



GROWING STRONGER

ANNUAL REPORT 2016

Growing **Stronger**

MMC Group is constantly on a path of growth, building upon our long-standing credentials and capabilities in Ports and Logistics, Energy and Utilities, Engineering and Construction businesses. Relentless pursuit for excellence in our core business segments will further solidify the Group's position as Malaysia's premier utilities and infrastructure group.

With a high-performance culture and dynamic workforce forming the strong foundation of our Group, we continue to strive for sustainable growth. Together, we are driven to fulfil the Group's ambition to continuously support Malaysia's progressive development.

The cover features images of our core businesses moving the nation forward to new possibilities.





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MMC CORPORATION BERHAD (MMC) IS A LEADING UTILITIES AND INFRASTRUCTURE GROUP WITH DIVERSIFIED BUSINESSES UNDER THREE DIVISIONS, NAMELY PORTS & LOGISTICS, ENERGY & UTILITIES AND ENGINEERING & CONSTRUCTION.

Its key businesses under the Ports and Logistics division include the operations of Pelabuhan Tanjung Pelepas Sdn Bhd, Johor Port Berhad, Northport (Malaysia) Bhd, Penang Port Sdn Bhd, Kontena Nasional Berhad and JP Logistics Sdn Bhd. Internationally, MMC has an associate stake in Red Sea Gateway Terminal Company Limited, a container port terminal within the Jeddah Islamic Port, Saudi Arabia.

Under the Energy and Utilities division, MMC is the single largest shareholder of both Malakoff Corporation Berhad and Gas Malaysia Berhad.

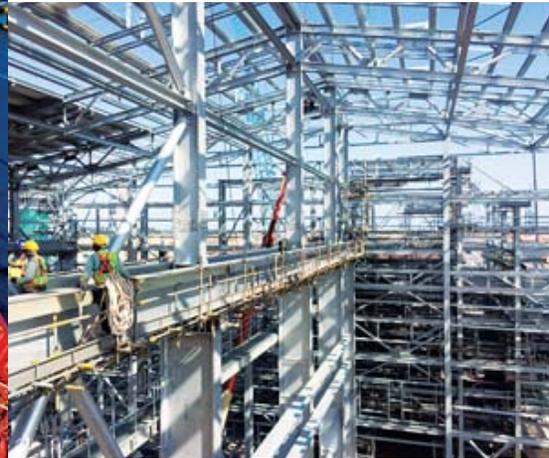
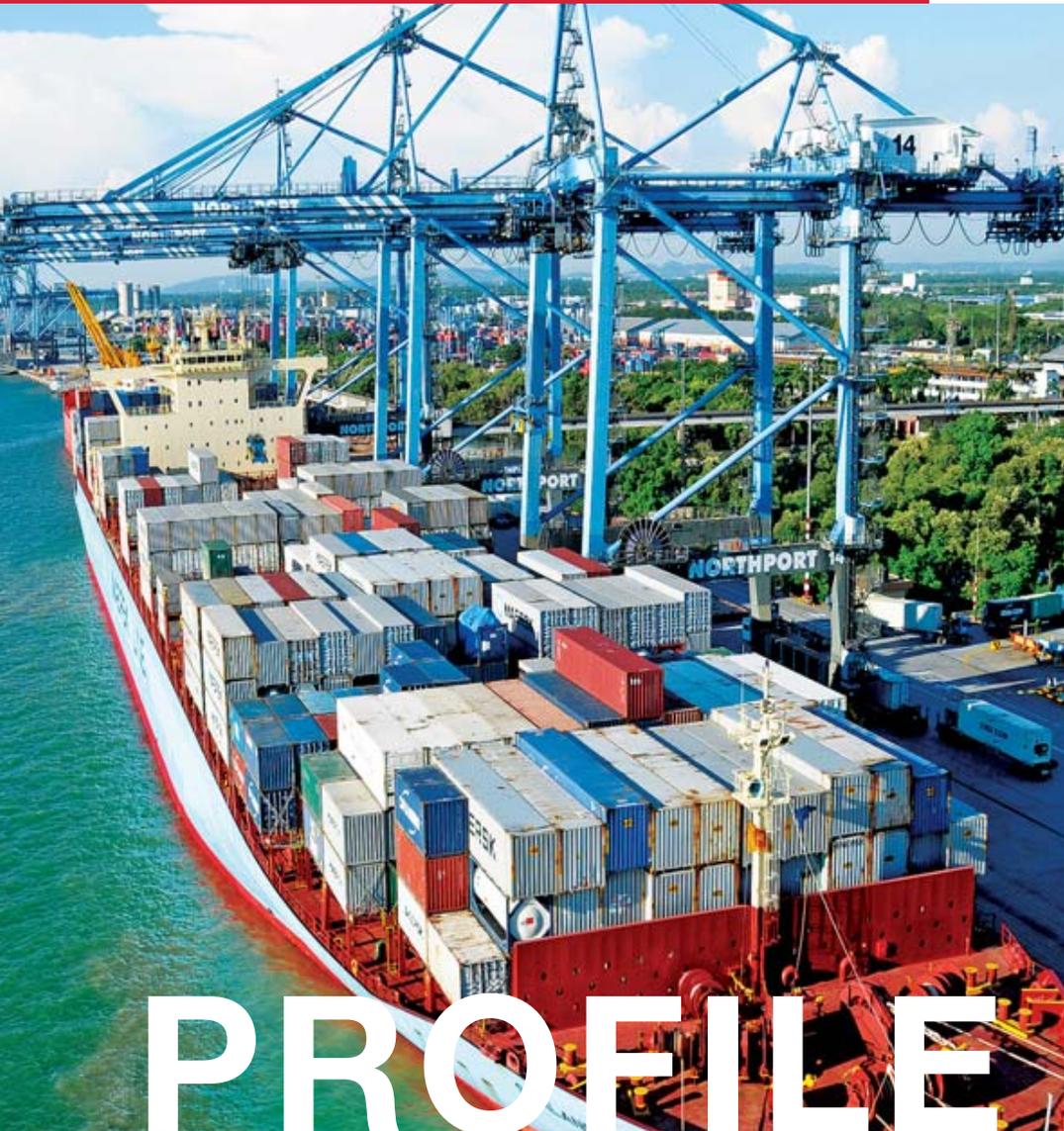
MMC's Engineering and Construction division has further established itself in the industry with a leading role as the Project Delivery Partner (PDP) and underground works package contractor for the 51 km Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (Line 1) and Sungai Buloh-Serdang-Putrajaya (Line 2) project. Prior to this, MMC has successfully completed the 329 km Ipoh-Padang Besar Electrified Double Tracking Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind, dual-purpose tunnel in the world.

MMC continues to make inroads in the construction industry, securing key civil and infrastructure projects in the country, namely Langat Centralised Sewage Treatment Plant, Langat 2 Water Treatment Plant, civil and infrastructure works for Refinery and Petrochemical Integrated Development (RAPID) Pengerang Cogeneration Plant. Zelan Berhad in which MMC is the single largest shareholder, is currently undertaking the construction of a drawbridge in Kuala Terengganu. Additionally, MMC has a 20% effective interest in Borneo Highway PDP Sdn Bhd (BHP) which has been appointed as PDP for the Pan Borneo Highway Project in Sabah.



In other businesses, MMC wholly owns Aliran Ihsan Resources Berhad, a water treatment plant operator and also operates Senai International Airport in Johor Bahru, a major aviation hub and the main air transportation gateway to Iskandar Malaysia. Surrounding the airport is an area covering over 2,718 acres known as Senai Airport City which is being transformed into a major integrated industrial development. 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.





PROFILE



OUR VISION

To be a premier utilities and 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**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Shamsul Azhar Abbas

Independent Non-Executive Chairman

Dato' Sri Che Khalib Mohamad Noh

Group Managing Director

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

Non-Independent Non-Executive Director

Dato' Abdullah Mohd Yusof

Senior Independent Non-Executive Director

Datuk Ooi Teik Huat

Independent Non-Executive Director

Dato' Abdul Hamid Sh Mohamed

Independent Non-Executive Director

Dato' Siti Halimah Ismail

Independent Non-Executive Director

Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar

Independent Non-Executive Director

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
(AF 1146)

Chartered Accountants

Level 10, 1 Sentral

Jalan Rakyat

Kuala Lumpur Sentral

P.O. Box 10192

50706 Kuala Lumpur

Malaysia

Tel : (603) 2173 1188

Fax : (603) 2173 1288

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) 7849 0777 (Helpdesk)

Fax : (603) 7841 8151 / 52

DIVIDEND SERVICE PROVIDER

Bursa Malaysia Depository Sdn Bhd
2nd Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Malaysia

Tel : (603) 2034 7751

Fax : (603) 2026 3712

PRINCIPAL BANKER

RHB Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

FINANCIAL CALENDAR 2017

11 May 2017

Annual General Meeting

20 June 2017

Entitlement to 2016 final dividend

5 July 2017

Payment of 2016 final dividend

Announcement of financial results for the financial year ended 31 December 2016:

31 May 2016

First Quarter ended 31 March 2016

25 August 2016

Second Quarter ended 30 June 2016

23 November 2016

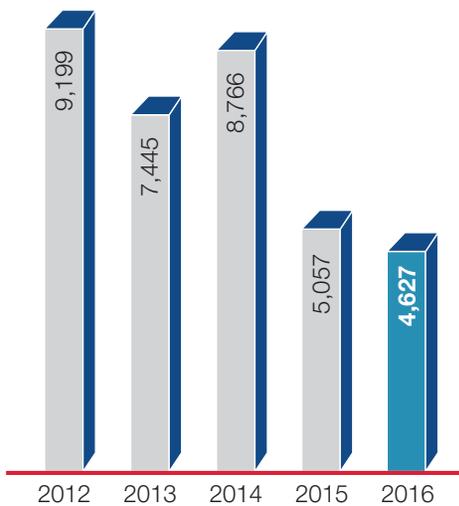
Third Quarter ended 30 September 2016

28 February 2017

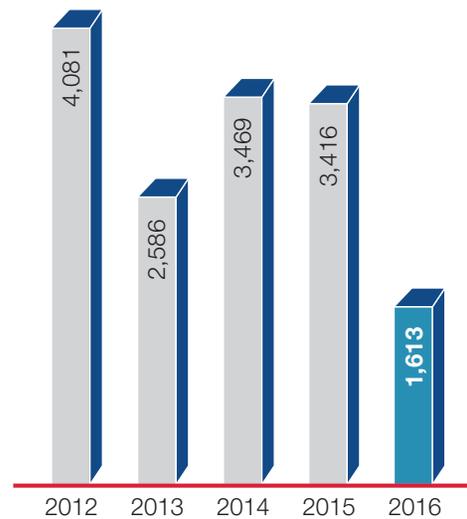
Fourth Quarter ended 31 December 2016

PERFORMANCE AT A GLANCE

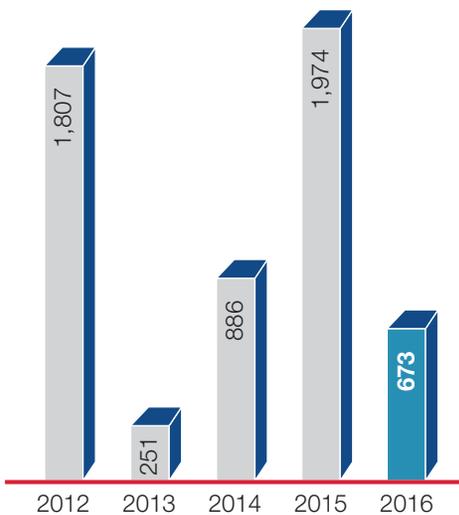
REVENUE (RM million)



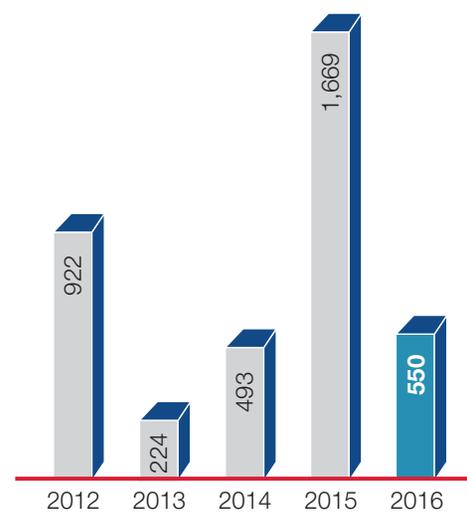
EBITDA (RM million)



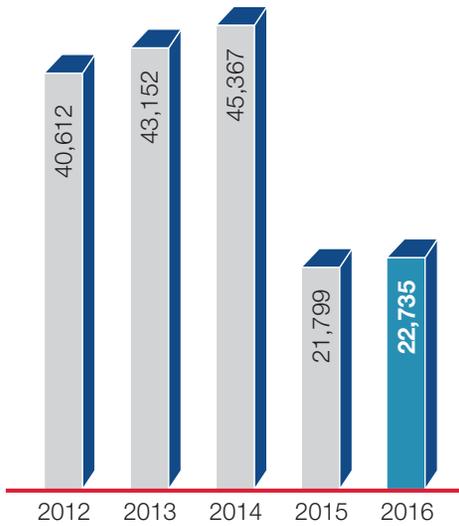
**PROFIT BEFORE ZAKAT
AND TAXATION** (RM million)



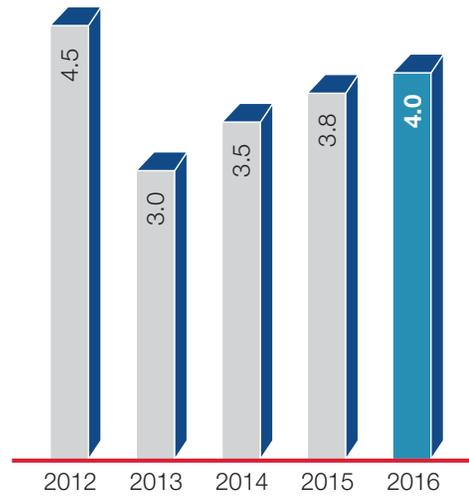
**PROFIT AFTER TAX AND
MINORITY INTERESTS** (RM million)



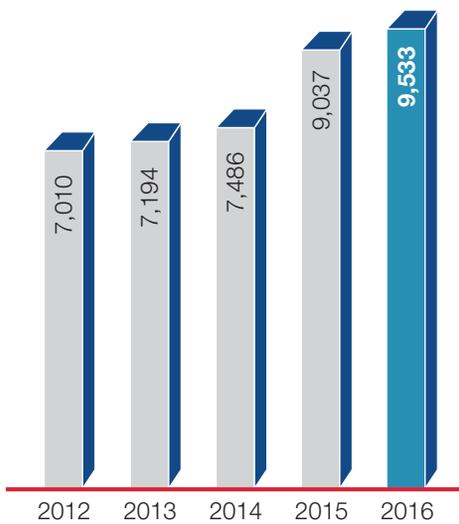
GROSS ASSETS (RM million)



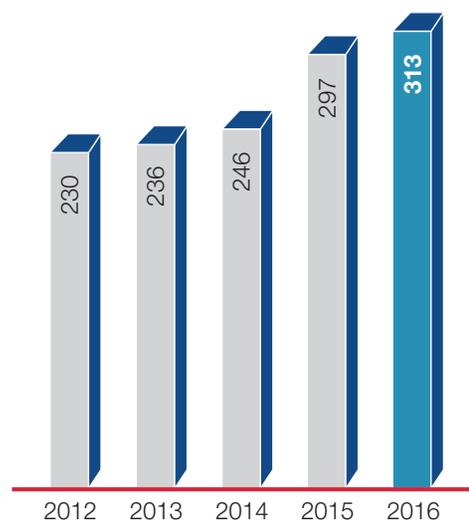
DIVIDEND PER SHARE (sen)



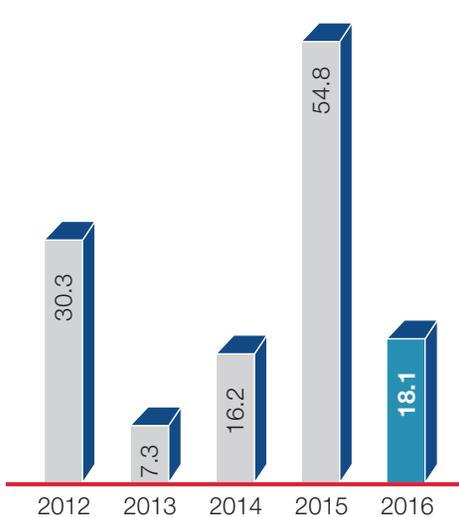
SHAREHOLDERS' FUNDS (RM million)



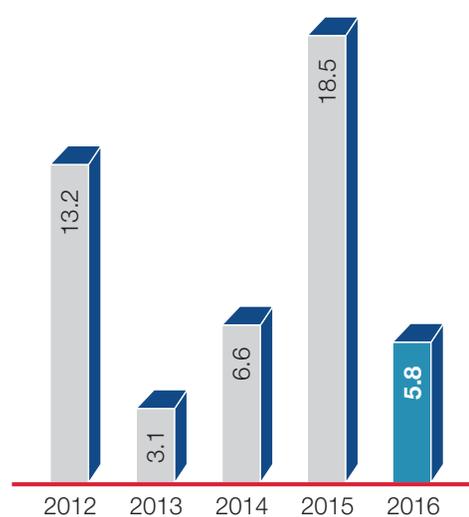
NET ASSETS PER SHARE (sen)



EARNINGS PER SHARE (sen)



RETURN ON EQUITY (%)



CHAIRMAN'S MESSAGE

2016 WAS A SIGNIFICANT YEAR FOR MMC CORPORATION BERHAD (MMC GROUP OR THE GROUP) AS WE CONSOLIDATED OUR CURRENT DOMINANT POSITIONS AND INCREASED OUR EFFORTS TO STRENGTHEN THE GROUP FURTHER TOWARDS ULTIMATELY REALISING OUR VISION TO BE MALAYSIA'S PREMIER UTILITIES AND INFRASTRUCTURE GROUP.

We continued with our strategic focus to harness synergies across the Group for greater efficiency while capturing new opportunities, to overcome the challenging environment, thus setting the tone for the theme of our 2016 Annual Report, Growing Stronger.

Notable in 2016 was the expansion of our port operations along the Straits of Malacca following the recently completed acquisition of a 49% equity stake in Penang Port Sdn Bhd (Penang Port). This acquisition solidifies our position as the largest port operator in the country and further improves our standing as a major port operator in the global arena.

Other key developments during the year include the advanced progress of the Klang Valley Mass Rapid Transit (KVMRT) project and the completion of land sale by Senai Airport City Sdn Bhd (Senai Airport City) alongside stable earnings from our Energy and Utilities Division.

Collectively, these developments have propelled the Group to deliver stronger earnings for the year, and I am pleased to report another successful year for the MMC Group. With strong financial and operational performances as well as improvements in cost management and safety records at the workplace, we continue to generate and deliver sustainable value for our stakeholders.

I am also pleased to share that given our performance for the year, the Board of Directors is recommending a dividend of 4.0 sen per share compared to 3.8 sen last year, which shall be tabled for approval at our upcoming Annual General Meeting (AGM).

SUSTAINABLE PERFORMANCE FOR THE YEAR

For the financial year ended 31 December 2016, the Group recorded an increase in revenue from RM3.01 billion to RM4.63 billion, excluding Malakoff's revenue in 2015, with steady income from the Ports and Logistics division, positive contribution from land sale as well as a significant increase in contribution from the Engineering and Construction division.

The Ports and Logistics division accounted for the lion's share of the Group's income, contributing 59% to the overall revenue. The division posted a 43% increase in revenue to RM2.74 billion from RM1.91 billion in 2015, with commendable increases in throughput at Northport (Malaysia) Bhd (Northport) and Johor Port Berhad (Johor Port).

REVENUE

INCREASED 53.8% TO

RM4.63
billion



The Ports and Logistics division collectively handled a total of 9.96 million Twenty-foot Equivalent Units (TEUs) of transshipment and 2.37 million TEUs in local cargo volumes in 2016 for a total volume of 12.33 million TEUs.

At a time of economic uncertainty around the globe with the added commodity and currency volatility, I would say that the increase in throughput volume by the Ports and Logistics division together with an increase in the passenger and cargo volume at Senai International Airport were a commendable feat. Additionally, our warehousing and haulage businesses in Kontena Nasional Berhad (Kontena Nasional) managed to improve its financial position in 2016.

During the year, passenger growth at Senai International Airport grew 9.5% to 2.8 million passengers, with increases seen in both domestic and international travel, propelling Senai Airport Terminal Services Sdn Bhd's (SATSSB) aeronautical revenue by 15% while non-aeronautical revenue grew 25%. This along with the recognition of land sale proceeds had boosted the airport operator's bottom line, turning around to produce an after-tax profit of RM6.8 million in 2016, from a RM28.1 million loss in 2015.

The natural gas distribution business via Gas Malaysia Berhad (Gas Malaysia) delivered commendable performance on the back of resilient demand and strong customer base. The year saw Gas Malaysia reverting to its inherent strengths, namely robust business fundamentals, disciplined management approach and strong operational efficiencies, resulting in sound financial performance. For the year 2016, Gas Malaysia's earning per share came in at 12.86 sen.

The consolidation of operations and strategy to leverage on the synergies of the Group has indeed helped MMC grow stronger through the year and improve our operating efficiency through better cost management.

