4.	Re-election of Tan Sri Dato' Seri Shamsul Azhar Abbas pursuant to Article 85 of the Articles of Association of the Company <b>(Resolution 3)</b>		
5.	Re-election of Dato' Siti Halimah Ismail pursuant to Article 85 of the Articles of Association of the Company <b>(Resolution 4)</b>		
6.	Re-election of Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar pursuant to Article 85 of the Articles of Association of the Company <b>(Resolution 5)</b>		
7.	Re-appointment of Dato' Abdullah Mohd Yusof pursuant to Section 129(6) of the Companies Act, 1965 <b>(Resolution 6)</b>		
8.	Re-appointment of Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob pursuant to Section 129(6) of the Companies Act, 1965 <b>(Resolution 7)</b>		
9.	Payment of Director's fees amounting to RM910,465.75 for the financial year ended 31 December 2015 <b>(Resolution 8)</b>		
10.	Re-appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company <b>(Resolution 9)</b>		

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Notes:

- The Proxy Form, to be valid, must be deposited at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
- A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote instead of him/her. A member of the Company may appoint up to two (2) proxies to attend the same meeting. Where the member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- In case of a corporation, the Proxy Form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his/her proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- In the case of joint holders, the signature of any one of them will suffice.
- Where a member is an exempt authorised nominee as defined under the Securities Industry [Central Depositories] Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
- Registration of members/proxies attending the meeting will commence at 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.
- Only members whose names appear on the Record of Depositors as at 3 May 2016 shall be entitled to attend the said AGM or appoint a proxy(ies) to attend and/or vote on their behalf.**

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Affix Stamp  
Here

To:  
**The Registrar**  
Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1, Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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**MMC CORPORATION BERHAD (30245-H)**  
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50200 Kuala Lumpur, Malaysia  
Tel: +603 2071 1000 Fax: +603 2026 1921

**[www.mmc.com.my](http://www.mmc.com.my)**