Further details on the financial and operational performance are disclosed in the Management Discussion and Analysis section of this Annual Report.

GROWING STRONGER WITH STABLE EARNINGS

The Engineering and Construction division continued to support MMC's growth with stable earnings from its construction and development projects, spanning from infrastructure and sewerage project.

As a key infrastructure developer in Malaysia, MMC undertook large projects such as the KVMRT Sungai Buloh-Kajang (SBK Line) and Sungai Buloh-Serdang-Putrajaya (SSP Line) as well as the Langat Sewerage Project, Langat 2 Water Treatment Plant, Pan Borneo Highway Sabah and RAPID-Cogeneration Plant developments, all of which provided us with stable earnings and accounted for roughly a third of the Group's revenue for the year.

It was also notable that the KVMRT SBK Line (Phase 1) was completed ahead of schedule within the budgeted target costs.

MANAGING RISK AND COST

All our operating companies have adopted and implemented a risk management framework and processes that are aligned with the principles of ISO 31000 to ensure effective and efficient risk management. Risk management processes are now embedded in our organisational system to ensure that it is integrated at all levels and work contexts.

In 2016, we adopted a standardised Group Procurement Policy and other initiatives that allow us to leverage on group synergy, optimising operational costs in addition to the sharing and exchanging of technical knowledge. As a group, we work closely with the authorities for expeditious implementation.

We also believe that having the right safety culture at the workplace will benefit the company in the long run in terms of operational efficiency and cost effectiveness. We continue to review our safety culture so as to deliver a better workplace for our employees and others who operate in our premises.



DEVELOPMENT PROJECTS FOR THE NEXT GENERATION

We were particularly pleased to extend our port services along the Straits of Malacca through new acquisitions, coupled with our development projects to expand the ports for future needs.

PTP is undergoing a comprehensive upgrading programme that will eventually increase the port's capacity to 13.2 million TEUs from 10.5 million currently. This will be achieved through acquisition of new equipment such as bigger quay cranes, rubber-tired gantries and prime movers. This translates to an increase in capacity, productivity and overall competitiveness for PTP, in line with its aim of becoming a key global transshipment port.

As for Northport, the upgrading of Wharf 8 is expected to be completed by August 2017. Once completed, Wharf 8 and Wharf 8A will have a combined total berthing length of 563m with 17m depth, which will increase the capacity to handle Ultra Large Container Vessel.

Johor Port on the other hand, plans to upgrade its cargo and warehousing capacity as well as expand boundaries through the development of two satellite terminals with Free Zone access.





THE PORTS & LOGISTICS DIVISION
COLLECTIVELY
HANDLED

12.33
million
TEUs in 2016

SENAI INTERNATIONAL AIRPORT PASSENGERS GREW

9.5% TO 2.8 MILLION

As for Senai International Airport, we are also investing in the facade and facilities to enhance efficiency and upgrade the passenger terminal to cater to the growing number of passengers.

The on-going infrastructure projects in and around the Klang Valley is expected to improve transportation system efficiency and are part of the Group's nation building efforts. The Langat Sewerage Project, one of the largest Sewerage Treatment Plant in the country is also expected to improve the quality of our rivers and preserve our environment by reducing ammonia pollution and ensuring better effluent discharge.

Our goal is to ensure that the projects are completed timely within the allocated budget, not compromising on construction standards and quality, in order to ensure consistent earnings income for the Group.

Our industrial land business also plays a vital role to the Group's nation-building ambitions by developing industrial areas and attracting local and international investors and businesses to operate in Iskandar Malaysia.

CARING ABOUT OUR COMMUNITY AND ENVIRONMENT

Our strong commitment to promoting the health and well-being of the people living in the markets we serve continues with various support and charitable programmes for the community.

This includes, among others, the sharing of various festivities with the less fortunate, financial assistance to the vulnerable residents of the community, examination preparation and motivational programmes for the younger generation and health-related activities such as blood donation drives and health and safety campaigns carried out by our subsidiaries throughout the year.

As we play a part in nation building through development projects and job creation, we also look into socially and environmentally-responsible initiatives such as minimising greenhouse gas (GHG) emissions, preserving biodiversity and introducing innovative, value-added energy solutions that promote energy efficiency and sustainability.



Our ports employ various environmental strategies to reduce energy consumption and mitigate GHG emissions, and we continually educate our employees, customers and suppliers to be mindful of energy conservation. We also considered electricity-based equipment in place of diesel powered ones, where appropriate, and have installed proper devices to comply with various emission standards. Our initiatives to preserve biodiversity includes collaboration with universities on scientific studies on seagrass meadows and marine organisms.



Through Gas Malaysia, we promote the use of natural gas in supporting the transition to a lower carbon emissions world and the national agenda of targeting 40% reduction in CO₂ emission by 2020. Based on its recent statistics, by supplying natural gas to close to 800 industrial customers, Gas Malaysia had contributed to approximately 14% reduction in CO₂ emission.

Our Engineering and Construction division also implemented an Environmental Management System (EMS) to monitor and minimise the impact of construction activities on the environment, including noise levels, ambient air quality, surface water quality and river water quality, as well as observe the preservation of natural buffer zones where necessary.

In a nutshell, our aim is to help improve the lives of others by giving back to our society and ensuring continued development growth through an environmentally-responsible approach.

UNPARALLELED PEOPLE RELATIONSHIPS

Our good relationship with our employees provides the foundation for our stable and competitive growth. Our people are MMC's main resource in realising the Company's vision. While we invest in sustainable developments that generate numerous employment opportunities for the nation, we also focus on good employment practices to nourish and enhance the lives of those working with us while also establishing meaningful relationships with our partners, customers and stakeholders.

As an equal opportunity employer, MMC employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness.

Supported by 13,215 employees spread over 17 operating companies in diverse industries, MMC continues to ensure that there continues to be diversity with fair treatment to all, free from gender, ethnicity and age discrimination. With that, we see our staff attrition rate for the Group declining to only 5.4% in 2016, from 8.2% in 2015, due to positive relationships, competitive pay structures and opportunities for upward career advancement.

We remain committed towards the professional development of our employees, including formal learning, on the job training and providing opportunities for industry exposure. To enhance the core competencies of our staff, we also provide competency and technical training for relevant employees such as NIOSH training, construction project managers certification, and on radiation safety.

As a means to encourage our employees to continually upgrade their skills and knowledge, we also provide financial education assistance and study leave to those who are keen to pursue higher learning.

Cognisant of the need to help our employees fit into the Group and to adopt its culture, we also conduct orientation and culture internalisation programmes, whilst fostering positive employee engagement at all levels using multiple avenues. The Company encourages good work practices through incentives and acknowledgments such as the MMC Total Rewards programme, Long Service Awards and Employees Recognition Award, to name a few. Various staff activities are also conducted at all subsidiaries to promote team building and harmonious work relationships.





HEALTH AND SAFETY

Occupational health and safety remains a key focus of the Group, as we work towards ensuring a safe working environment for our people by enforcing stringent Health, Safety and Environment (HSE) standards and regulations across all our operations.

Policies are in place and facilities are equipped with the necessary safety features. Active discussions between management and employees are held regularly, alongside close monitoring of HSE performance indicators such as Lost Time Incident Frequency (LTIF), Lost Time Injury (LTI), fatalities and Permanent Total Disability (PTD) and Lost Workday Cases (LWCs). Risk areas are identified and relevant controls and mitigation action put in place to regulate these risks.

AWARDS

In recognition of our efforts, we were honoured to receive several awards in 2016 for outstanding performance, environment as well as for research.

MMC Corporation Berhad received the Bronze Award for the Employer of Choice category for the first time during the Malaysia HR Awards 2016. This award recognises sustained and continuous commitment by organisations and corporations for the development of its talents.

Northport won the Outstanding Performance Award under the Port category in conjunction with the World Maritime Day 2016 on 5 October 2016. Northport and PTP both received the APSN Green Port Award System (GPAS) in conjunction with the APEC Port Services Network (APSN) Workshop on Safety of Dangerous Goods at Ports held on 8 November 2016.

On 26 May 2016, Johor Port received the UTM Annual Academia-Industry Excellency Award in recognition of its support towards UTM's academic development and research. This was followed



by the Focus Recognition Award from Petronas Refinery and Petrochemical Corporation Sdn Bhd for the high level of professionalism and commitment in handling their cargo movement and unloading of the Tallest, Heaviest Propylene Fractionator Process Column in Malaysia safely and efficiently on 25 June 2016. In addition to that, Johor Port secured first place for both the Private Sector's Building and Factory categories during the Landscape Day State Level Celebration 2016 held on 5 November 2016.

During the year, Johor Port also achieved the ISO 55001:2014 certification for 'Asset Management System for Primary Port Operating Assets' while Senai Airport was certified ISO9001:2015 and ISO27001:2013.

Kontena Nasional Global Logistics Sdn Bhd, received the Best Logistics Management Contractor Award on 13 December 2016 from PETRONAS Penapisan Melaka Sdn Bhd, while SMART Tunnel was recognised as the world's top tunnels by CNN in December 2016.



OUTLOOK

Looking ahead, we remain optimistic on the Group's performance in 2017. We continue to expect higher throughput at our ports in view of the investments made to increase capacity and efficiency. We also see an increasing demand for shipping, transportation and warehousing as more companies venture into the flourishing online business, and with the continued economic development growth forecasted for the coming year. Further north, we also foresee improvements in Penang Port which is expected to contribute positively to the Ports and Logistics division.

The growth of Iskandar Malaysia will also bode well for our ports and airport as well as our industrial land development at Senai Airport City and Tanjung Bin Petrochemical and Maritime Industrial Centre.

We foresee sustainable business growth by our Engineering & Construction division, anchored by the KVMRT SSP Line underground work and Project Delivery Partner (PDP) role for the elevated portion and the Pan Borneo Sabah Highway projects. Additionally, our sewerage and water projects, along with consistent contribution from our energy and utilities investments also further supports the sustainable growth of our earnings.

Meanwhile, we will also continue our efforts to improve on our cost-efficiency and cost optimisation programmes to boost our operational profitability.

In summary, it has been an exciting year for MMC and our efforts have placed us on a stronger footing to weather tomorrow's challenges, paving the way for us to become Malaysia's premier utilities and infrastructure group. We will continue to leverage on our strong financial standing and our leading market positions to cater to the dynamic requirements of the market and we are committed to deliver another year of good performance.

ACKNOWLEDGMENTS

In closing, I would like to thank the Board members and extend my appreciation to all outgoing and/or retiring directors from our various subsidiaries, including the board of directors of NCB Holdings Bhd, following the completion of the takeover.

My appreciation also goes to all our stakeholders; the Government, state bodies, regulatory authorities for their cooperation and support, our business partners, valued customers and suppliers, and to all our shareholders.

Last but not least, I would like to thank our management team led by Dato' Sri Che Khalib Mohamad Noh, our Group Managing Director as well as the management teams of our operating companies and all of our employees for their ongoing dedication and commitment, without which we will not be where we are today.

TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

MMC CORPORATION BERHAD CONTINUED ITS MOMENTUM IN 2016 WITH STRONGER PERFORMANCE FROM ALL THREE CORE DIVISIONS. THIS WAS ACHIEVED THROUGH AN EXPANDED **PORTS AND LOGISTICS** PORTFOLIO AND OPERATIONS, STABLE **ENERGY AND UTILITIES** GROWTH, AND SUSTAINED **ENGINEERING AND CONSTRUCTION** BUSINESS BOOSTED BY MAJOR INFRASTRUCTURE CONTRACTS.

Throughout the year, we maintained our domestically dominant position in the ports sector and standing among the top global port operators. We overcame the challenging global economic environment by focusing on the consolidation of our port operations, placing significant emphasis on strategic acquisitions as well as undertaking capacity and facility enhancement initiatives.

During the year, our ports handled a total of 12.33 million Twenty-foot Equivalent Units (TEUs) with transshipment throughput totalling 9.96 million TEUs whilst we set a new record for our local cargo handling of 2.37 million TEUs in 2016.

The growth prospects for the ports industry propelled us to expand our reach to new territories along the important trading route of Straits of Malacca with the acquisition of Penang Port Sdn Bhd (Penang Port) and proposed acquisition of Tanjung Bruas Port, Melaka.

We also continued to invest towards enhancing our capacity and facilities including upgrading port channels to enable us to cater for the largest container vessels. We believe these initiatives will strengthen our service standards and propel our global competitiveness.

Our turnaround strategies also proved to be effective with our success in strengthening loss-making Kontena Nasional Berhad (Kontena Nasional). Following the acquisition in 2015, Kontena Nasional witnessed significant improvement in its freight forwarding segment which boosted Kontena Nasional's revenue by 28% to RM231.3 million in 2016.



Continuous improvement of our business strategies and tapping into new logistics and warehousing markets will only further improve Kontena Nasional's performances, after having narrowed its after-tax loss to a slight RM5.6 million in 2016, from a RM65.3 million loss in 2015.

We continued to see stable contributions from our energy and utilities businesses in 2016, in tandem with domestic economic development and population growth, and with consumers increasingly favouring natural gas as an alternative form of environmentally-friendly energy source. These sustainable positive trends will act as a catalyst for our energy and utilities division to grow from strength to strength.

During the year, we further contribute to Malaysia's nation building initiatives through our participation in major infrastructure and development projects that will spur economic growth, generate jobs, attract foreign investment as well as improve the people's quality of life.

With the support and confidence of the Government and our joint-venture partners, we were able to secure a number of key infrastructure projects during the year. Most notably, in 2016, together with our joint-venture partners, we secured the RM15.5 billion underground works package for the KVMRT Sungai Buloh-Serdang-Putrajaya (SSP Line) and the Project Delivery Partner (PDP) role for the RM12.8 billion Sabah portion of the Pan Borneo Highway project, which will be among the largest projects to be undertaken in our history.

Additionally, we remained steadfast in our focus on unlocking the value of our industrial land by attracting local developments as well as foreign direct investments to generate industrial activities and contribute towards domestic economic growth. We have also expanded our presence to north of Peninsular Malaysia whereby plans are afoot to develop our project in Northern Technocity in Kulim, sprawling over 354 acres adjacent to Kulim Hi-Tech Park, Kedah.

Down south, our current efforts to construct the approximately RM570 million bridge across Sg. Pulai in Johor that will link our Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) to the Tanjung Bin Petrochemical and Maritime Industrial Centre, which is adjoining Malakoff's plant in Tanjung Bin, will be a boon for the local population and for industries to access a shorter route to the port as well as to Tuas in Singapore via the Second Link. This 7.5km bridge will also boost the marketability of our industrial centre in Tanjung Bin and port facilities at PTP.

We continue to monetise our assets and enhance the attractiveness of our key developments such as Senai Airport City, with many foreign investors and businesses drawn to its strategic location and excellent connectivity to airports, seaports as well as major expressways.

As we continue to explore new markets and harness synergies within the Group, we head into the following year on a stronger footing with our three core divisions-Ports and Logistics, Energy and Utilities, as well as Engineering and Construction-being the pillars that will support our continued growth.

This is the essence of the theme for our 2016 Annual Report: **"Growing Stronger."**

OUR PORTS HANDLED A TOTAL OF 12.33 MILLION TWENTY-FOOT EQUIVALENT UNITS (TEUs) WITH TRANSHIPMENT THROUGHPUT TOTALLING 9.96 MILLION TEUs WHILST WE SET A NEW RECORD FOR OUR LOCAL CARGO HANDLING OF 2.37 MILLION TEUs IN 2016.





OPERATIONS REVIEW

The Group registered commendable results in 2016, with Ports and Logistics now playing a bigger role following the listing of our subsidiary, Malakoff Corporation Berhad (Malakoff) in 2015.

In 2016, MMC achieved revenue of RM4.63 billion with stable income generated from Ports and Logistics activities as well as from the Engineering and Construction projects. With that, the Group was able to rake in profit after tax and minority interest (PATMI) of RM549.7 million

In the preceding year, MMC generated a total revenue of RM5.06 billion, of which RM3.01 billion was from continuing operations whilst RM2.04 billion was contributed by discontinued operations, namely Malakoff. Profit after zakat and tax (PAZT) for 2015 continuing operations stood at RM299.24 million while that for discontinued operation accounted for RM1.52 billion, bringing total PAZT in 2015 to RM1.82 billion.

The Group's performance for the year under review stacked up well against 2015's RM3.01 billion revenue and RM364.97 million profit before zakat and tax (PBZT), with a healthy 53.6% increase in revenue and 84.3% growth in PBZT.

The robust growth comes on the heels of the Group's strategy to consolidate the ports businesses under one integrated operating group, MMC Port Holdings Sdn Bhd (MMC Ports) which amongst others, has a specific task to create and harness synergies among the ports by sharing common functions as well as improve efficiency of service to customers.

The Group currently owns PTP, Johor Port Berhad (Johor Port), Northport (Malaysia) Bhd (Northport) and Kontena Nasional, an integrated logistics company. We have also completed the acquisition of 49% stake in Penang Port.

The year 2016 was generally a challenging year as the global economic environment and volatile commodity prices affected the movement of raw materials by sea.

However, with a stronger balance sheet post Malakoff listing, we managed to reduce our borrowing costs significantly allowing us to utilise our resources better, focusing on strengthening our core operations.

By segment, in 2016, Ports & Logistics division accounted for 59% of revenue, a much larger percentage against the 38% contribution in 2015, and contributed 66% to PBZT versus 25% previously,



while the PBZT from Energy & Utilities was reduced to 27% compared with the preceding year's 40% revenue and 89% PBZT, due to deconsolidation of Malakoff and absence of exceptional gains of RM1.34 billion from Malakoff's May 2015 listing.

Similarly, revenue and PBZT contribution from Engineering & Construction also increased, and in 2016 stood at 33% and 52%, compared with 2015's contribution of 19% and 9%, respectively.

HIGHLIGHTS ON KEY RISKS

Our top risks for the Group are those risks identified based on the assessments performed on our overall risk profiles that identifies specific potential impacts to the Group's strategic plans and objectives. These key risks are continually monitored and reviewed at both the Head Office and operating companies via various committees and meetings. The quarterly Group Risk Management report is discussed and deliberated at MMC's Risk Management Committee and subsequently tabled to the Finance, Investment and Risk Committee (FIRC) of the Board. The reports are then submitted to the Board for notation on the updates to the identified risks.

Among the key risks identified at the strategic level is the risk concerning the value of new and current investments. This risk arises from market uncertainties that could result in impairment

in values or lower than anticipated returns on investments. Several key mitigation actions to address this risk include the establishment of the FIRC, implementation of Guidelines for Investment, undertaking thorough due diligence and having management representation at the Board level for entities that MMC has invested in.

As for the risk associated with our concessions and business ventures with our partners, we endeavour to ensure compliance with concessions' terms and conditions and all governing rules stipulated by the authorities. In addition, close and frequent engagements with the relevant authorities and stakeholders have enabled this risk to be well mitigated.

Operational risks are managed at operating companies level and through delegation of the risks to the respective risk and mitigation plan owners. To address our commitment in safeguarding lives and the environment in which we are operating, we had identified risks in relation to accidents leading to fatality and major environmental impact. On mitigating the risks, most of our operating companies are certified and are in compliance to international standards for safety and environment such as ISO 18001 and ISO 14001. They are subjected to periodic audits by the relevant certification bodies. Various committees have been established to closely monitor the organisation's performance on Health, Safety and Environment to ensure that our operations do not pose any threat to lives or cause any damage to the environment.

PORTS & LOGISTICS



PELABUHAN
TANJUNG
PELEPAS
SDN BHD



JOHOR
PORT
BERHAD



NORTHPORT
(MALAYSIA)
BHD



PENANG
PORT
SDN BHD



KONTENA
NASIONAL
BERHAD



JP
LOGISTICS
SDN BHD

PORTS & LOGISTICS DIVISION

The Ports & Logistics division delivered another strong set of results in financial year 2016.

For the financial year ended 31 December 2016, the division's revenue advanced 43% to RM2.74 billion, from RM1.91 billion in 2015. However PBZT declined 10% to RM440.92 million from RM489.9 million in the preceding year. This is due to absence of gain on fair value re-measurement of RM130.5 million upon additional acquisition of equity interest in NCB in December 2015, which is partially offset by effects of NCB's consolidation.

Total throughput declined 3.29% from 12.75 million Twenty-foot Equivalent Units (TEUs) in 2015 to 12.33 million TEUs in 2016. The total TEUs recorded by the division in 2016 represents 49.6% of Malaysia's total container throughput of 24.85 million TEUs for FY2016. In addition to that, the division handled 26.4 million Freight Weight Tonnes (FWT) in conventional throughput during the year.

In terms of capacity, PTP is undergoing a comprehensive upgrading programme that will eventually increase the port's capacity to 13.2 million TEUs from 10.5 million currently. This will be done through a budgeted investment of RM1.3 billion over the next three years. It will be achieved mainly through acquisition of new equipment such as bigger quay cranes, rubber-tyred gantries and prime movers, which will increase the port's capacity, productivity and overall competitiveness as a key global port.

The Group is also staying on course with its comprehensive development plan for Johor Port to sustain its competitiveness and increase capacity as well as optimise land space through vertical expansion of its warehousing facilities.

DIVISION'S
REVENUE ADVANCED
43%
TO RM2.74 BILLION

Our organic growth will be accompanied by expansion via strategic acquisitions and we are actively evaluating potential investment opportunities both locally and abroad.

We began the year with PTP, Johor Port, Northport, Kontena Nasional and JP Logistics portfolio and have strengthened this portfolio through the acquisition of a 49% stake in Penang Port that was recently completed.

Furthermore, with the establishment of MMC Ports, our focus will be to strategically expand our scale of operations and business presence from the Southern region to the Northern region of Peninsular Malaysia. This will enable us to maximise our capital and resource efficiencies to create stronger business operations by driving synergies across business units, establish best practices and also optimise contractual dealings with both customers and business partners alike.



PELABUHAN TANJUNG PELEPAS SDN BHD

Our performance at PTP has remained resilient despite the uncertain global economic conditions. The shipping industry went through major changes on the back of several merger and acquisition activities taking place last year. To date, PTP has maintained a strong position among the world's major transshipment hubs.

The year 2016 was generally a challenging year for port operators. PTP recorded a lower throughput of 8.28 million TEUs for the financial year of 2016, down 9.2% from 2015. PTP's volume declined on the back of several port closures in the Far East due to dense fog weather in the first quarter of 2016, that led to the omission of calls to PTP by the shipping lines which decided to re-route cargo directly to Europe in order to restore schedule reliability. This as a result contributed to the loss of transshipment volumes at the port.

In August 2016, an oil spill incident at Tanjung Bin had impacted PTP. Shipping lines re-routed their transshipment as a precautionary measure and as a result, PTP suffered a loss of 200,000 TEUs during the two-week period. Correspondingly, total revenue for 2016 reduced by 3% to RM1.14 billion, from RM1.18 billion in 2015, while PBT was 12% lower at RM167.7 million against RM189.7 million recorded in 2015.

On the other hand, Marine revenue was 5% higher than 2015 due to a 6% increase in total vessel calls, mainly for non-container vessel calls and implementation of a new tariff since September 2015.

Notable improvements were seen in PTP Free Zone during the year, with significant growth achieved for both container volumes and tenants. Its revenue for the year surpassed the 2015 performance by 55% as laden container volumes rose by 11%, mainly driven by warehousing and logistics activities. In June 2016, The Volkswagen Group decided to house its 1.26 million square feet state-of-the-art regional facility for spare parts distribution at the PTP Free Zone, which is anticipated to generate an additional 18,000 TEUs annually for PTP when the facility becomes operational by August 2018. The facility will be the first of its kind in the South East Asian region which will act as a single consolidated distribution supply facility serving SEA, East Asia, South Asia, Central Asia, Australia, New Zealand and Pacific Islands markets.

PTP will continue to play a significant role in the development of the ports and logistics industry as well as nation development and we were honoured to receive recognition for our contribution and dedication to the industry and more specifically to the overall development of the state of Johor and Malaysia, in general. During the year, PTP won the APEC Port Services Network Green Port Award System for our initiatives to reduce environmental and energy footprint through sustainable business processes.

Moving forward, PTP will continue to manage its costs and strengthen its operational and financial position by enhancing our service quality and efficiency as well as upgrading our facilities. This includes focusing on fundamental concerns such as equipment availability and reliability, as well as increasing the port's capability through the on-going equipment upgrading programme. PTP is in the midst of procuring new quay cranes, new rubber-tyred gantries and prime movers, to be delivered in stages throughout 2017 and the first quarter of 2018.



PTP's expansion programme also involves channel dredging and widening to increase the draft to 18.5 metres deep from the current 16-17 metres, to enable the berthing of the largest container vessel classes. Work is expected to start in the second quarter of 2017.

These initiatives enable PTP to remain competitive and further strengthen its position as the preferred transshipment hub in the region. The added capabilities allow PTP to attract more liners from major regional destinations and position itself as a major integrated logistics hub in ASEAN. PTP is also anticipated to emerge on a stronger footing to capitalise on the positive volume growth, while the PTP Free Zone should see sustained growth in 2017 as further infrastructure development takes place at the distripark.

We remain steadfast in our efforts to increase PTP's capacity to cater for larger volume going forward. Our main priority is to continuously engage and offer sustainable value to all our customers.

NORTHPORT (MALAYSIA) BHD

Northport achieved a sterling performance in 2016, recording a 13.8% increase in throughput to 3.22 million TEUs, compared with 2.83 million TEUs in 2015. The biggest contribution to the growth was from transshipment containers, which grew by 22.0% during the year, followed by exports at 7.8% and imports at 4.7%.

This helped to boost the port's revenue by 9.2% to RM694.8 million in 2016, from RM636.3 million in 2015, and consequently raised PBZT by 57.2% to RM139.4 million, from RM88.6 million previously.

During the year, Northport also initiated process improvement programmes to boost performance delivery and efficiency by promoting ideas and identifying issues that need to be addressed to achieve the desired results.

NORTHPORT
RECORDED A
13.8%
INCREASE IN
THROUGHPUT TO
3.22 MILLION TEUs



To further leverage on the synergies of the MMC Group, Northport has collaborated with JP Logistics and Kontena Nasional to enhance its services through consolidation of import and export shipments, as well as operational collaboration for the supply of manpower and machine for its container, conventional cargo and logistics operations.

As part of the larger MMC Group, Northport has been able to leverage on group procurement for the purchase of terminal equipment and spare parts. On the engineering front, Northport has shared its technical expertise with other sister ports. Apart from that, Northport also participated in the Group's training programmes to enhance the skills and knowledge of its employees.

Northport believes that the future continues to hold significant growth potential for its operations and they are now positioning themselves as a stronger intra-Asia and local gateway cargo player. Going forward, Northport will continue to invest in expanding, upgrading and optimising its facilities to better serve customers and to provide more efficient services.

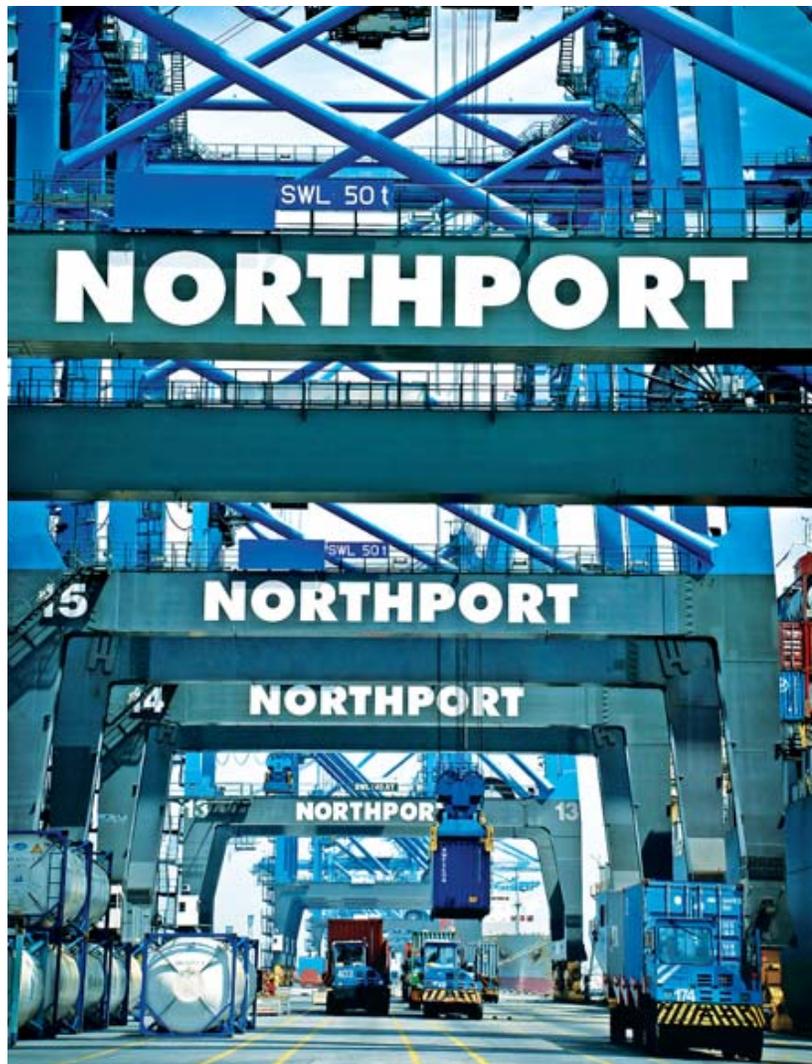
One notable effort is Northport's current upgrading of Wharf 8. Upon completion in August 2017, Wharf 8 together with Wharf 8A, will have a combined berth length of 563 metres and a draft of 17 metres. The upgraded facility will offer the required capacity to handle Ultra Large Container Vessels, placing Northport on the main shipping route to service Europe, America and China/Japan routes.



Northport's long-term business objectives include growing its business organically and collaborating with customers to create a cargo base for their business. In addition to that, the port is also exploring the possibility of joint-collaboration with selected Liners for development of new facilities in creating a sustainable volume for Northport.

Northport will remain cautious on the economic developments both globally and domestically and will continue to track the changing shipping landscape and alliance alignment in order to remain relevant and competitive.

Consolidation of the liner shipping industry is expected to be formalised in April 2017 that will lead to adoption of a dual hub strategy in Singapore and Port Klang. This provides an opportunity for Northport to potentially attract additional transshipment traffic by leveraging on our "Berth on Arrival" proposition for shipping lines to call at Northport.



JOHOR PORT BERHAD

In 2016, Johor Port posted stronger earnings with revenue rising 10% to RM536.6 million from RM486.5 million a year earlier.

Revenue growth was supported by improvements in Dry Bulk, Break Bulk, Container, Marine and from the Petroliaam Nasional Berhads' (PETRONAS) Refinery and Petrochemicals Integrated Development (RAPID) Material Offloading Facility (MOLF) project which was partially offset by the decline in Liquid Bulk and Offshore Inspection, Maintenance and Repair Centre (OIMR) division.

Johor Port's Dry Bulk operations gained traction with a 3% increase in throughput, which helped boost revenue by 4% year on year to offset the dip in Liquid Bulk Terminal revenue as a result of a decline in both Edible and Non-Edible Liquid cargo.

The Break Bulk Terminal's 3.5% revenue improvement was supported by a 11% growth in throughput. Total conventional cargo stood at 17.8 million FWT, which represents a slight decrease of 1.5% compared to the preceding year.

Container volume also rose by 3% to 827,013 TEUs from 800,524 TEUs during the preceding year. The Marine division made good progress in 2016 with revenue surging by some 20% following a 5% rise in vessels serviced as well as several special projects undertaken during the year, including lay up of vessels and movement of rigs.

Revenue from the OIMR division was commendable, amounting to RM33.9 million in 2016 despite the volatile crude oil prices due to uncertainty in the oil & gas industry which has affected the industry.

Consequently, Johor Port posted a PAT of RM156.2 million in 2016, which represented an increase of 26.5% from RM123.5 million previously.

Going forward, Johor Port will continue to focus on increasing its transshipment volume and berth utilisation as well as upgrading its facilities to meet customers' growing requirement.

The Port's volume which handles 95% of hinterland cargo, remains a key Commodity Hub in the Southern Region supported by a strong regional network. The rapid growth coming from Iskandar Malaysia and surrounding industrial areas have led to increasing cargo demand.

To this end, Johor Port has embarked on a 5-year Comprehensive Development Plan to upgrade its Bulk cargo capacity by about 50% to approximately 43 million MT by 2020, from the existing capacity of 22 million MT currently, to cope with future projected volume growth. This Plan also includes increasing warehousing footprint through optimisation of land space and relocation or merging of existing buildings within the Port's area, in order to add more than 400,000 square feet to its current 3 million square feet of Free Zone warehousing space.

Johor Port is also expanding its boundaries through the development of two Satellite Terminals with Free Zone facilities, with Terminal 2 located some 7 km away from Johor Port. The Export Processing Zone and Cargo Consolidation Centre situated within the Tanjung Langsat Industrial Complex will also be developed as part of Terminal 2, which covers a land area of more than 112 acres.

The two Terminals, combined with the Comprehensive Development Plan, will double Johor Port's capacity to some 80 million MT with additional storage capacity of 1.7 million square feet to cater for the Port's requirements for the next five years.





KONTENA NASIONAL BERHAD

The freight forwarding segment drove Kontena Nasional's revenue up by 28% in 2016 to RM229.5 million, from RM178.9 million in the preceding year, offsetting the lower earnings from its warehousing, haulage and trucking businesses.

During the year, freight forwarding revenue rose 77% to RM151.2 million, from RM85.5 million in 2015, following its success in securing new businesses from PETRONAS Carigali Sdn Bhd, Samsung Engineering Co Ltd and the Ministry of Defence.

Kontena Nasional also managed to expand its ISO tank transportation business in Johor and Port Klang. This is a specialised transportation for gas, namely for two major players, Air Liquide Malaysia and Linde Malaysia, and the project contributed some RM6.5 million in revenue in 2016.

Revenue from the warehousing business declined by 13% to RM16.2 million, from RM18.7 million in 2015 with overall average occupancy rate around 70%, compared with 90% in 2015.

Kontena Nasional's warehouse in Nusajaya Johor obtained its license as a bonded warehouse in September 2016, improving its marketability and enabling it to attract a number of customers, and thus raising the occupancy rate to 60% from 40% in 2015.

At the same time, both haulage and trucking revenue were affected by a reduction in its fleet numbers, with an average availability to operate of 65% in 2016. Consequently, haulage revenue decreased by 16% to RM55.5 million from RM66.3 million previously, while trucking revenue slipped by 20% to RM6.6 million from RM8.3 million in 2015.

Currently, Kontena Nasional has 337 vehicles in its haulage fleet including box vans, conventional trucks, prime-movers, cement tankers, tipping dumpers and reefer trucks.

In 2016, Kontena Nasional managed to lower its operating expenses. At the bottom line, Kontena Nasional improved to post a lower total loss after tax (LAT) for the Group in 2016 at RM5.6 million, improved 91% from a loss of RM59.7 million in 2015 primarily due to contribution mainly from the freight forwarding segment.

Going forward, we believe that our logistics segment will continue to perform well as retail e-commerce continues to grow at an impressive pace leading to a wave of demand for logistics functions including warehousing and transportation such as shipping, freight and haulage. This will be further complemented by our consolidation and investment in integrated technology that will facilitate easier transport management system, shipping options and shipment tracking.

The recently obtained bonded status for our Nusajaya warehouse will also bode well for the warehousing segment in the coming year while the expansion of the haulage business into more specialised segments is also expected to boost future earnings.

In March 2016, we ventured into the skid tank business and successfully generated RM6.5 million in revenue for the year, contributing to 11% of the total haulage revenue in 2016. With the implementation of our proposed expansion plan, we believe this will generate a good income stream that is expected to contribute to higher growth in 2017.

ENERGY & UTILITIES





MALAKOFF
CORPORATION
BERHAD



GAS
MALAYSIA
BERHAD

ENERGY & UTILITIES

The Energy and Utilities division remained a core segment of the Group's operations, even after the listing of Malakoff in 2015, as we continue to see significant contribution from Malakoff and Gas Malaysia Berhad (Gas Malaysia).

This Division performed well during the year. Subsequent to the listing of Malakoff in 2015, the Group has reduced its gearing significantly and consequently improved its financial position to pursue more business opportunities going forward.

The PBZT contribution from Energy & Utilities division was reduced to 27% compared with the preceding year's 89% due to the deconsolidation of Malakoff results and absence of exceptional gains of RM1.35 million related to Malakoff's May 2015 listing.

MALAKOFF CORPORATION BERHAD

In 2016, Malakoff's revenue increased by 15% to RM6,098.4 million from RM5,302.0 million previously.

This increase came on the back of revenue contributions from the newly built 1,000 MW coal-fired Tanjung Bin Energy Power Plant, which achieved its commercial operation date (COD) on 21 March 2016. The Group turned in a PATMI of RM355.5 million for 2016, a 21% drop from its PATMI of RM452.4 million in 2015.

Malakoff achieved several major milestones in 2016 which helped strengthen its market standing domestically and abroad. On the home front, aside from Tanjung Bin Energy Power Plant achieving its COD, Port Dickson Power Plant commenced its three-year extension period for its existing Power Purchase Agreement. Elsewhere on the domestic front, Malakoff's other local power plants continued to turn in a steady performance above the Independent Power Producer (IPP) industry average in terms of energy availability factor and thermal efficiency. On the international front, Malakoff's venture in Oman, the Al Ghubrah Independent Water Project, achieved its COD on 19 February 2016.

TANJUNG BIN
ENERGY POWER PLANT
**ACHIEVED ITS
COMMERCIAL
OPERATION DATE
ON 21 MARCH 2016**

Malakoff is today Malaysia's largest IPP in terms of effective generation capacity. By way of its domestic IPPs and international assets in the power and water segments, Malakoff had a total effective capacity of 7,036 MW and 444,800 m³/day respectively as at end of 2016. Going forward, Malakoff plans to expand its effective power generation capacity to 10,000 MW and its effective water production capacity by approximately 50% by 2020. Today, approximately 97% of Malakoff's revenue is generated from the power generation and distribution business.

GAS MALAYSIA BERHAD

In 2016, Gas Malaysia posted commendable operational and financial performances, charting higher revenue at RM4.05 billion against RM3.62 billion in 2015, driven mainly by the increase of gas consumption by our industrial customers, in addition to the higher natural gas tariff (revised to RM25.53/MMBtu for 1H2016 and RM27.05/MMBtu for 2H2016).

During the year, volume of gas sold stood at 164.26 million MMBtu, rising by some 3.26% over 2015's level of 159.07 million MMBtu sold.





PBZT was RM212.84 million and Profit after Zakat, Tax and Minority Interest stood at RM165.1 million, a commendable 55.55% growth against RM106.2 million recorded in 2015.

The number of industrial customers, who contributed 99.1% to Gas Malaysia's total gas sold, increased to 819. Adding 2,260 commercial and 35,298 residential customers, the customer base which is represented by the industrial, commercial and residential sectors stood at 38,377 customers.

Gas Malaysia continues to further reach its customers by strengthening and extending their presence within Peninsular Malaysia. In line with that, Gas Malaysia grew its Natural Gas Distribution System network by another 47 km, bringing the total length of its distribution pipeline across Peninsular Malaysia to 2,186 km. Gas Malaysia has also awarded several construction projects that would result in over 90 km of pipelines in the future.

Gas industry liberalisation has paved the way for Gas Malaysia to enhance its commercial potential by diversifying into the non-regulated sphere of the gas distribution business. Even as the gas distribution business continues to support the Group's organic growth, Gas Malaysia continues to make good progress and is pleased with the completion of its three commercially driven ventures – namely, the Combined Heat and Power, Virtual Pipeline and the latest addition Bio Compressed Natural Gas businesses.

Aimed at promoting efficient resource allocation and usage as well as ensuring equitable financial performance, Incentive Based Regulation framework (IBR) was implemented on a trial basis in 2016. The IBR was effected to govern the regulated distribution business and is expected to provide earnings clarity, certainty and stability for Gas Malaysia while also acting as an incentive to improve on operational and financial efficiencies.

Looking ahead, we shall continue to remain resilient and focus on actionable business strategy to enable us to adapt and rise above the liberalisation of the natural gas industry.



ENGINEERING & CONSTRUCTION



KLANG VALLEY
MASS RAPID
TRANSIT
PROJECT



MMC
ENGINEERING
SERVICES
SDN BHD



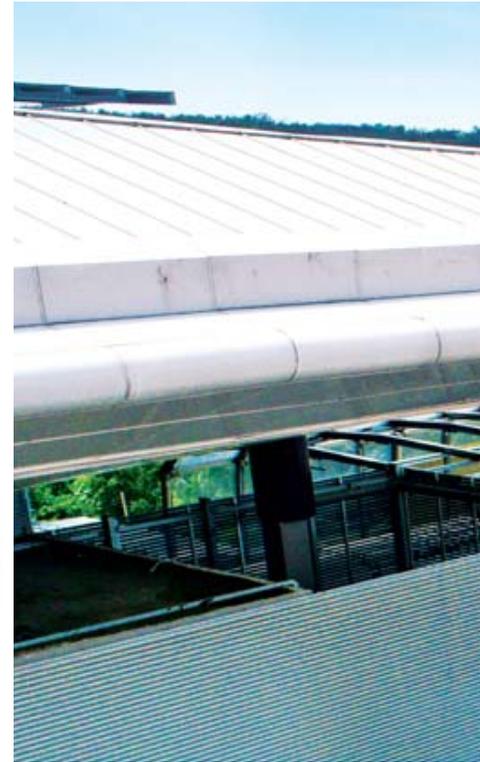
MMC
PEMBETUNGAN
LANGAT
SDN BHD



ZELAN
BERHAD



STORMWATER
MANAGEMENT
AND ROAD
TUNNEL
(SMART)



ENGINEERING AND CONSTRUCTION

MMC ENGINEERING SERVICES SDN BHD MMC ENGINEERING & CONSTRUCTION SDN BHD

We continue to see steady growth from the Engineering and Construction division in 2016, with contributions from several key infrastructure, water and sewerage projects.

Notable projects undertaken during the year include, among others, the Klang Valley Mass Rapid Transit (KVMRT) project with Gamuda Berhad, the Rapid Cogeneration Plant project in Pengerang, Johor with Siemens, the Langat 2 Water Treatment Plant with Salcon Berhad and Ahmad Zaki Resources Berhad and the Langat Sewerage Project in Selangor.

For the financial year 2016, MMC Engineering Services Sdn Bhd and MMC Engineering & Construction Sdn Bhd recorded a combined revenue of RM234.93 million. This represents a 40% increase from RM168.23 million recorded in 2015. Subsequently, the companies posted Profit Before Tax of RM23.19 million as compared to RM6.29 million in 2015.

On 11 April 2016, Borneo Highway PDP Sdn Bhd (BHP) signed the Project Delivery Partner (PDP) Agreement with the Malaysian Government and Sabah State Government to implement Phase 1 of the Pan Borneo Highway in Sabah. BHP is 40% owned by UEM MMC Joint Venture Sdn Bhd (UMJV), which is in turn a jointly-controlled entity of MMC. MMC's effective interest in BHP, via UMJV, is 20%.

Supported by these and other projects, the Engineering and Construction division posted stronger revenue and PBZT contribution also increased in 2016 to 33% and 52%, compared with 2015's contribution of 20% and 9%, respectively.

MMC GAMUDA JOINT VENTURE

Through our joint-venture unit MMC Gamuda KVMRT (PDP) Sdn Bhd, we undertook the MRT Sungai Buloh-Kajang (SBK Line) project, which is the first of three KVMRT lines to be developed.

The line runs from Sungai Buloh across the Central Business District (CBD) and ends in Kajang. Of the entire 51 km line, 41.5 km is elevated and 9.5 km is underground. There are 31 stations, of which seven stations are underground.

Each four-car train set serving the line has a total capacity of 1,200 passengers and the daily ridership is estimated to be about 400,000 passengers. The SBK Line will operate in two phases, with the first phase covering the elevated section from Sungai Buloh to Semantan launched on 16 December 2016, while the second phase is expected to commence at the end of July 2017.

For the financial year 2016, SBK Line recorded revenue of RM2.99 billion compared to RM3.45 billion in 2015 and Profit After Tax (PAT) of RM102 million compared to RM122 million in 2015. The lower PAT was in line with the project approaching towards completion.



The SBK Line contributed approximately RM1.5 billion in revenue to the Group in 2016, and brought in about RM71 million in PBZT.

The MRT Sungai Buloh-Serdang-Putrajaya (SSP Line) is the second MRT line to be developed to serve a corridor stretching from Sungai Buloh to Putrajaya, and will traverse highly populated areas.

The approved alignment is 52.2 km long, of which 38.7 km is elevated and 13.5 km is underground. SSP Line will comprise of 37 stations, of which 11 are underground.

Upon commencement of full services in the second quarter of 2022, the SSP Line is expected to have a daily ridership of 533,000 passengers.

In 2016, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd recorded a revenue of RM583.57 million against RM241.86 million in 2015 and PAT of RM28.83 million compared to RM0.07 million in 2015. The higher PAT was in line with higher work progress.

MMC Gamuda KVMRT (T) Sdn Bhd was set up specifically to undertake the design and construction work for the underground packages of the KVMRT project.

The RM8.2 billion tunnelling package for the MRT SBK Line involves the design and construction of a 9.5 km-long MRT underground tunnel with 7 underground stations, whilst the RM15.4 billion

tunnelling package for the MRT SSP Line includes the design and construction of a 13.5 km-long MRT underground tunnel with 11 underground stations.

For the financial year 2016, SBK Line recorded a revenue of RM1.91 billion compared to RM1.41 billion in 2015 and a PAT of RM315.49 million compared to RM177.88 million in 2015. The higher PAT was attributable to the completion of SBK Line.

Subsequently, SSP Line recorded a revenue of RM477.44 million and a PAT of RM13.13 million in 2016.

THE ENGINEERING &
CONSTRUCTION
DIVISION PBZT
CONTRIBUTION
INCREASED
52%

MMC PEMBETUNGAN LANGAT SDN BHD

During the year, MMC Pembetulan Langat Sdn Bhd (MMC PLSB) posted a revenue of RM263.5 million with gross profit of RM9.7 million, compared to RM35.7 million and RM1.37 million respectively in 2015.

MMC PLSB is the company set up to undertake the Langat Sewerage Project, which was awarded by the Ministry of Energy, Green Technology and Water (KeTTHA) in 2015. Works include the construction of a Centralised Sewage Treatment Plant (CSTP) and Sewerage Conveyance System (SCS). The plant is designed to have a capacity of 920,000 population equivalent (PE) with sewage inflow of 207,000 m³/day.

The overall project involves the rationalisation of 164 local sewage treatment plants, construction of a 105 km-long network of sewerage conveyance system covering 5 catchment areas from Cheras to Kajang, the building of 6 new pumping stations and upgrading of 4 existing pumping stations. These will collectively enhance the functional performance and effectiveness of the nation's sewage treatment processes and other related facilities.

In what would become one of the most compact sewage treatment plants in the world, the project also accords the community a range of public recreational amenities such as a community hall, landscaped park as well as badminton and futsal courts built above the plant.

Scheduled to be completed in October 2020, the project is expected to improve the quality of Sungai Langat by reducing ammonia pollution and ensuring better effluent discharge. This project is in line with the Government's goal to transform the Klang Valley into one of the world's top twenty most livable metropolis and region of economic growth under the Economic Transformation Programme.



ZELAN BERHAD

The development of the Centre for Foundation Studies (Phase 3), International Islamic University Malaysia (IIUM), Gambang Campus in Pahang, which is one of Zelan's key projects, is slated for completion in May 2017, after which concession income will be forthcoming from the third quarter.

This alongside the cessation of the Meena Plaza project in the United Arab Emirates in October 2015, resulted in Zelan's revenue declining 46% to RM222.37 million in 2016, from RM412.97 million a year earlier. Consequently, Zelan slipped into the red with a net loss of RM68.23 million, against a net profit of RM30.52 million in 2015. Its engineering and construction business contributed a higher loss after zakat and tax of RM61.3 million, compared with a profit after zakat and tax of RM39.3 million in 2015.

However, going forward, we anticipate a stronger year for Zelan in 2017 as concession income is realised in the later part of the year and added with our on-going measures to improve its performance through continuous assessment of internal and external risks as well as prudent cost control to achieve long-term sustainable growth.



OTHER BUSINESSES

ALIRAN IHSAN RESOURCES BERHAD

Aliran Ihsan Resources Berhad (AIR Berhad) expanded its operations during the year under review with the commencement of the provision of manpower services for its third water treatment plant under Lembaga Air Perak since April 2016. The new water treatment plant in Kuala Kangsar, Perak, has a capacity of 20 million litres per day (MLD).

The new plant, along with two other existing treatment plants, collectively contributed to a higher revenue of RM16.42 million compared to RM14.96 million in 2015. However, higher tax charges for the year trimmed profitability by RM1.56 million to RM2.49 million.

Another notable achievement for AIR Berhad was securing its first wastewater recycling project in April 2016 for a rubber glove factory located in Negeri Sembilan, on a Build, Operate and Zero Transfer basis to produce 1 MLD recycled water over a period of 10 years. The plant was commissioned and began commercial operations in November 2016.

Following the successful commissioning of this plant, AIR Berhad secured a similar, second project from another subsidiary of the same owner at the year's end, marking AIR Berhad's successful penetration into industrial wastewater recycling for the rubber glove industry.



Moving forward, AIR Berhad will focus on Operations and Maintenance opportunities while exploring other activities along the value chain to sustain its business momentum.

AIR Berhad aims to improve its bottom line through non-revenue water segments, water recycling and industrial water and wastewater processing using membrane technology.

SENAI AIRPORT TERMINAL SERVICES SDN BHD

SATSSB posted commendable results in 2016, with higher revenue from both aeronautical and non-aeronautical segments despite the challenging economic environment and outperforming industry growth for the seventh year in a row.

SATSSB's aeronautical revenue grew by 15% to RM41.8 million in 2016, from RM36.4 million in 2015. Non-aeronautical revenue, which improved by 25% over the year to RM17.0 million, from RM13.6 million in 2015, was mainly attributable to the rental of hangars. It posted a PAT of RM6.8 million in 2016, turning around from a RM28.1 million loss in 2015, contributed by land sale.

During the year, SATSSB saw its passenger grew by 9.5% to 2.8 million from 2.6 million in 2015, with a respectable 5.1% growth in domestic flight passenger movement and a strong 43% increase in international flight passenger movement, resulting from the introduction of daily flights to Guangzhou by AirAsia and flights to Kuala Lumpur by Malindo along with the latter's increase in frequency of flights to selected locations. Commercial aircraft movements improved by 3.2% over the year with total cargo movements rising by about 18%.

In 2016, SATSSB continued to invest in the airport's facade and facilities to enhance operational efficiency, security and passenger's comfort. Renovations, which commenced in October 2016 and is scheduled to be completed by mid-2017, will add seven additional check-in counters, a new baggage handling system, segregation of domestic and international passenger boarding hall, 44 new Flight Display Information System (FDIS) terminals, nine additional retail lots and an expansion of the security screening area.





For its aero business, we aim to improve connectivity with Asia Pacific countries especially China, India, Taiwan and Japan, with our focus being on routes beyond the ASEAN region but with flight times below five hours.

The lower passenger service charge (PSC) which took effect from 1 January 2017 for ASEAN destination is also likely to attract more ASEAN carriers and this may improve the possibility of improving traffic inflows for Senai International Airport.

SATSSB AERONAUTICAL REVENUE

GREW

15%

TO RM41.8 MILLION

This will be coupled with our efforts to collaborate with various agencies such as the Johor State Tourism Agency and Iskandar Regional Development Authority (IRDA) to make Johor a more attractive destination for both visitors and airlines.

We see potential passenger growth from international leisure travellers as well as business travellers on the domestic routes in tandem with the rapid property, commercial and industrial growth in Johor, and we aim to grow the non-aero business to capitalise on this passenger growth.

Going forward, we see continuous growth from the airline sector, with data from the International Air Transport Association (IATA) and The Boeing Company indicating encouraging improvement in global passenger traffic in 2017. The region's carriers are also expected to grow their capacity by 7.6% in 2017 to take advantage of an anticipated 7.0% growth in demand alongside improved cargo performance.

INDUSTRIAL PROPERTY

MMC's Group Property division is playing an increasingly important role, as its contribution to Group earnings continued to rise in 2016. With a landbank surpassing 5,000 acres in strategic locations, MMC is well positioned to strengthen its position.

INDUSTRIAL PROPERTY REVENUE INCREASED TO RM300.16 MILLION

Of significance is our industrial property in Senai, also known as Senai Airport City where the basic infrastructure is ready. We are also beginning the development of a bridge to link our Tanjung Bin industrial hub to the Second Link to Singapore.

Revenue from the property development business rose to RM300.16 million in 2016, from RM69.48 million in 2015, while PBZT improved to RM233.79 million up from RM59.38 million previously. Currently, MMC's Group Property arm manages more than 5,000 acres of industrial developments in Johor and Kedah, namely Senai Airport City, Tanjung Bin Petrochemical & Maritime Industrial Centre and Northern Technocity in Kulim, via three subsidiaries Senai Airport City Sdn Bhd, Seaport Worldwide Sdn Bhd and Northern Technocity Sdn Bhd, respectively.

Our aim is to become a major industrial property player in the region as we attract various investors for industrial and economic development. We have had much success since we ventured into

this area since 2012, having brought in a number of established business operators, manufacturers and reputable developers to these industrial developments.

One of our major projects is the integrated airport city development known as **Senai Airport City**, which stretches over 2,718 acres of land in Senai, Johor.

Senai Airport City is strategically located and is well connected via a comprehensive road network leading to major expressways, and is accessible to major seaports and international airports, thus allowing businesses to leverage on land, sea and air transport to reach major cities worldwide. This includes easy access to the North-South Expressway, Senai-Desaru Expressway, Johor Port and PTP, as well as Senai International Airport in Johor and Changi International Airport in Singapore.

Gazetted as a Free Zone, Senai Airport City is also equipped with infrastructure to support various industrial sectors, making it attractive to businesses involved in advanced technological development, general manufacturing, aerospace maintenance, repair and overhaul (MRO), logistics, and other mixed developments and businesses who wish to enjoy the benefits accorded by the Free Zone status. In addition, various incentives are accorded for developments in Iskandar Malaysia, including pioneer status, investment tax allowance and Approved Developer status.

We are encouraged by the existing investment interest in Johor, with Malaysian Investment Development Authority (MIDA) approved investment in 2016 reflecting Johor with the highest amount at RM26.4 billion, which is about 45% from the total investment in Malaysia of RM58.4 billion.

We remain optimistic about attracting more foreign investments, particularly from multi-national companies relocating to our industrial developments in 2017 and further sale or lease of land in Senai Airport City.





SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN BHD

SMART recorded a net loss of RM7.1 million in 2016 compared to a net profit of RM0.6 million in 2015, in tandem with lower revenue of RM36.1 million against RM44.7 million previously. The decline was mainly due to the 50% toll rate hike in late 2015, which effectively lowered traffic volume in 2016. An additional RM3.7 million was also charged to SMART following the adoption of MFRS 116 and MFRS 138 in relation to the amortisation of Motorway Development Expenditure.

Operationally, SMART implemented full Electronic Toll Collection (ETC) mode in 2016, making it one of the earliest highway operators to implement the system. This move was well received by the public and improved the efficiency of collection processes. As a result of our effective implementation, SMART has been named as the Best Highway for "Toll Information System Reporting" by Malaysian Highway Authority in 2016.

SMART also gained international mileage when it was recognised for its effectiveness in dealing with flood mitigation and traffic congestion management, with CNN listing it as one of the world's top tunnels in December 2016.

OUTLOOK FOR 2017

As we venture forth into 2017 with strong growth momentum and a clear vision of our path ahead, we will continue to build on our capabilities as a leading utilities and infrastructure group with diversified businesses under three divisions namely, Ports and Logistics; Energy and Utilities; and Engineering and Construction.



Towards this end, we chart our course forward by expanding our port capacity and services through our on-going investments. The initiatives consist of integrating advanced technologies to support more complex and speedier operations documentation processes and customs clearance for our seaports and airport as well as greater efficiency and speed of service through rail intermodal services. Other developments include new connectivity infrastructure such as road links and bridge and collaboration with relevant partners to spur sea, air or land cargo volume.

The formation of new shipping alliances globally will also lead to new opportunities for MMC Ports, and we are optimistic that our efforts to strengthen our capacity and capability to cater for more and larger vessels, will fortify our position as a major port operator in the region and globally.

Our logistics business is expected to post significant improvement in the coming year, as we leverage on our capabilities to provide enhanced and integrated logistics through our seaports, airport, railway and haulage, trucking and warehousing services.



We see Kontena Nasional rolling into the black going forward amid continued growth for freight and haulage services, on the back of a booming e-commerce market.

The Energy and Utilities division will continue to provide stable earnings for the Group in tandem with population and economic growth, particularly in the commercial and industrial growth corridors in Johor. The increasing awareness on sustainable development and naturally environmentally-responsible approaches also heightens the positive outlook for natural gas demand, which bodes well for Gas Malaysia.

Our Engineering and Construction division is expected to generate sustainable earnings from the major infrastructure works and other construction, water treatment, and sewerage projects throughout 2017. Our existing projects are currently proceeding well with tight controls on meeting deadlines while also ensuring high quality of work and safety of our employees.

With intensified industrial property developments at Senai Airport City, Tanjung Bin Petrochemical and Maritime Industrial Centre and Northern Technocity in Kulim, we will be able to further monetise our assets.

As we move forward, we will continue to strengthen our position and build on our strong operational performance, improving further as we progress through the coming years. Our achievements have thus far spurred us on and will give us the confidence to work relentlessly to deliver on the targets to accelerate growth and achieve our goal; to remain a leader in the utilities and infrastructure industries as well as a distinguished global player in the integrated ports and logistics sector.

I would like to take this opportunity to thank our Chairman and the Board of Directors for their support, regulatory bodies, customers, business partners, shareholders and all stakeholders for placing their trust and confidence in us and our business decisions. My deepest appreciation also goes to our team of management and employees for their determination and resolution to achieve the Group's vision and goals.

DATO' SRI CHE KHALIB MOHAMAD NOH
Group Managing Director



BOARD OF DIRECTORS



from left to right

Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar

Dato' Siti Halimah Ismail

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

Tan Sri Dato' Seri Shamsul Azhar Abbas

Dato' Sri Che Khalib Mohamad Noh

Datuk Ooi Teik Huat

Dato' Abdullah Mohd Yusof

Dato' Abdul Hamid Sh Mohamed



DIRECTORS' PROFILE



TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS INDEPENDENT NON-EXECUTIVE CHAIRMAN

Age: 65 **Nationality:** Malaysian

Date of Appointment: 16 July 2015

Membership of Board Committees:

- Nomination and Remuneration Committee (Chairman)

Qualifications:

- Masters of Science Degree (MSc.) in Energy Management, University of Pennsylvania, United States of America
- Bachelor's Degree in Political Science and Economics, Universiti Sains Malaysia
- Technical Diploma in Petroleum Economics, Institute Francais du Petrole

Skills, Experience and Expertise:

Tan Sri Dato' Seri Shamsul joined Petroliam Nasional Berhad (PETRONAS) in 1975. During his 40 years' tenure, he has served in various capacities and key positions, including his last held position as the President & Chief Executive Officer of PETRONAS from 2010 to 2015, prior to his appointment as the Group Chairman of MMC Corporation Berhad on 16 July 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), Bintulu Train 9 Project, PETRONAS Floating LNG Facilities Project and Regasification Terminal in Malacca.

Tan Sri Dato' Seri Shamsul was a 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.

Directorships:

Listed Entities

- Enra Group Berhad

Public Companies

- NCB Holdings Bhd

Number of Board Meetings attended in financial year ended 31 December 2016:

8/8



DATO' SRI CHE KHALIB MOHAMAD NOH GROUP MANAGING DIRECTOR

Age: 52 **Nationality:** Malaysian

Date of Appointment: 1 July 2013

Qualifications:

- Member of Malaysian Institute of Accountants (CA, M)
- Fellow of Association of Chartered Certified Accountants (FCCA, UK) United Kingdom

Skills, Experience and Expertise:

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.

Directorships:

Listed Entities

- Gas Malaysia Berhad
- Malakoff Corporation Berhad
- Zelan Berhad

Public Companies

- Aliran Ihsan Resources Berhad
- Bank Muamalat Berhad
- Johor Port Berhad
- MMC Engineering Group Berhad
- NCB Holdings Bhd
- Northport (Malaysia) Bhd
- Kontena Nasional Berhad
- Port Dickson Power Berhad

Number of Board Meetings attended in financial year ended 31 December 2016:

8/8



TAN SRI DATO' IR. (DR.) WAN ABDUL RAHMAN WAN YAACOB
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 76 **Nationality:** Malaysian

Date of Appointment: 26 August 1999

Membership of Board Committees:

- Audit Committee

Qualifications:

- Doctor of Engineering (Honorary), University of Birmingham, United Kingdom
- Advanced Management Program, Harvard Business School, United States of America
- Diploma in Civil and Structural Engineering, Brighton College of Technology, United Kingdom

Skills, Experience and Expertise:

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.

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

Directorships:

Listed Entities

- Lingkar Trans Kota Holdings Berhad

Public Companies

- Nil

Number of Board Meetings attended in financial year ended 31 December 2016:

6/8



DATO' ABDULLAH MOHD YUSOF
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 78 **Nationality:** Malaysian

Date of Appointment: 31 October 2001

Membership of Board Committees:

- Audit Committee (Chairman)
- Finance, Investment and Risk Committee
- Nomination and Remuneration Committee

Qualifications:

- LLB (Honours) Degree, University of Singapore, Singapore

Skills, Experience and Expertise:

Dato' Abdullah has more than 45 years of experience as an Advocate & Solicitor. He is presently a partner in the legal firm of Messrs. Abdullah & Zainudin.

He is also the Chairman of Aeon Co (M) Bhd and Aeon Credit Service (M) Berhad.

Directorships:

Listed Entities

- Aeon Co (M) Bhd
- Aeon Credit Service (M) Berhad
- Zelan Berhad

Public Companies

- Nil

Number of Board Meetings attended in financial year ended 31 December 2016:

8/8



DATUK OOI TEIK HUAT
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 57 **Nationality:** Malaysian

Date of Appointment: 22 May 2008

Membership of Board Committees:

- Audit Committee
- Finance, Investment and Risk Committee
- Nomination and Remuneration Committee

Qualifications:

- Member of Malaysian Institute of Accountants
- Member of CPA Australia
- Bachelor's Degree in Economics, Monash University, Australia

Skills, Experience and Expertise:

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.

Directorships:

Listed Entities

- DRB-HICOM Berhad
- Gas Malaysia Berhad
- Malakoff Corporation Berhad
- Zelan Berhad

Public Companies

- Johor Port Berhad
- Mardec Berhad
- Padiberas Nasional Berhad
- Tradewinds Corporation Berhad
- Tradewinds (M) Berhad
- Tradewinds Plantation Berhad

Number of Board Meetings attended in financial year ended 31 December 2016:

7/8



DATO' ABDUL HAMID SH MOHAMED
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 52 **Nationality:** Malaysian

Date of Appointment: 10 August 2009

Membership of Board Committees:

- Finance, Investment and Risk Committee (Chairman)
- Audit Committee

Qualifications:

- Fellow of Association of Chartered Certified Accountants

Skills, Experience and Expertise:

Dato' Abdul Hamid 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 Malaysian 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 Sdn Bhd.

Directorships:

Listed Entities

- Pos Malaysia Berhad
- Scomi Group Berhad
- SILK Holdings Berhad

Public Companies

- Nil

Number of Board Meetings attended in financial year ended 31 December 2016:

7/8



DATO' SITI HALIMAH ISMAIL
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 62 **Nationality:** Malaysian

Date of Appointment: 16 July 2015

Membership of Board Committees:

- Finance, Investment and Risk Committee

Qualifications:

- Masters in Management Science M. Sc. (Demography), London School of Economics, United Kingdom
- Diploma in Public Administration, Institute of Public Administration (INTAN)
- Bachelor's Degree in Economics (Hons), University of Malaya

Skills, Experience and Expertise:

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 the Treasury under the Ministry of Finance as an Assistant Secretary in the Tax Analysis Division and retired as the Under Secretary (JUSA B), in the same division, in June 2015.

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 PETRONAS.

Directorships:

Listed Entities

- Nil

Public Companies

- Waqaf An-Nur Corporation Berhad

Number of Board Meetings attended in financial year ended 31 December 2016:

8/8



TUAN SYED NAQIZ SHAHABUDDIN SYED ABDUL JABBAR
INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 45 **Nationality:** Malaysian

Date of Appointment: 16 July 2015

Membership of Board Committees:

- Nomination and Remuneration Committee

Qualifications:

- Graduate Diploma in Legal Practice, Australian National University, Australia
- LLB Degree, Australian National University, Australia

Skills, Experience and Expertise:

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

Tuan Syed Naqiz sits on the boards of Yayasan Proton, BHP Petroleum Berhad, Kuala Lumpur Business Club and Bumiputra Retailers Organisation.

He is also the Major Shareholder and Director of Bud & Naq Holdings Sdn Bhd, which oversees the operations of several retail and wholesale brands in Malaysia.

Directorships:

Listed Entities

- Nil

Public Companies

- BHP Petroleum Berhad

Number of Board Meetings attended in financial year ended 31 December 2016:

7/8

Additional Information on the Board Members:

- None of the Directors has any family relationship with any Director and/or Major Shareholder of MMC.
- None of the Directors has any conflict of interest with MMC.
- Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

MANAGEMENT TEAM

Seated from L to R:

Ir. Chee Weng Loon

Director, Engineering & Construction

Mohd Shahar Yope

Group Chief Financial Officer

Dato' Sri Che Khalib Mohamad Noh

Group Managing Director

Dr. Mabel Lee Khuan Eoi

Director, Group Treasury

Ian James

Group Chief Executive Officer
MMC Port Holdings Sdn Bhd



Standing from L to R

Ahmad Zaki
Head, Group Corporate Planning

Ahmad Aznan Mohd Nawawi
Group Company Secretary

Lucy Wong Kam Yang
Chief Internal Auditor

Badrulhisyam Fauzi
Head, Group Strategy

Izham Ab Wahab
Head, Group Human Resources

Elina Mohamed
Group Legal Advisor

Gan Seng Keong
General Manager, Group Property

Azlina Ashar
Head, Group Corporate Communications

Zafian Supiat
General Manager, Group Finance



MANAGEMENT TEAM PROFILE

MOHD SHAHAR YOPE

Group Chief Financial Officer

Mohd Shahar Yope joined MMC Corporation Berhad as Director Business Development & International Business on 4 August 2014 and subsequently assumed the position of Group Chief Financial Officer effective 1 September 2014.

Prior to joining MMC, Shahar was with Telekom Malaysia Berhad as General Manager, Business Finance, TM Government. He began his career at Ernst & Young, Kuala Lumpur in 1988 and has since served various organisations such as Gopeng Berhad, Lankhorst Berhad (now known as ARK Resources Berhad) and KUB Malaysia Berhad. In 2005, he joined Telekom Malaysia initially as their General Manager, Business Planning.

Shahar is a Fellow of the Chartered Association of Certified Accountants as well as a member of the Malaysian Institute of Accountants.

He sits on the board of Northport (Malaysia) Bhd, Kontena Nasional Berhad, MMC Utilities Berhad, Kramat Tin Dredging Berhad, Southern Malayan Tin Dredging (M) Berhad and SPJ Corporation Berhad.

DR. MABEL LEE KHUAN EOI

Director, Group Treasury

Dr. Mabel Lee, is the current Director of Group Treasury at MMC Corporation Berhad (MMC). Prior to joining MMC, she had worked with JP Morgan Chase's Kuala Lumpur office as Vice President of its Investment Banking Division.

Dr. Mabel is a Chartered Financial Analyst charterholder and holds a Bachelor of Accounting (First Class Honours) degree from University of Malaya, MBA (with Distinction) from University of Hull, United Kingdom and Doctor of Business Administration degree from University of Newcastle, Australia.

She is also a member of the Malaysian Institute of Accountants, a member of the Asian Chartered Institute of Bankers, a certified Project Management Professional and a Certified Business Coach.

Dr. Mabel sits on the board of Kramat Tin Dredging Berhad.

IAN JAMES

Group Chief Executive Officer

MMC Port Holdings Sdn Bhd

Ian James joined MMC Port Holdings Sdn Bhd on 4 January 2016 as Group Chief Executive Officer.

Prior to joining MMC Port Holdings Sdn Bhd, Ian James was the Chief Operating Officer and Projects Director at Westports Malaysia. He began his career as deck cadet officer in 1981 rising to the rank of Acting Chief Officer with Neptune Orient Line involved in container, tanker and general cargo vessels. He had since then held a number of senior management positions in his previous employment at DB Schenker, PSA Singapore Terminals and United Arab Shipping Company.

Ian James holds a Master Mariner qualification and a Master of Science in International Transport from the University of Wales College of Cardiff. He attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2014.

Ian James sits on the board of Northport (Malaysia) Bhd, Kontena Nasional Berhad and Johor Port Berhad.

IR. CHEE WENG LOON

Director, Engineering & Construction

Ir. Chee Weng Loon is the Director, Engineering & Construction at MMC Corporation Berhad. Prior to this, he was the General Manager, Projects in the Project Development and International Business divisions since January 2008.

Before joining MMC, he was with IJM Construction Sdn. Bhd. as Senior Project Manager and managed the construction of Binjai KLCC Condominium, CIMB Bank Headquarters and Park Seven Condominium projects. He was also one of the pioneer team members from KLCC Projeks Bhd and was involved in the overall planning, development and project management of the infrastructure for Putrajaya Development project from 1996 to 2002. From 2003 to 2004, he was seconded to EMAAR Properties PJSC from KLCC Projeks Bhd as the Development Manager for the development of the Burj Khalifa Tower which is currently the tallest building in the world in Dubai, United Arab Emirates.

Ir. Chee graduated with a Bachelor of Engineering (Civil) degree from the National University of Singapore in 1989 and later received his Master of Science degree specialising in Structures from the same university in 1994.

He is a registered Professional Engineer with the Board of Engineers, Malaysia and holds corporate membership with the Institute of Engineers, Malaysia.

Ir. Chee does not hold any directorship in any public companies and listed companies.

LUCY WONG KAM YANG

Chief Internal Auditor

Lucy is the Chief Internal Auditor at MMC Corporation Berhad. Prior to joining MMC, she was the Chief Internal Auditor of Tenaga Nasional Berhad. She has also worked in Project Lebuh raya Utara Selatan Berhad, Metramac Corporation Berhad, HBN Management Sdn Bhd (Renong Berhad) and as General Manager for Group Internal Audit at UEM Group Management Sdn Bhd.

Lucy is the current President of the Institute of Internal Auditors Malaysia. She was a member of the Working Group for Anti Bribery Management System, representing Malaysia in the review of the Draft International Standard (DIS) of ISO 37001 – Anti Bribery Management System.

Lucy has a Master in Business Administration from Charles Sturt University, Australia. She is a fellow member and Chartered Global Management Accountant of the Chartered Institute of Management Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and a chartered member of the Institute of Internal Auditors Malaysia. She is also a Certified Internal Auditor and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Inc, United States of America.

Lucy does not hold any directorship in any public companies and listed companies.

ELINA MOHAMED

Group Legal Advisor

Elina Mohamed is the Group Legal Advisor at MMC Corporation Berhad. She was retained as a Legal Assistant at Messrs. Shearn Delamore & Co. in 1995 and left the firm in November 2001 as a Senior Legal Assistant.

She is a committee member of the International Malaysian Society of Maritime Law and Malaysian Corporate Counsel Association.

Elina graduated with a Bachelor of Law degree from Leeds University in 1993 and was called to the English Bar in 1994 at Lincoln's Inn. She was admitted as an Advocate & Solicitor of the High Court of Malaya in 1995. She also obtained a Diploma in Syariah Law & Practice from the International Islamic University in 1998.

Elina does not hold any directorship in any public companies and listed companies.

AHMAD AZNAN MOHD NAWAWI

Group Company Secretary

Ahmad Aznan is the Group Company Secretary at MMC Corporation Berhad. He began his career in 1983 with Lembaga Pelabuhan Kuantan where he spent 6 years as a Legal Officer. After a short stint at Perusahaan Otomobil Nasional Berhad (PROTON), Ahmad Aznan joined The Kuala Lumpur Stock Exchange (as it was known then) in 1991.

In 2003, Ahmad Aznan left The Kuala Lumpur Stock Exchange to serve as the President, Legal Advisory & Corporate Services of QSR Brands Bhd and KFC Holdings (Malaysia) Bhd. Ahmad Aznan brings with him a wealth of experience when he joined MMC Corporation in 2008.

He graduated with a Bachelor of Laws from University Technology Mara.

Ahmad Aznan does not hold any directorship in any public companies and listed companies.

AHMAD ZAKI

Head, Group Corporate Planning

Ahmad Zaki is the Head, Group Corporate Planning at MMC Corporation Berhad.

Prior to joining MMC, Ahmad Zaki was attached with RHB Islamic Bank Berhad as its Senior Vice President and Head of International Business Division.

He has also been with leading local and foreign investment banks where he was involved in all aspects of Corporate Finance and Investment Banking activities.

Ahmad Zaki holds a Bachelor of Accountancy with Honours from Universiti Utara Malaysia and an MBA from Ohio University, United States of America. He is a Chartered Accountant as well as a charter holder of Certified Financial Planner.

Ahmad Zaki does not hold any directorship in any public companies and listed companies.

BADRULHISYAM FAUZI

Head, Group Strategy

Badrulhisyam Fauzi is the Head of Group Strategy at MMC Corporation Berhad. Prior to joining MMC, he was the Head of Analysts for global equity research team in the International Fund Management Department of Permodalan Nasional Berhad (PNB). Badrulhisyam started his career as an Investment Analyst in the CEO's Office of PNB where he was involved in successful execution of several acquisition and restructuring exercises.

Badrulhisyam graduated with a Bachelor of Engineering in Computing from Imperial College London and is a Chartered Financial Analyst charter holder of the CFA Institute. He has also completed the examinations of the Chartered Institute of Management Accountants (CIMA).

Badrulhisyam sits on the board of Northport (Malaysia) Bhd and Kontena Nasional Berhad.

IZHAM AB WAHAB

Head, Group Human Resources

Izham Ab Wahab was appointed as Head, Group Human Resources of MMC since July 2012. Izham has over 18 years of experience in the full spectrum of Human Resource Management gained from various capacities. Before being appointed to MMC, Izham worked with a number of large local organisations and multinationals across several sectors including financial services at Maybank Group, Standard Chartered Group and Takaful Malaysia, professional services at The iA Group and pharmaceutical, chemical and fertilizer business at Chemical Company Malaysia Berhad.

Izham graduated from International Islamic University Malaysia with Bachelor of Economics (Hons). Izham is also certified by Development Dimensions International (DDI) as Analyst for Success Profiling and Targeted Selection.

Izham does not hold any directorship in any public companies and listed companies.

GAN SENG KEONG

General Manager, Group Property

Gan Seng Keong is the General Manager, Group Property at MMC Corporation Berhad. Prior to joining MMC, he was the Acting Head of Company for Faber Development Holdings Sdn Bhd.

Gan began his career at Renong Berhad developing through various roles from Internal Audit, Human Resource and Operations within the Renong Transportation Division involved in public transportation, railways, haulage and logistics. He then served numerous positions within the UEM Group particularly in Asset Development & Asset Management services at Opus International (M) Berhad and Property Development at Faber Group Berhad.

He holds a Bachelor of Commerce (Finance) from Curtin University of Technology, Perth, a Master of Real Estate from University of Malaya and a MSc. in Business Leadership from University of Northumbria, Newcastle, United Kingdom.

Gan does not hold any directorship in any public companies and listed companies.

ZAFIAN SUPIAT

General Manager, Group Finance

Zafian Supiat is the General Manager of Group Finance at MMC Corporation Berhad.

Prior to joining MMC, he was the Chief Financial Officer of Johor Port Berhad and Group Accountant in Pos Malaysia Berhad.

Zafian was trained as a professional accountant where he commenced his career with Ernst & Young, Malaysia.

He holds a Bachelor of Science in Accounting and Finance from London School of Economics and Political Science, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales.

Zafian does not hold any directorship in any public companies and listed companies.

AZLINA ASHAR

Head, Group Corporate Communications

Azlina Ashar is the Head of Group Corporate Communications at MMC Corporation Berhad. Prior to joining MMC, she was the Head of Corporate Communications for UEM Builders Berhad. Azlina began her career with Sapura Holdings Berhad and served various positions within the group particularly in international marketing and strategic communications.

Azlina has served in various industries, including engineering and construction, telecommunications, ICT and healthcare. She has vast experience in brand building, internal and external communications, media and public relations, corporate and government relations, perception management and corporate social responsibility.

She has a Master of Business Administration from University of Strathclyde, Glasgow, United Kingdom and a Degree in Bachelor of Commerce from University of Saskatchewan, Canada.

Azlina does not hold any directorship in any public companies and listed companies.

Additional Information on the Management Team:

- (i) None of the Management Team has any family relationship with any Director and/or Major shareholder of MMC.
- (ii) None of the Management Team has any conflict of interests with MMC.
- (iii) Other than traffic offences, none of the Management Team has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

SUSTAINABILITY STATEMENT

COMMITTED TO CREATING SUSTAINABLE VALUE

The MMC Group is committed to creating long-term shared value for our stakeholders and to securing the future of the Group by prioritising responsible management and sustainable development on the Economic, Environmental and Social fronts.

The respective businesses within the MMC Group continue to work together, leveraging on each other's strengths and resources to embed business sustainability within their organisations. This focus on sustainable progress is helping drive operational excellence as well as providing the impetus for the Group's businesses to make continuous improvements to strengthen business efficiency.

SCOPE AND METHODOLOGY

Our inaugural Sustainability Statement underscores our commitment to undertaking business in a responsible and sustainable manner through our Economic, Environmental and Societal or EES performance.

This Statement, which will be produced on an annual basis, covers the period 1 January to 31 December 2016. It highlights the business sustainability activities of specific components of the MMC Group, namely MMC Corporation Berhad and the operating companies within the Group's Ports and Logistics, Engineering and Construction as well as Group Property divisions. This Statement excludes the sustainability activities of Malakoff Corporation Berhad, Gas Malaysia Berhad and Zelan Berhad, which are public listed companies and will be producing their own sustainability reports.

We focus only on the Group's key sustainability activities in Peninsular and East Malaysia as well as provide insights into the key policies and structures pertaining to business sustainability. This Sustainability Statement is to be read in conjunction with the rest of MMC Corporation Berhad's 2016 Annual Report, which highlights other financial and non-financial aspects of our business. To avoid content overlap, certain parts of this Statement may make reference to existing content within other sections of this Annual Report.

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

MMC's commitment towards sustainable growth is evident throughout all levels of our organisation. At the leadership level, MMC's Board of Directors and our senior management acknowledge the importance of pursuing an agenda that upholds good EES practices. Our leadership has committed to investing in measures that promote the sustainable growth of the Group's businesses and which create value for our shareholders.

The Finance, Investment and Risk Committee (FIRC) in particular, is tasked with overseeing sustainability matters within the Group. The meeting of the FIRC is convened every quarter and chaired by one of the members of the Board of Directors. The Group Managing Director and other senior management attend the meeting by invitation.

On the ground, the various MMC teams carry out their everyday functions in a manner that makes a positive and sustainable impact on the EES front. With all employees within the Group doing their part to ensure responsible and sustainable behaviour, this is successfully safeguarding MMC's reputation and strengthening shareholder value.

Disclosure And External Assurance

While sustainable practices form part and parcel of the daily operations within our respective businesses, we are still at the early stages of developing a formal sustainability policy that encompasses all areas of the Group.

As this is our first consolidated Sustainability Statement, it has not been subjected to external assurance. We are in the process of streamlining our sustainability data collection and monitoring activities across MMC Group. We do however, recognise the importance of ensuring the credibility of our published Sustainability Statement and plan to seek external assurance for the next reporting cycle.

MMC is committed to integrating the sustainability agenda into its overall strategy and operations in a more distinct manner for the long-term as we acknowledge this is key to the success of our business. Going forward, we will focus our efforts on delivering a more comprehensive Sustainability Statement come the next reporting cycle.

MATERIAL SUSTAINABILITY MATTERS / KEY RISKS

While we have yet to undertake a formal materiality analysis at the Group-level to determine what topics are of importance to our external stakeholders, we have identified several risks in key areas that may have a direct or indirect impact on the Group's ability to create, preserve or erode EES value.

The following table spells out the risks in key areas and their possible impact on the Group. MMC has in place a host of initiatives to mitigate the impact of these risks on our businesses.

KEY AREAS OF RISK FOR THE MMC GROUP

KEY AREAS	RISK
Strategic	Viability of new and current investments
	Loss of concession
Operational	Competency and succession planning
	Delay in project completion and cost overruns
	Accidents leading to fatalities and major environmental impact
	Breach of system and data security
External	Foreign exchange (FOREX) volatility
	Security breaches and acts of terrorism

STAKEHOLDER ENGAGEMENT ACTIVITIES

As the Group's businesses and markets evolve, we find ourselves engaging with a growing number of diverse stakeholder groups. Proactive stakeholder engagement is a fundamental component of the MMC Group's sustainability strategy and we are committed to undertaking continuous activities in this area. Through proactive engagement with our many stakeholders, we are able to respond to their different expectations, meet their changing needs and strengthen our ties with them.

The Stakeholder Engagement Matrix below highlights the stakeholder engagement activities that we implemented in 2016:

STAKEHOLDER ENGAGEMENT MATRIX

Stakeholder	Key Area of Focus	Platforms and Tools Utilised
Shareholders / Bankers and Investors	Business direction of MMC and key corporate developments	<ul style="list-style-type: none"> - Regular shareholder communications / announcements on Bursa Malaysia and MMC's corporate website - Annual General Meetings / Extraordinary General Meetings - Quarterly and annual statements - Periodic engagements with equity analysts and fund managers
Government / Regulators and Policy Makers	Regulation, compliance and strong relationships	<ul style="list-style-type: none"> - Meetings, participation in exhibitions, site visits, case studies and sports activities
Customers, Suppliers and Industry Peers / Partners	Business direction, procurement, knowledge sharing and safety procedures	<ul style="list-style-type: none"> - Meetings, townhall sessions, roadshows, participation in exhibitions and networking lunches / dinners
Employees	Human capital development, safety, governance, corporate developments	<ul style="list-style-type: none"> - Regular communications via email blasts and quarterly publications - Townhall and dialogue sessions - Training and development initiatives - Social activities via Kelab Rekreasi MMC - Voluntary participation in CSR programmes
Local Communities	Education and social assistance	<ul style="list-style-type: none"> - Engagement during festive occasions, townhall sessions, motivational camps and sports activities

ECONOMIC PILLAR

This section aims to provide insights into our interactions within the marketplace ecosystem and describes how our business activities influence the economic conditions of our various stakeholders.

OUR BUSINESS STRATEGY

The MMC Group is continuously reviewing and improving its strategic direction and initiatives in order to ensure sustainable growth for our core business segments, namely our Ports and Logistics, Energy and Utilities and Engineering and Construction divisions. This is enabling us to cater to the ever changing and challenging economic and business environments as well as to ultimately adopt strategies that are more resilient as opposed to merely being reactionary.

Aside from concerted efforts to grow the Ports and Logistics division, much emphasis is also being placed on expanding the Group's Energy and Utilities capacity; capitalising on large-scale Engineering and Construction projects; and innovating Senai Airport City developments. We continue to make solid progress in each key focus area.

Please refer to the Management Discussion and Analysis section on page 18 to 43 of this Annual Statement for relevant updates on our overall direction as well as the financial and operational performance of the various divisions.

STRENGTHENING OUR MARKET ECOSYSTEM

MMC acknowledges that the total marketplace ecosystem is important to the Group's sustainable growth. By virtue of our being a key player in the many different businesses that we are involved in, the Group's activities continue to have a tangible impact and create value for the many sectors, markets and communities in which we operate. We are committed to engaging in initiatives that will help us to establish and nurture enduring ties with our customers, suppliers, industry peers and other stakeholders in the marketplace. The following highlights spell out how MMC's businesses are making a positive impact.

PORTS AND LOGISTICS

Pelabuhan Tanjung Pelepas Sdn Bhd: One of Malaysia's leading container terminals and a regional hub for major global shipping lines

Pelabuhan Tanjung Pelepas (PTP) is located strategically at the confluence of the world's international shipping lanes that passes through the Malacca Straits. With a container handling capacity of 10.5 million twenty-foot equivalent units (TEUs) annually, PTP presents itself as a key catalyst for growth beyond the shipping community nationwide. As PTP continues to strengthen its presence, the port's throughput, operations, supply chain as well

as human capital development are expected to be impacted significantly. PTP will ultimately serve as a catalyst that will bring about economic and social benefits to the Iskandar Malaysia region, the State of Johor and the nation.

Today, in tandem with the development of the Iskandar Region, PTP is aggressively promoting its 1,500-acre Free Zone land reserved for distribution, logistics, warehousing and manufacturing activities. The Free Zone is ideal for consolidation activities as well as international procurement centre and regional distribution centre operations. At present, the PTP Free Zone accommodates almost 40 customers who have altogether injected some RM2.7 billion through foreign and domestic direct investment as well as provided 20,000 jobs for the local population.

Johor Port Berhad: A premier multi-purpose port, serving global businesses

Johor Port Berhad is an integrated multi-purpose port facility located at the southern tip of Peninsula Malaysia. It provides a comprehensive range of port services to meet the individual needs of its customer. Having commenced operations in 1977 as the original Southern Gateway Multi-Purpose Port in Malaysia, Johor Port today operates a total area of 1,000 acres, of which 660 acres have been designated as Free Zone land.

The port today comprises 24 berths spread over a total berthing length of 4.9 km. With an annual handling capacity of 40 million metric tonnes (MT), Johor Port offers facilities such as a container terminal, bulk and break bulk terminal, liquid terminal and warehousing facilities. As the first port in Malaysia to be accorded Free Zone status, Johor Port is the appointed Free Zone Authority for the management of its Free Zone area.

Johor Port is the largest palm oil terminal in the world. It was designated an approved London Metal Exchange (LME) location in 2004 and is currently ranked No. 6 out of 35 in the world for LME cargo. Johor Port is also one of the largest discharging points for rice and cocoa in Malaysia as well as being one of the biggest terminals in Malaysia for fertiliser and cement.

Johor Port will continue to be the catalyst for new industrial and commercial developments such as the Tanjung Langsat Industrial Complex. It will also provide critical services and support for the PETRONAS Refinery and Petrochemical Integrated Development (RAPID) project at Pengerang.

Northport (Malaysia) Bhd: Malaysia's preferred gateway terminal

Northport (Malaysia) Bhd or Northport is one of the largest multi-purpose ports of its kind in the national ports system. It offers dedicated facilities and services to handle a wide variety of cargoes ranging from container and break bulk cargo to liquid, dry bulk and automotive cargo. Its facilities are located at two locations, namely Southpoint, for conventional cargo handling, and Northport, where state-of-the-art container handling facilities are located. With a container handling capacity of 5.6 million TEUs, Northport has emerged as one of Malaysia's most important gateway ports.

Northport offers viable solutions to shippers with its superior state-of-the-art facilities, including a real-time smart information application system designed to guarantee operational and cost efficiency to sustain speedy delivery and vessel turnaround time. Northport has also moved up the value chain by broadening its product base, by leveraging on 'logistical integration' among other things and increasing its attractiveness to a wider range of shippers and shipping lines.

Kontena Nasional Berhad: Malaysia's premier logistics company

With 45 years of experience in logistics operations, Kontena Nasional Berhad (KNB) is today one of Malaysia's largest one-stop logistics companies providing comprehensive logistics solutions customised to customers' requirements.

Freight transportation has long been a key driving force in Malaysia's economy. It facilitates the movements of import and export of goods within the country. KNB's aim is to optimise operational efficiencies and service levels to boost productivity as well as lower transportation costs and prices for consumers. Recognising that growth in freight movements could result in capacity constraints, road congestion as well as environmental challenges, KNB is working to ensure the efficient, safe and secure movement of goods to protect the economic interests of consumers, manufacturers and key industry stakeholders.

Senai Airport Terminal Services Sdn Bhd: The gateway to Iskandar Malaysia

Serving as the aviation gateway for Iskandar Malaysia and the southern region, Senai Airport Terminal Services Sdn Bhd (SATSSB) is dedicated to providing routes and services that cater to the needs of both tourists and business travellers. Equipped with a 3,800-metre runway, Senai International Airport is able to handle aircraft ranging from small Cessnas to large jets such as the Airbus A380 and Antonov 124. The airport, which occupies approximately 1,225.58 acres of land in the district of Kulai, handled approximately 6,244 tonnes of cargo in 2016.

The aviation sector is inextricably linked to national and regional economic development, tourism and globalisation. Senai International Airport has been supporting tourism and business growth in the southern region by aggressively promoting and attracting airlines to increase connectivity to/from Iskandar Malaysia. The passenger throughput has been steadily climbing from 0.8 million in 2003 to 2.8 million in 2016 (+250%) and further growth is anticipated.

ENERGY AND UTILITIES

This Statement excludes content on the operating companies under the Energy and Utilities Division. However, please refer to the MD&A section of this Annual Report for the financial and operational performance of this division.

ENGINEERING AND CONSTRUCTION

MMC-Gamuda KVMRT (PDP) Sdn Bhd: The MRT Sungai Buloh-Kajang (SBK Line)

The Mass Rapid Transit (MRT) SBK Line is the first of the three MRT lines to be developed. It will run from Sungai Buloh across the Central Business District (CBD) and end in Kajang. Spanning 51 km in length with 41.5 km of the line elevated and 9.5 km underground, the line comprises 31 stations of which 7 stations are underground. Each four-car train set serving the line has a total capacity of 1,200 passengers. The daily ridership is estimated to be about 400,000 passengers and the trains will run at a headway of 3.5 minutes during peak hours. The SBK Line will operate in two phases, with the first phase having started in December 2016 and the second to commence in July 2017.

MMC-Gamuda KVMRT (PDP SSP) Sdn Bhd: The MRT Sungai Buloh-Serdang-Putrajaya (SSP Line)

The MRT SSP Line is the second MRT line to be developed. The SSP Line will serve a corridor with a population of about 2 million people stretching from Sungai Buloh to Putrajaya, and will traverse major areas such as Bandar Sri Damansara, Kepong, Jalan Batu, Jalan Sultan Azlan Shah, Jalan Tun Razak, KLCC, Kuchai Lama, Serdang, Seri Kembangan and Cyberjaya. The approved alignment is 52.2 km long with 38.7 km of the line elevated and 13.5 km underground. The line comprises a total of 37 stations of which 11 stations are underground stations. Upon commencement of full services in the second quarter of 2022, the SSP Line is expected to have a daily ridership of 533,000 passengers. The 2 MRT lines, when completed, will significantly transform Kuala Lumpur into a world-class metropolitan city, and potentially increase the public transport mode share from the current 15% to 40%.

MMC Gamuda KVMRT (T) Sdn Bhd: Innovative solutions underneath the city landscape

MMC-Gamuda KVMRT (T) Sdn Bhd was set up specifically to undertake the design and construction work for the underground packages of the Klang Valley Mass Rapid Transit (KVMRT) project.

The RM8.2 billion tunnelling package for the MRT SBK Line involves the design and construction of a 9.5 km-long MRT underground tunnel with 7 underground stations. The underground tunnelling alignment runs from the Semantan North Portal near Federal Hill and runs past the urban transport hub of KL Sentral and the busy streets of Bukit Bintang and Chinatown, to the Maluri South Portal near Taman Miharja.

For the MRT SSP Line, the RM15.4 billion tunnelling package comprises the design and construction of a 13.5 km-long MRT underground tunnel with 11 underground stations traversing from the Jalan Ipoh North Escape Shaft to the Desa Waterpark South Portal.

MMC Pembetulan Langat Sdn Bhd: Innovative plant, equipped with green technologies and public facilities

MMC Pembetulan Langat Sdn Bhd (MMC PLSB), was awarded the Langat Sewerage Project by the Ministry of Energy, Green Technology and Water (KeTTHA) in 2015. The project comprises a centralised sewage treatment plant and sewerage conveyance system. Modelled after the successful Tokyo Metropolitan Sewerage Service in Japan, the innovative and modern facility will be equipped with green technology and public facilities that can accommodate a sewage inflow of 207,000 m³/day or 920,000 population equivalent (PE).

This project will rationalise 164 local sewage treatment plants in the areas of Cheras Batu 11, Desa Baiduri, Cheras Jaya, Kajang 1 and Kajang 3. It will also involve the construction of a new 105 km-long sewerage piping network and 6 new pumping stations as well as upgrading works on 4 existing pumping stations that will link directly into the centralised sewage treatment plant. Covering a 60.9 sq. km. catchment area, the plant is designed to achieve Standard A as per the Environmental Quality (Sewage) Regulations, 2009.

The project also accords the community with a range of public recreational amenities such as a community hall, landscaped park as well as a badminton and futsal court built above the plant. Scheduled to be completed in October 2020, the project is expected to improve the quality of Sungai Langat by reducing ammonia pollution.

GROUP PROPERTY

MMC's Group Property arm manages close to 6,000 acres of industrial developments in Iskandar Malaysia, Johor and Kulim, Kedah, namely Senai Airport City, Tanjung Bin Petrochemical & Maritime Industrial Centre and Northern Technocity in Kulim. The Senai Airport City, TBPMIC and NTC developments come under the ambit of Group Property's three operating companies – Senai Airport City Sdn Bhd, Seaport Worldwide Sdn Bhd and Northern Technocity Sdn Bhd respectively.

Group Property plays a vital role as a nation builder by bringing in investors from various industries to the industrial developments to boost the economies of Iskandar Malaysia in particular and the nation in general. Since 2012, Group Property has successfully brought in established business operators and manufacturers as well as reputable developers into the industrial developments.

Senai Airport City: Integrated airport city development

Senai Airport City Sdn Bhd is the master developer of the 2,718-acre integrated industrial development known as Senai Airport City. It provides the industrial development infrastructure required for various industrial sectors and is targeting the Free Industrial Zone, Hi-Tech & General Manufacturing, Aerospace Maintenance, Repair and Overhaul (MRO) & Logistics, plus Mixed Development segments.

Gazetted as a Free Zone, investors in Senai Airport City get to enjoy various incentives under Iskandar Malaysia, which include pioneer status, an investment tax allowance and Approved Developer Status. The industrial development is well connected via a comprehensive road network encompassing the Senai-Desaru Expressway and North-South Expressway. It also has ready access to major seaports, namely Johor Port and Pelabuhan Tanjung Pelepas, as well as two international airports, namely Senai International Airport in Johor and Changi International Airport in Singapore, allowing it to leverage on land, sea and air transport to major cities worldwide.

UPHOLDING GOOD MARKETPLACE PRACTICES

The MMC Group has in place a set of values and several policies to guide us in our day-to-day operations and ensure we uphold good marketplace behaviour. Internally we have in place our INTEC (Integrity, Innovation, Teamwork, Excellence and Commitment) Values, the MMC Group Procurement Policy and MMC Competition Compliance Policy, among other internal guidelines.

Externally, the following policies are available for viewing on the MMC website under the "About Us/Corporate Governance" sections i.e. Board Policy Manual, Whistleblowing Policy, Code of Ethics, Corporate Disclosure Policies and Procedures, Related Party Transaction Policies and Procedures, and Terms of Reference.

BUSINESS AWARDS AND ACCOLADES

MMC continues to garner recognition from the marketplace for our achievements on several fronts. In the year under review, we received a host of awards and accolades for our commitment to business excellence. The details of these can be found on our Awards and Accolades on page 89 of this Annual Report.

ENVIRONMENTAL PILLAR

This section describes our interaction with living and non-living natural systems and how our business activities influence these.

GOOD ENVIRONMENTAL PRACTICES

MMC prioritises environmental conservation and is conscious about sustainability from an environmental perspective. In operating our businesses, we are at all times committed to protecting the environment and complying with all applicable environmental laws and regulations. As part of our efforts to ensure a healthy and safe environment for our stakeholders, we continue to put in place the relevant measures to protect and preserve our environment. The following case studies highlight our approach to environmental protection.

Effective environmental preservation on the ports front

The Group's ports are today employing a host of effective environmental strategies to reduce energy consumption, mitigate greenhouse gas (GHG) emissions and preserve the biodiversity surrounding their operations.

Energy consumption is a major issue at our ports given the high dependency on diesel and electricity to operate our terminals and depots. Diesel remains the main source of energy. It is primarily used to operate prime movers, tugboats, pilot boats, rubber tire gantry cranes, forklifts and other heavy equipment. Electricity is mainly used for reefer blocks, high mast lights, building infrastructure, quay cranes and electrified rubber tire gantry cranes. To operate in a sustainable manner and make more efficient use of their energy resources, the ports have prioritised energy management and adopted a strategy to mitigate the negative impacts of uninhibited energy usage.

To this end, the ports are continually educating and increasing awareness about energy conservation and cost saving measures among employees, customers and suppliers. They are also increasingly turning to innovation and technological advances to enhance operational efficiency and reduce resource consumption. Other measures to date include the successful conversion of diesel-based equipment to electricity-based equipment, the conversion of conventional lights to energy saving ones, plus more focused activities to measure, monitor and report direct energy consumption.

On the emissions reduction front, the Group has been leveraging on a carbon accounting system to measure the amount of carbon dioxide emissions at our ports based on their diesel and electricity consumption.

The MMC Group remains committed to conserving the ecology and biodiversity of the environment we operate in by identifying, protecting and maintaining high conservation value areas. Our ports continue to implement measures to mitigate the impact of their operations on the surrounding environment as well as implement habitat protection measures for the same.

Mitigating the impact of construction works on the environment

In the course of executing construction projects, our Engineering and Construction Division places utmost importance on matters related to environmental protection. To this end, among the significant measures include the implementation of an Environmental Management System (EMS) to monitor and minimise the impact of construction activities on the environment.

Meanwhile hazardous or scheduled wastes are handled and disposed in the appropriate manner at prescribed premises. On top of this, community engagement activities are organised to foster strong relations with various stakeholders in an effort to promote environmental conservation.

Optimising energy efficiency at Senai Airport

As a responsible airport operator, Senai Airport Terminal Services (SATS) continues to promote the efficient use of energy to deliver service excellence to all airport users. This is being done by optimising energy consumption, reducing utility costs, and maximising capital and operational expenditure. SATS' environmental strategy seeks to maintain environmental quality through optimising energy consumption, reducing carbon emissions and managing noise pollution. Recognising rigorous business growth in support of the state's travel and tourism industry will contribute to a higher energy consumption if not properly managed.

ENVIRONMENTAL AWARDS AND ACCOLADES

The year 2016 marked another year of achievement for MMC as reflected in the recognition that we received on the environmental front. The details of these can be found on page 89 of this Annual Report.

SOCIAL PILLAR

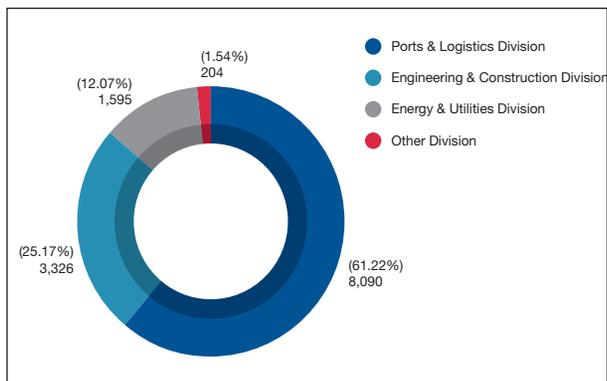
This section highlights our interactions within the social ecosystem in which we operate.

LABOUR PRACTICES AND DECENT WORK

The MMC Group has several diversified businesses under its Ports and Logistics, Energy and Utilities, Engineering and Construction, and Other Services portfolios. We continue to invest in developing sustainable businesses that serve as the impetus for growth of the country's economy. Our emphasis is on enhancing the lives of our nation's citizens by providing employment opportunities and through establishing meaningful collaboration with our customers, partners and the communities we operate in.

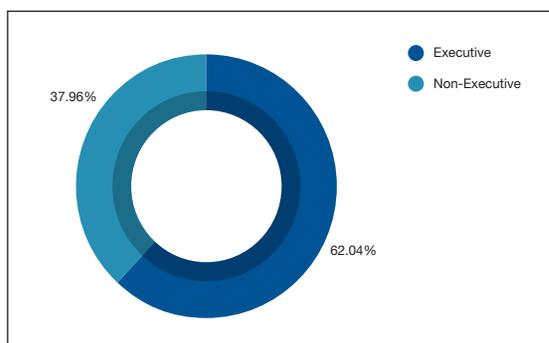
i. Workforce details

As at 31 December 2016, group-wide we had a staff strength of 13,215 employees spread over 17 operating companies in diverse industries. The Group's workforce then comprised 82.44% males and 17.56% females. The bulk of the Group's workforce (61.22%) was mainly from the Ports and Logistics segment followed by the Engineering and Construction and Energy and Utilities divisions making up 25.17% and 12.07% of the Group's workforce respectively, whilst Other Services made up 1.54% of the Group's workforce.

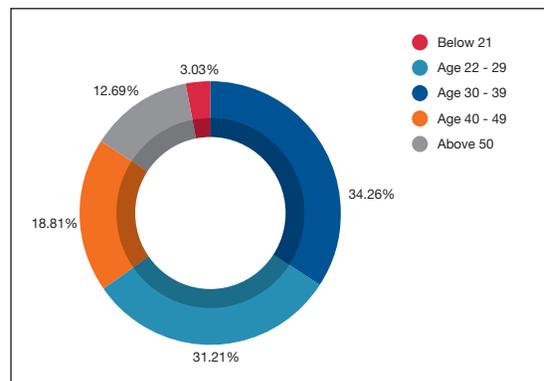


The following charts show the composition of MMC Group's workforce as at 31 December 2016:

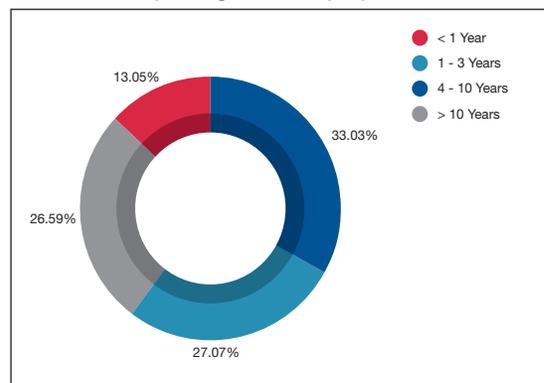
a. Breakdown by Position (Executive levels vs. non-executive levels)



b. Breakdown by Age



c. Breakdown by Length of Employment/Tenure



Our employment practices are underpinned by the principles of fair treatment for our employees and a balance between performance, pay and participation.

Diversity

The Group's policies and business initiatives such as recruitment, retention, training and development, as well as Group-sponsored corporate and social activities. These are all undertaken in a way that does not discriminate against ethnicity, gender, age, disability, or status. MMC employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness. We are committed to hiring and promoting people based on company-defined criteria. All these measures ensure that the MMC family remains a well-balanced, safe and harmonious one.

Employee engagement activities

We continue to prioritise employee engagement activities to communicate with and unify our employees. Engaged employees are more satisfied with their work, tend to stay longer, and are more productive and committed. Employees are encouraged to pursue their ideas with a passion and collaborate with others to make their ideas a reality through transfers and intra-company secondments.

We measure engagement and engagement drivers through surveys conducted every two years and provide the results to leaders and their organisations for follow-up. MMC uses the survey results to address employees' concerns and identify opportunities for improvement.

Employee practices and benefits

The long-term success of MMC is due to the dedication, skill and efforts of our employees. We continue to help our employees develop their diverse talents to drive the Group's success. To this end, we continue to implement several initiatives to ensure our people achieve their full potential which includes competitive pay, MMC Total Rewards, competitive benefits, retirement programmes, long service awards, financial education assistance, study leave and pilgrimage leave.

Labour relations

MMC respects and recognises the right of its employees to bargain collectively through representatives of their own choosing for rates of pay, wages, hours of employment, working conditions, and other employment-related issues. MMC bargains collectively and in good faith in accordance with the Trade Unions Act and consistently upholds the highest ethical standards.

Occupational health and safety

We remain committed to ensuring the best working environment for all employees of the Group and the communities that we operate in. To this end, our various operating companies continue to uphold stringent Health, Safety, and Environment (HSE) standards and regulations throughout their operations.

All operating companies and projects under MMC have their own Safety and Health Committees. Each committee consists of a chairman, management representatives and employee representatives. Safety and Health Committee meetings are held on monthly or quarterly basis with all related internal and external parties in attendance.

MMC continues to pay close attention to its HSE performance. The main HSE performance indicator that is closely monitored is the Lost Time Incident Frequency (LTIF). This refers to the number of injuries that results in an employee's inability to work the next full work day relative to the total number of hours worked. Cases that fall under Lost Time Injury (LTIs) are work-related in nature including fatalities, Permanent Total Disability (PTDs) and Lost Workday Cases (LWCs).

Talent retention, training and development

The Group is committed to attracting talent with the appropriate competencies as well as the relevant experience and qualifications. We provide continuous support to the learning and development of our employees and encourage our employees to take ownership to strive for personal excellence.

MMC has developed and implemented a competency framework across the Group to identify and outline specifically the required standards of knowledge, skills, and behaviours required for successful job performance. The competency assessment serves

to evaluate the competency levels of all employees as well as identify their competencies and skills gaps.

Succession planning

The Group has a policy that systematically identifies and nurtures talents for the purpose of employee career development and succession planning. In order to establish an effective succession plan, a Talent Selection Committee has been formed to facilitate the succession planning process within the MMC Group. The Talent Selection Committee is responsible for identifying Mission Critical Positions, reviewing succession leadership and undertaking development planning.

SOCIETY/COMMUNITY

As active members of the communities where we live and work, we endeavour to strengthen our relationship with the communities so that we can prosper together. For the year in review, we undertook a host of activities to enrich communities.

Community engagement initiatives

For 2016, we undertook several community enrichment activities. The details of these can be found in the relevant Stakeholders Engagement section on page 65 to 69 of this Annual report.

PRODUCT RESPONSIBILITY

Commitment to quality

The Group's operating companies are committed to continually improve their management systems and implement various quality activities to ensure they remain at the leading edge of their respective fields. The listing of quality certifications for the Group's various subsidiaries can be found on page 88 and 89 of this Annual Report.

SOCIAL-RELATED AWARDS AND ACCOLADES

For our good work on the human resource and community fronts, we received the following recognition. The details of these can be found on our Awards and Accolades on page 89 of this Annual Report.

MOVING FORWARD/BUILDING A SUSTAINABLE FUTURE

Being a conscientious corporate citizen, the MMC Group remains genuinely committed to balancing out our good Economic performance with responsible Environmental and Social considerations. Even as we focus our efforts on delivering a sustainable performance on the EES fronts, we will work hard to ensure that the notion of sustainability becomes embedded within our working culture in a more prominent manner.

In all that we undertake, we will endeavour to deliver true and sustainable value as well as establish enduring ties with our diverse stakeholders so that MMC Group strengthens its reputation as a model for responsible corporate behaviour.

CORPORATE SOCIAL RESPONSIBILITY

AT MMC CORPORATION BERHAD (MMC OR THE GROUP), OUR PASSION FOR CORPORATE SOCIAL RESPONSIBILITY IS REFLECTED IN OUR RESPONSIBLE BUSINESS PRACTICES. WE CONTINUE TO EXTEND OUR SUPPORT TO THE COMMUNITIES TO DEVELOP A SUSTAINABLE FUTURE.

The decisions we make today will influence the communities of tomorrow. It is imperative for us to conduct our businesses in a responsible manner, with sustainability at the heart of everything we do.

As we strive to achieve our vision to be a Premier Utilities and Infrastructure Group, we cherish this ambition to create a better world, improve the lives of others and create value for our stakeholders in various aspects of economic, environmental and social well-being.

Our Corporate Social Responsibility (CSR) approach consists of three key pillars, namely Education and Community Development; Human Capital Development and Environment Preservation.

Guided by our core values, we remain steadfast towards building a sustainable future by inculcating these values into our day-to-day activities to deliver positive outcomes. During the year in review, we focused on powering our CSR efforts in line with our strategic business priorities, strengthen our relationships with our employees, stakeholders, and communities as well as our commitment to the environment.



**EDUCATION AND
COMMUNITY
DEVELOPMENT**



**HUMAN
CAPITAL
DEVELOPMENT**



**ENVIRONMENT
PRESERVATION**

EDUCATION AND COMMUNITY DEVELOPMENT



One of MMC's key commitments is to nurture the future generation and provide our communities with quality education programmes. While providing this service through our Education and Community Development initiatives, our employees also have the privilege to engage with the communities, thus strengthening relationships, fostering a culture of caring whilst enhancing the social and economic well-being of those around us.

We have made significant strides in our outreach efforts thus far and remain committed in our efforts to shape a better future for the communities where we operate.



15 JANUARY 2016

Malakoff Corporation Berhad (Malakoff) officially handed over a newly completed mosque, Masjid Al-Amin Sungai Dinar to the community of Kampung Sungai Dinar, Mukim Serkat, Pontian. Malakoff contributed RM2.4 million towards the construction of the mosque located near Malakoff-owned Tanjung Bin Power Plant that can accommodate 500 congregations at one time. The new mosque provides a more comfortable and conducive environment for the local community to perform their prayers and other religious activities.



26 APRIL 2016

MMC Corporation Berhad (MMC) in collaboration with Malaysia Rating Corporation Berhad (MARC) and other corporate companies sponsored RM22,000 to Sekolah Kebangsaan Bukit Lanjan, Selangor.



30 APRIL 2016

Senai Airport Terminal Services Sdn. Bhd (SATSSB) together with Marrybrown Restaurant organised a colouring contest at the Aeromall, Senai International Airport. The contest consists of two category; children aged 4-6 for the first category and 7-9 years old for the second category. The objectives of the event was to foster closer relationship between Senai International Airport and Marrybrown Restaurant besides providing a platform for the kids to showcase their creativity.

03 MAY 2016

SATSSB welcomed students from Universiti Kuala Lumpur, Pasir Gudang Campus for an educational visit.



14 MAY 2016

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) together with SATSSB held a joint Corporate Social Responsibility (CSR) community programme for 40 selected primary school students and teachers within Gelang Patah area. The programme, consist of separate tour to PTP and Senai International Airport aimed to provide an opportunity for the students to learn more about the operations at PTP and Senai International Airport.



27 MAY 2016

Northport (Malaysia) Bhd (Northport), collaborated with its biggest customer, Wan Hai Lines to organise a blood donation campaign. The campaign was held at Wan Hai's office in Klang to raise awareness on the importance of blood donation and to encourage general public to donate blood voluntarily to help the society in need.



30 MAY 2016

PTP organised a one-day UPSR Motivational Talk for a total of 130 participants from 13 primary schools within Gelang Patah area. Held at Gelang Patah Multi-Purpose Hall, the motivational talk is a collaboration between PTP and Johor Bahru Educational Department. The programme aimed to equip Year 6 students with learning techniques and to improve students' performance in the examination.



14 JUNE 2016

SATSSB organised a charity programme in conjunction of Ramadan. 'We Care Ramadan' programme is an initiative by Senai Airport Terminal Services to help the less fortunate family in Senai. Under this programme, 20 less-fortunate families from Senai vicinity received the 'We Care Ramadan' pack to help them in Ramadan and for the preparation of Aidilfitri.



22 JUNE 2016

Johor Port Berhad (JPB) together with PTP and SATSSB conducted a joint CSR community programme with RTM (Johor FM). The event was held at RTM Sultan Iskandar Broadcasting Complex, Johor Bahru. During this programme, 3,000 packs of "Bubur Lambuk" were distributed to the general public and the local community of Johor.

**28 JUNE 2016**

Johor Chief Minister, YAB Dato' Mohamed Khaled Nordin officiated PTP's annual Hari Raya Aid Distribution called Tijarah Ramadhan Program. During the event, Dato' Mohamed Khaled Nordin presented RM30,000 worth of financial and essential aid to 150 underprivileged individuals consisting of the less fortunate, single mothers, orphans and five mosques around Gelang Patah area.

29 JUNE 2016

Malakoff distributed a total of RM224,500 Wakalah Zakat to 449 underprivileged recipients in an event for Asnaf and fakir miskin in DUN Kukup. The event was held at Mukim Serkat Council Hall, organised by Mukim Serkat's Headman, Tuan Roslan Bokari. The recipients from Mukim Serkat were chosen by the mukim's amils.

**01 JULY 2016**

Northport organised a CSR programme in conjunction with the Hari Raya Aidilfitri 2016 celebration. Essentials food items, raya cookies and duit raya were distributed to 15 families during the programme. The recipients were the poor and less fortunate families living in Kampung Rantau Panjang, Klang and Jalan Berembang's flat in Port Klang.

**26 JULY 2016**

Malakoff handed over its contribution for Programme Sahabat Korporat Tabung Haji (TH) in a ceremony held at TH Hotel, Kompleks Tabung Haji, Kelana Jaya. This year, Malakoff contributed RM100,000 in aid of hajj pilgrims that will leave for the pilgrimage starting from 4 August 2016.

28 JULY 2016

SATSSB together with Hospital KPJ Puteri organised a Health Day Campaign as part of its CSR initiatives. Among the highlights were blood donation drive, free health screening and healthy food cooking demonstration. Open for the Airport community and public, the objective of organising the Health Day Campaign is to promote awareness on the importance of practising a healthy lifestyle.

**13 AUGUST 2016**

PTP together with JPB held a CSR community programme for 40 selected primary school students within Gelang Patah area. The programme, consist of separate tour to JPB and PTP to provide an opportunity for the students to learn more about the daily operations at JPB and PTP.

20 AUGUST 2016

Senai Airport City Sdn Bhd (Senai Airport City) participated in a charity run to support the Palliative Care Association of Johor Bahru (PCAJB). PCAJB is a non-profit organisation providing assistance and support to life-threatening disease patients and their families through prevention, relief of suffering by means of early identification, impeccable assessment and treatment.

**02 SEPTEMBER 2016**

Religious messages echoed once again in Mukim Serkat and this time Masjid Al-Amin Sungai Dinar was the chosen location for Ceramah Perdana Malakoff. The annual community event was organised to strengthen the relationship between Malakoff staff and the local community, whilst gaining valuable knowledge from the talk. Approximately 300 guests gathered as early as 7pm and they were all ears to the religious talk given by the invited speaker, Ustazah Asni Abu Mansor.

**03 SEPTEMBER 2016**

Northport organised a "Program Persediaan Peperiksaan PT3 dan SPM 2016" for its employees' children as well as underprivileged students residing around Northport's business operation. 100 students who will be sitting for 2016 PT3 and SPM participated in this programme held at CBM Hall, Northport C.



03 SEPTEMBER 2016

MMC Pembedungan Langat Sdn Bhd (MMC PLSB) organised a community service activity on Aedes and Zika virus awareness with communities around its sewerage pipe network in Kajang. MMC PLSB team collaborated with the President of Residents Association and their Health Bureau Officer to distribute flyers with Abate followed by fogging exercise at residential areas in Saujana Impian, Taman Impian Sejati, Taman Impian Kasih including 2 schools at SMK Saujana Impian and SK Saujana Impian.



12 SEPTEMBER 2016

MMC PLSB donated 4 cattle for sacrifice to 4 areas in Kajang in conjunction with Hari Raya Aidiladha celebration. The contributions were presented by the Deputy Project Director, Major (R) Zulkarnain Yaakub to the head of communities in Saujana Impian, Taman Delima, Taman Impian Ehsan and Kampung Simpang Balak respectively. The local communities together with MMC PLSB staff gathered at Masjid and Surau to witness the sacrificial slaughter ceremony and worked together to distribute sacrificial meats to the underprivileged community and orphanage from a number of villages.



09 OCTOBER 2016

Malakoff organised a Ceramah Perdana in conjunction with the Maal Hijrah 1438H celebration at Masjid Khairul Jariah, Segari. The event that was attended by nearly 200 congregation consists of the local community and Malakoff staff. Ustaz Harryanto Rizal Rokman was invited as the guest speaker.



13 OCTOBER 2016

Malakoff organised a "Malakoff Road Safety Campaign" at Masjid Al-Amin Sungai Dinar, Mukim Serkat. Malakoff initiated this collaborative campaign to nurture positive attitude towards road safety and to educate the community on road safety as a shared responsibility. This event is a collaboration between Malakoff, Jabatan Keselamatan Jalan Raya, Jabatan Bomba dan Penyelamat, Polis Di-Raja Malaysia and other relevant in-house contractors at the Tanjung Bin facilities.

16 OCTOBER 2016

JPB organised a motivational talk for 240 SPM and STPM students from Sekolah Menengah Kebangsaan Gelang Patah. The insightful and eye opening talk aimed to develop the students through education. The programme encouraged students to discover, develop and apply their own strengths both academically and personally.



22 OCTOBER 2016

PTP successfully organised its annual Cricket Tournament for primary students in Gelang Patah. A total of 60 players from 4 primary schools namely SK Nusantara, SK Kompleks Sultan Abu Bakar, SK Pendas Laut and SK Tanjung Adang participated in the one-day tournament held at SK Kompleks Sultan Abu Bakar.



25 OCTOBER 2016

MMC Operating Companies in Johor i.e. Pelabuhan Tanjung Pelepas, Johor Port Berhad, Senai Airport Terminal Services and Senai Airport City extended a helping hand to the victims of Hospital Sultanah Aminah's fire incident. A total of 200 boxes of personal hygiene kits consisting of toiletries such as diapers, wet and boxed tissues, soaps, dental kits and other essentials were distributed to the hospital. More than 20 employees from our Operating Companies in southern region volunteered to assist with the distribution of the items to the Hospital.

**27 OCTOBER 2016**

Northport shared Deepavali cheers with Persatuan Rumah Warga Emas, Taman Sejati Klang, Selangor and distributed essential grocery items and hampers to 24 residents.

**03 - 06 NOVEMBER 2016**

Senai Airport City and SATSSB participated in Johor state's "Landscape Day 2016" to increase public's awareness and interest on construction, maintenance and creativity of landscape not only within residential areas but also at working premises.

**26 NOVEMBER 2016**

PTP continued to cultivate the spirit of camaraderie between its employees and the local community through its annual 'PTP 2016 Gotong Royong Perdana' at Sekolah Kebangsaan Tiram Duku, Gelang Patah. The programme aimed to promote greater awareness on maintenance of public amenities and to give back to the community where PTP operates.

**28 NOVEMBER 2016**

MMC contributed essential hospital equipment to Sultanah Aminah Hospital as part of its CSR initiatives to assist the Hospital in replacing some of the equipment that were damaged due to the fire incident which occurred in October. Among the items donated were 1 unit of ultrasound machine, 4 units of vital sign monitors, 2 units of pulse oximeter, 5 units of infusion pumps, 3 units of suction aspirators and 20 baby bassinets and trollies.

**29 NOVEMBER 2016**

PTP held its annual soccer league tournament for primary school students in Gelang Patah Johor. The tournament was held at SK Kompleks Sultan Abu Bakar and successfully gathered more than 150 students aged between 10 to 12 years old from 10 schools around Gelang Patah namely SK Nusantara, SK Tiram Duku, SK Gelang Patah, SK Taman Nusa Perintis 1, SK Tanjung Kupang, SK Morni Pok, SK Pendas Laut, SK Kampung Pulai, SK Sg Melayu and SK Tanjung Adang.

**05 DECEMBER 2016**

JPB contributed RM1 million to the UTM Endowment Fund in Johor. JPB previously signed a Memorandum of Understanding with UTM in March 2013 and pledged to contribute RM5 million to the UTM Endowment Fund. The fund so far received RM3 million and a total of 600 UTM's undergraduate students has benefited from the scholarships. The contribution was also used for Research and Development, publication of scientific materials and high impact programmes. As a token of appreciation towards JPB, UTM named their marine research centre as Johor Port Marine Technology Centre.

**19 DECEMBER 2016**

MMC Engineering Services Sdn Bhd (MMCES) collaborated with National Blood Centre for its blood donation drive held at Dewan Sri Payung, Wisma Zelan, Kuala Lumpur

28 DECEMBER 2016

PTP organised its annual Back-to-School programme to cheer up underprivileged children. The programme aimed to lessen the parents' financial burden and helping them to prepare their children for the new academic year. A total of 210 primary and secondary underprivileged students were chosen for this programme to receive the school aid including a brand new uniform and other essential school supplies.

HUMAN CAPITAL DEVELOPMENT



16 FEBRUARY 2016

Senai Airport Terminal Services Sdn Bhd (SATSSB) held a training programme for Senai International Airport Emergency Response Team (ERT). The team comprises 30 staffs within the SATSSB organisation, responsible for giving initial critical support and immediate assistance to victims, given the circumstances prior to the arrival of the Airport Fire Rescue Service (AFRS) or The Fire and Rescue Department of Malaysia. The 3-day course which was conducted by The Fire and Rescue Department of Malaysia at Senai International Airport AFRS Station and Bandar Putra Fire Station, Kulai has provided much skills and experience to the participants such as fire safety knowledge, first aid skills and many more.



13 APRIL 2016

Johor Port Berhad (JPB) organised a "Fight Your Stress, Love Your Heart" Wellness Day designed to encourage JPB employees to take full responsibility of the prevention of any Non-Communicable Disease (NCDs) especially heart disease, as it is among the leading diseases in Malaysia.

The commitment and dedication of our talents are the key aspects that drives innovation and quality services to our clients.

To this end, we continue to focus on talent management to ensure that key competencies are developed to complement our business needs. We embrace diversity and encourage inclusiveness in our organisation. The various learning opportunities accorded to our employees epitomises our commitment towards their professional development and in doing so, makes their experience and journey with us a rewarding one. We have established a strong career development framework that builds on our employees' capabilities throughout their professional lifecycle. At the same time, the safety and health of our employees continue to remain a priority in our operations.

**23 APRIL 2016**

JPB hosted a Family Day 2016 event at Kompleks Mutiara, Bandar Dato' Onn, as part of their appreciation and gratitude towards the employees. Themed "Rainbow", the event was attended by over 2,000 staff.

**25 APRIL 2016**

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) held its first MMC Ports Townhall to share the current status, future plans and strengthen employees' understanding towards the consolidation initiative. The engagement session was conducted by Ian James, Group Chief Executive Officer of MMC Port Holdings Sdn Bhd (MMC Ports).

30 APRIL – 01 MAY 2016

Malakoff Sports Carnival 2016 was held on 30 April and 1 May 2016 at Universiti Sains Malaysia, Penang. The event aimed at strengthening the working relationships amongst Malakoff staff in a more relaxed environment. A total of 325 participants from 6 teams, namely KLHQ, Tanjung Bin Power, Tanjung Bin Energy, Prai Power, Port Dickson Power and Lumut Power Plant took part in the carnival. The participants battled it out in 10 outdoor and indoor games such as football, futsal, bowling, dart, ping pong, tennis, badminton, carrom, sepak takraw and volleyball.

**12 MAY 2016**

Kontena Nasional Berhad (KNB) held its first MMC Ports Townhall meeting to share the latest updates on consolidation initiatives and way forward in line with MMC Ports.

**14 – 15 MAY 2016**

MMC Group successfully organised a two-day Culture Internalisation Programme at Institut Latihan Pos Malaysia, Bangi. The programme, participated by 30 participants from Northport (Malaysia) Bhd (Northport), KNB and Johor Port Logistics senior management team aimed to strengthen the spirit of unity and inculcate the MMC Group culture in respective operating companies.

**24 – 25 MAY 2016**

MMC Corporation Berhad (MMC) organised its maiden "Speaking Engagement with Global Speakers" programme in partnership with DRB-Hicom and Leaderonomics. In this programme, several world class speakers were invited to share valuable knowledge and experience on areas such as leadership, customer management, corporate culture and communications. Around 80 senior leaders and talents across MMC Group and DRB-Hicom Group took part in the 2-day programme.

**24 MAY 2016**

SATSSB organised an emergency action plan exercise to familiarise relevant parties with procedures in the event of air disasters involving airlines and passengers.

**30-31 MAY 2016**

Northport organised corporate visits to its sister companies, JPB and PTP. The visits were arranged with the objectives of knowledge sharing on operational excellence and best practices under the MMC Group as well as to strengthen the spirit of 'one-ness' among the operating companies.

**14 JULY 2016**

JPB organised a carnival-like fun-filled sports event called "JPB Sports Carnival 2016". More than 500 employees participated in the event. A total of 7 sporting events were contested during the tournament namely bowling, badminton, football, netball and indoor games, including carrom, darts and sepak takraw. The competition commenced with bowling, football, badminton on 14 July 2016 followed by the remaining indoor games on 6 August 2016.

**29 JULY 2016**

Gas Malaysia Berhad held a Majlis Hari Raya event to promote a strong working culture of unity and fellowship.

**02 AUGUST 2016**

PTP held its annual staff Hari Raya gathering to promote solidarity, friendship and to uphold the spirit of thoughtfulness among the staff.

**27 SEPTEMBER 2016**

MMC Pembetulan Langat Sdn Bhd (MMC PLSB) organised a Safety Management Walkabout at MMC PLSB Office in Kampung Simpang Balak, Kajang in conjunction with its 1.5 million man-hours without Lost Time Injury.

**01 AUGUST 2016**

KNB organised a "Hari Raya Aidilfitri Kontena Nasional 2016" at its HQ in Jalan Klang Lama, Petaling Jaya. The programme was held to foster relationship and teamwork between employees of Kontena Nasional.

**15 AUGUST 2016**

PTP successfully organised its August Townhall session with Chairman, Dato' Sri Che Khalib Mohamad Noh. More than 200 employees from various level attended the session.

**07 OCTOBER 2016**

Dato' Sri Che Khalib Mohamad Noh, Group Managing Director of MMC had an engagement session with the employee of MMC Engineering Services Sdn. Bhd. (MMCES) at Wisma Zelan, Bandar Tun Razak, Cheras. Also present during the session was En. Mohd Abdul Fatah Endut, Chief Executive Officer (CEO) of MMCES.

**01 - 02 AUGUST 2016**

To strengthen the hiring process in MMC, Group Human Resources division organised a training to equip its employees with the right interviewing techniques. The Competency-Based Interviewing training was attended by 15 HR professionals particularly the recruiters within MMC Group.

23 AUGUST 2016

The Group Legal and Group Human Resources Division of MMC organised a talk by Shearn Delamore & Co. on Competition Law. The session was part of MMC's effort to enhance its Directors and Senior Management knowledge and understanding on the Malaysian Competition Act 2010. 40 Directors and Senior Management from the MMC Group attended the talk, which provided information on the essential principles of competition/antitrust and shed lights on the recent developments and cases locally and Internationally.

**28 OCTOBER 2016**

MMC's annual Long Service Awards continued to recognise contribution of its employees. For 2016, the Group recognised 18 employees from MMC, MMCES, MMC Oil & Gas, MMC Engineering and Construction Sdn Bhd (MMCEC) and MMC Tepat Teknik Sdn Bhd who have dedicated 10, 20 and 30 years of service to the Group. In the same event, MMC also celebrated and awarded 19 Student Excellence Awards to children of its employees who achieved excellent results in the UPSR, PMR and SPM year 2015 examinations.

**11 – 13 NOVEMBER 2016**

MMCES organised a three-day, two-night team building programme for 41 employees consisting of managers from MMC, MMC Engineering Group and MMC PLSB. The programme aims to develop inspiring leaders and high performing team members in their respective organisations.

**12 NOVEMBER 2016**

PTP held its "Colour of Life 2016" themed Family Day to celebrate its employees together with their immediate family members. More than 6,500 people including the Gelang Patah community attended the celebration.

**19 NOVEMBER 2016**

Kesatuan Pekerja – Pekerja Pelabuhan Tanjung Pelepas, an organised association for non-management workers of PTP held its 3rd Annual General Meeting at Wisma B PTP. The AGM was officiated by Chairman, Dato' Sri Che Khalib Mohamad Noh and attended by more than 100 members of the union. Also in attendance were Marco Neelsen, CEO of PTP, Tuan Haji Mohamed Shafie BP Mammal, President of UNI Global Union – Malaysia Labour Centre, union representatives from Northport and JPB as well as other PTP Management Team.

**21 NOVEMBER 2016**

SATSSB organised an Airport Emergency Exercise at the airside field of Senai International Airport in accordance to the requirement set by the Department of Civil Aviation and International Civil Aviation.

**02 DECEMBER 2016**

Northport held its second townhall session with Chairman, Dato' Sri Che Khalib Mohamad Noh. The session was attended by Heads of Divisions and Departments, representatives of the staff union and associations as well as other employees in Northport.

**02 DECEMBER 2016**

JPB held a Talent Appreciation Day to acknowledge employees for their outstanding performance. The highlight of the event was a graduation ceremony for the Management Development Programme, a leadership programme for mid-management level. Apart from MDP, a similar leadership programme titled "Supervisory Development Programme" was launched, involving 30 talents from supervisory level. The fourth batch of Young Talent Programme were also recognised with several awards during the event.

**20 DECEMBER 2016**

MMC organised a site visit to the Klang Valley Mass Rapid Transit Cochrane Tunnel site for employees from MMC, MMCES and MMCEC to have a closer view of the project and gain insight into the engineering and construction industry.

**23 & 29 DECEMBER 2016**

To encourage knowledge sharing between Senior Management and employees, MMC conducted two sessions of "Leaders as Teachers" programme for the senior leaders to share their business and functional knowledge with the employees. The sessions also serve as a platform to provide updates on the company's latest developments.

ENVIRONMENT PRESERVATION



08 MARCH 2016

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) collaborated with Lembaga Pelabuhan Johor (LPJ) and Universiti Putra Malaysia on Rehabilitation of Sea Grass Meadow Project. The site visit was organised in an effort to oversee the current condition of the sea grass meadow and its habitat for an understudy project of PTP – LPJ future environmental Corporate Social Responsibility (CSR) programme. Grounded by UPM's latest finding, the sea grass population at Tanjung Adang area has shown growth in 2015 as compared to the past years. The CSR based collaboration aimed to instill environmental awareness and to appreciate the importance of the sea grass habitat and to give the exposure to the team on the mitigation plan for future PTP Terminal Development.



26 – 28 SEPTEMBER 2016

Malakoff Corporation Berhad (Malakoff) in collaboration with the Ministry of Natural Resources and Environment (NRE) and Department of Marine Park Malaysia (JTLM), continued its annual "Malakoff-NRE Coral Rehabilitation Project" at Pulau Besar, Mersing, Johor. 10 divers from JTLM and Malakoff planted 4,000 nubbins around the island and a coral clean-up activity was carried out during the 3-day event. In addition to that, 10 mooring bouys and 300 meters of marker bouys were installed to reduce the risk of damaging the marine ecosystem, especially coral reefs and lower the probability of accidents and injuries to visitors during water activities. Malakoff also presented a contribution of RM25,000 to NRE through Y.B. Datuk Haji Ir. Hamim as a representative from the ministry for the project.

At MMC, we recognised the importance to operate sustainably and responsibly, and endeavour to balance business expansion and minimise our impact on the environment. To realise these goals, we work with local communities, government agencies and universities to carry out studies and apply necessary initiatives to ensure environment preservation within our operations and optimal use of natural resources.

Throughout the year, we have reached out and touched the lives of others through our community programmes, and we will continue to do so. We believe our actions today will make a meaningful difference in protecting our natural environment for our future generations.

**27 APRIL 2016**

Malakoff in collaboration with the Fisheries Department, continued its annual "Kenali Penyu, Sayangi Penyu" Turtle Awareness and Educational Programme for the fifth year running at Segari Turtle Management Centre (TMC). The programme aims at promoting awareness among the public on the threats to turtles. 200 volunteers from Malakoff and the Fisheries Department as well as 20 students from Institute of Marine Engineering Technology, Lumut campus of Universiti Kuala Lumpur participated in the event.

**23 OCTOBER 2016**

Johor Port Berhad participated in a Beach Cleaning Programme at Pengerang Integrated Complex known as 'Setapa Sustainable Shoreline-Beach Cleaning Programme' along Tanjung Setapa shoreline.

**14 NOVEMBER 2016**

PTP in collaboration with LPJ invited representatives from Iskandar Regional Development Authority (IRDA) and Majlis Perbandaran Johor Bahru Tengah (MPJBT) for a site visit to the sea grass habitation located at Tanjung Adang Seagrass Meadow area. The visit was held to oversee the current condition of the sea grass meadow and its habitat for an understudy project of PTP – LPJ future environmental CSR programme. With the assistance from research team from Universiti Putra Malaysia, the excursion activity aimed to expose the team and instil environmental awareness to local authority involved towards PTP and LPJ's plan to develop the area as part of a sustainable ecological park.

**31 DECEMBER 2016**

Malakoff participated in record-breaking Karas Tree Planting Programme, in Ledang, Johor, organised by NRE.

2016 CORPORATE HIGHLIGHTS

13 JANUARY 2016

Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) successfully handled more than 18,000 TEUs in a single berthing by a vessel.



19 JANUARY 2016

Honda Malaysia commenced its first shipment of cars to East Malaysia using Northport (Malaysia) Bhd's (Northport) Vehicle Transit Centre facilities where 126 units of Honda cars were loaded onto MV Zarah Sofia along with 1,562 vehicles and heavy equipments.

27 JANUARY 2016

Johor Port Berhad (JPB) hosted an appreciation dinner for all shipping lines in Johor.



9TH ANNUAL DEAL AND SOLUTION AWARDS 2015



02 FEBRUARY 2016

MMC Corporation Berhad's (MMC) Sukuk is the Best Islamic Finance Deal of the year 2016.



14 JANUARY 2016

Senai Airport City Sdn Bhd (Senai Airport City) participated in Community Initiated Iskandar Malaysia Conference 2016, held at Thistle Hotel, Johor Bahru.



26 JANUARY 2016

MMC Group Management Team visited Balai Berita NSTP.



03 FEBRUARY 2016

The new recruits along with several senior staff from Suruhanjaya Tenaga (ST), visited Gas Malaysia's Headquarters at Shah Alam. The objective of the visit was to familiarise the new recruits from ST on Gas Malaysia's business functions and operations.



04 FEBRUARY 2016

JPB organised a luncheon and award presentation ceremony to PACC Container Line to mark their appreciation and support given throughout 2015.

12 FEBRUARY 2016

Zelan Berhad (Zelan) together with PETRONAS celebrated the physical completion of the Material Off Loading Facilities' (MOLF) Jetty and 1 Million Safe Man-hours Without Loss Time Injury (LTI) in Tanjung Setapa for RAPID project.



19 FEBRUARY 2016

MMC Port Holdings Sdn Bhd (MMC Ports) organised its first customer appreciation dinner in conjunction with Chinese New Year festivities.

11 FEBRUARY 2016

MMC Pembetungan Langat Sdn Bhd (MMC PLSB) signed an agreement with the Ministry of Energy, Green Technology and Water (KeTTHA) to carry out the Langat Centralised Sewage Treatment Plant (Langat CSTP) and sewerage conveyance system project.



23 FEBRUARY 2016

Gas Malaysia held its Information Meeting and Long Service Award event as a platform to update employees on the company's performance and extend the Board's appreciation for the contribution rendered in 2015.



12 FEBRUARY 2016

Malakoff Corporation Berhad (Malakoff) organised a friendly football match with Suruhanjaya Tenaga at Stadium Majlis Sukan Negara.



11 FEBRUARY 2016

Ministry of Transport's Secretary General Datuk Seri Saripuddin Kassim made his first inaugural visit to PTP as part of his site visit programme.



18 FEBRUARY 2016

Senai Airport City organised a seminar for potential investors in Johor Bahru.

**24 FEBRUARY 2016**

MMC Engineering Services Sdn Bhd (MMCES), PETRONAS Power Sdn Bhd together with Siemens AG organised a "2 Million Man Hours Without LTI Appreciation Day" at Pengerang Cogeneration Plant Site, Pengerang, Johor.

01 – 05 MARCH 2016

PTP and JPB collaborated with Lembaga Pelabuhan Johor (LPJ) to participate in Malaysia International Furniture Fair 2016.

**06 MARCH 2016**

Senai Airport City and PTP participated in Johor Development Strategic Plan & Iskandar Malaysia Comprehensive Development Plan II. The event was launched by the Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak at Educity Sports Complex, Iskandar Puteri.

11 MARCH 2016

Malakoff held a friendly football match with KeTTHA.

**21 MARCH 2016**

Malakoff's Tanjung Bin Energy started its commercial operation following successful phases of construction, testing and commissioning.

**31 MARCH 2016**

Mass Rapid Transit Corporation Sdn Bhd awarded RM15.47 billion underground works contract to MMC-Gamuda KVMRT (T) Sdn Bhd.

**11 APRIL 2016**

Syarikat Borneo Highway PDP Sdn Bhd (BHP) together with Federal and State Government of Sabah signed a Project Delivery Partner agreement to manage and implement the construction of 706KM Pan Borneo Sabah Highway project. UEM MMC Joint Venture Sdn Bhd, a 50:50 jointly controlled entity of MMC has 40% stake in BHP.



15 APRIL 2016

Northport's biggest customer, Wan Hai launched the On-Dock-Depot facility at Northport's Container Terminal 2.



21 APRIL 2016

Malakoff held its 10th Annual General Meeting at Hotel Istana, Kuala Lumpur.



21 APRIL 2016

Senai Airport Terminal Services Sdn Bhd (SATSSB) organised a joint management Health, Safety and Environment walkabout programme within Senai International Airport to inculcate a safety culture among its employees.



24 APRIL 2016

Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak launched the RM12.86 billion Pan Borneo Sabah Highway project at Kampung Andus, Papar.



23 & 24 APRIL 2016

Senai Airport City promoted MMC's industrial developments and business opportunities in Iskandar Malaysia, Johor for Japanese investors and industrialists.



27 APRIL 2016

JPB organised a roadshow for manufacturers themed "Moving Forward with Johor Port Berhad" at Tanjung Puteri Resort.



28 APRIL 2016

PTP held its annual Safety Day to promote safe, healthy and decent work environment in conjunction with Global Safety Day.



06 MAY 2016

MMC celebrated the Group CEO Awards dinner ceremony at Colmar Tropicale Bukit Tinggi, Pahang. En Shahrull Allam Shah, CEO of Johor Port Berhad was named as the CEO of the Year 2015.



10 MAY 2016

JPB participated in World Fire-Fighters Day Parade National Level 2016.



16 MAY 2016

Malindo Air began its Jet operation between Kuala Lumpur International Airport (KUL) and Senai International Airport (JHB).



10 MAY 2016

MMC held its 40th Annual General Meeting at Hotel Istana Kuala Lumpur.



11 MAY 2016

Gas Malaysia held its 25th Annual General Meeting at Hotel Istana Kuala Lumpur.



19 MAY 2016

Pengerang Integrated Petroleum Complex (PIPC) received its first Break Bulk & Heavy Lift Vessel shipment at the MOLF in Tanjung Setapa. The unloading and delivery of the vessel to MOLF Tanjung Setapa was fully managed by JP Logistics Sdn Bhd (JP Logistics).

14 - 15 MAY 2016

Bangladesh Minister of Shipping together with Delegation from Chittagong Port Authority, Bangladesh visited Kontena Nasional Berhad's (Kontena Nasional) office and PTP as part of bilateral engagement between Malaysia and Bangladesh.



20 – 22 MAY 2016

PTP and JPB participated in Kembara Kerjaya Johor 2016.



28 MAY 2016

Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak launched Pan Borneo Sabah's Second Package Tawau – Sandakan.



30 MAY 2016

SATSSB welcomed AirAsia's first Guangzhou flight to Johor Bahru. Guangzhou is the fifth international route offered by AirAsia from Senai International Airport.

31 MAY 2016

MMC signed a Memorandum of Understanding (MoU) with China-Malaysia Qinzhou Industrial Park.



02 JUNE 2016

Northport received a visit from National Logistics Task Force, Port Klang PKFZ and Yayasan Al Bukhary.

07 JUNE 2016

MMCES celebrated the arrival of the first Siemens SGT5-8000H gas turbine for Pengerang Cogeneration Power Plant Project, together with Siemens Malaysia and PETRONAS.

25 JUNE 2016

JPB achieved another milestone by handling the tallest and heaviest Propylene Fractionator Process Column for the steam cracker facility at MOLF Tanjung Setapa, within PIPC in Pengerang, Johor.

**28 JUNE 2016**

Johor's Chief Minister Dato' Seri Mohamed Khaled Nordin made an official visit to PTP and officiated Tijarah Ramadan Programme.

**14 JULY 2016**

JPB received Break Bulk & Heavy Lift Shipments from the US Army into Johor. The US Army special troupes had brought in their military equipment and weapons for a Keris Strike Exercise; U.S and Malaysia's bilateral military exercise at Kem Ulu Tiram, Johor.

**28 JULY 2016**

PTP, JPB, SATSSB and Senai Airport City held a joint Hari Raya Open House for its customers and stakeholders at Mutiara Hotel, Johor Bahru.

**02 AUGUST 2016**

MMC welcomed more than 1,300 stakeholders, comprising government officials, business and joint-venture partners, corporate clients and bankers to its MMC Ceria Aidilfitri Open House 2016.

**05 AUGUST 2016**

MMCES signed a MoU with China Railway No.3 Engineering Group Co. Ltd, to embark on underground works for Mass Rapid Transit Sungai Buloh – Serdang – Putrajaya line.

29 JULY 2016

Senai Business Aviation Terminal received a visit from the United States Secretary of the Army, Eric Fanning who flew in to observe the Keris Strike Exercise.



17 AUGUST 2016

JP Logistics signed the Corporate Integrity Pledge with the Malaysian Anti-Corruption Commission to signify its commitment to uphold the 5 Anti-Corruption Principles for Corporations and synchronise their practices with global integrity standards.

19 – 20 AUGUST 2016

MMC Games 2016 was held at Arena UM, Universiti Malaya, Kuala Lumpur.



17 AUGUST 2016

Senai International Airport was proud to be the venue host for 'Majlis Pelancaran Bulan Kemerdekaan Peringkat Daerah Kulai 2016'.



26 AUGUST 2016

Northport organised a Stakeholders' Session with CEO for the haulier fraternity at CBM Hall, Northport C.

08 SEPTEMBER 2016

MMC participated in Bursa Bull Charge 2016.



30 AUGUST 2016

JPB Security & Safety Department organised a 'Buckle-Up' safety campaign.



19 AUGUST 2016

Senai Business Aviation Terminal received the arrival of King Msati III, the King of Swaziland. Johor's Chief Minister Dato' Seri Mohamed Khaled Nordin was present to welcome The King who arrived in a private Boeing 762-200ER aircraft.

15 SEPTEMBER 2016

JPB signed an agreement with PETRONAS Refinery and Petrochemical Sdn Bhd (PRPC) for Package 21F- Material Offloading Facilities Port Operatorship Agreement.

30 SEPTEMBER 2016

Senai Airport City organised a seminar to showcase its industrial developments and business opportunities to potential investors and industrialists.

**08 OCTOBER 2016**

Johor's Chief Minister Dato' Seri Mohamed Khaled Nordin officiated Senai Airport City and Bukit Amber Diamond Interchange at KM 10.95 (exit 254A) of the North-South expressway in Senai, Johor.

15 – 20 OCTOBER 2016

PTP and JPB participated in the Johor Port Week 2016 organised by LPJ to promote various services and facilities offered by ports and logistics companies in Johor.

**05 - 08 OCTOBER 2016**

Langat CSTP participated in International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2016).

05 OCTOBER 2016

Northport won Outstanding Performance Award under the Port category at World Maritime Day 2016. The event was also participated by PTP and JPB.

**17 OCTOBER 2016**

Dato' Sri Che Khalib Mohamad Noh, Group Managing Director of MMC Corporation Berhad officiated the MMC Group Health, Safety and Environmental Week 2016 and Ports Buckle Up Campaign at Wisma Budiman, Kuala Lumpur. The launching was celebrated exclusively through video conferences with PTP, JPB, Northport, Penang Port Sdn Bhd, SATSSB and Senai Airport City.



05 NOVEMBER 2016

JPB received two prestigious recognitions; 1st place in Private Sector's Building category and 1st place in Factory category at the Landscape Day State Level Celebration 2016.



17 OCTOBER 2016

MMC PLSB celebrated 1.5 Million Man Hours without LTI for the Langat CSTP and Sewerage Conveyance System project.



07 NOVEMBER 2016

Chairman of Keretapi Tanah Melayu Berhad visited PTP and JPB.



08 NOVEMBER 2016

PTP and Northport received the APSN Green Port Award System in conjunction with the APEC Port Services Network Workshop on Safety of Dangerous Goods at Ports.

27 OCTOBER 2016

CEO of Pengurusan Aset Air Berhad attended a site visit and progress briefing for Packages 2A of Langat 2 Water Treatment Plant, Hulu Langat.



27 OCTOBER 2016

MMC was awarded with Bronze Award under the category of Employer of Choice at the 16th Malaysia HR Awards 2016.



19 NOVEMBER 2016

Kesatuan Pekerja-Pekerja Pelabuhan Tanjung Pelepas held its 3rd Annual General Meeting at Wisma B, PTP.

**19 NOVEMBER 2016**

MMC Group strengthened ties with Unit Kerjasama Awam Swasta through a friendly bowling games.

27 NOVEMBER 2016

PTP continued to foster closer ties with state government agencies through the PTP Free Zone Community Sports 2016.

**29 NOVEMBER – 01 DECEMBER 2016**

SATSSB participated in the Johor Tourism's Explore Johor Mission in Ho Chi Minh, Vietnam. The mission was led by Datuk Tee Siew Kiong, Chairman of Tourism, Trade and Consumerism Committee.

**01 DECEMBER 2016**

MMC Ports organised a golf event at Glenmarie Golf & Country Club, Shah Alam for its major customers.



06 DECEMBER 2016

MMC Group participated in Iskandar Malaysia 10th Anniversary Celebration, organised by Iskandar Regional Development Authority.



09 DECEMBER 2016

Aliran Ihsan Resources Berhad introduced its first 'Industrial Wastewater Recovery Plant' using Reverse Osmosis Membrane Technology for its client, a rubber glove industry in Senawang.

14 DECEMBER 2016

SATSSB received visit from PT Angkasa Pura I, a state enterprise of the Indonesian Department of Transport that is responsible for the management of airports in East Indonesia.



15 DECEMBER 2016

Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak launched the first phase of Mass Rapid Transit Sungai Buloh-Kajang Line. MMC, through its subsidiary MMC-Gamuda KVMRT is the Project Delivery Partner for the project.



21 DECEMBER 2016

Gas Malaysia opened its new office branch in Ayer Keroh, Melaka to further improve their presence and extend the services in that area.



21 DECEMBER 2016

JPB signed a MoU with PT Pelabuhan Indonesia (PELINDO IV) at a ceremony held in Jakarta, Indonesia.

LIST OF ASSOCIATIONS AND CERTIFICATIONS



PELABUHAN TANJUNG PELEPAS SDN BHD

- ISO 14001:2004 – Environmental Management System
- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Health & Safety Management
- ISO/IEC 27001:2013 – Information Security Management System
- Port Safety, Health, Environment Management System (PSHEMS) Recognition by Partnerships in Environmental Management for the Seas of East Asia (PEMSEA)
- A Member of Federation of Malaysian Port Operating Companies (FMPOC)
- A Member of International Ports & Harbour Associations (IAPH)
- A Member of ASEAN Ports Malaysia (APA)
- A Member of Federation of Malaysian Manufacturers (FMM)
- A Member of Malaysian International Chamber of Commerce & Industry (MICCI)
- A Member of the Institute of Internal Auditors (IIA)

JOHOR PORT BERHAD

- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Health & Safety Management System
- ISO/IEC 27001:2013 – Information Security Management System
- ISO 55001:2014 – Asset Management System
- A Member of Malaysian Institute of Accountants
- A Member of ASEAN Ports Malaysia (APA)
- A Member of Institute of Internal Auditors
- A Member of Information System Audits and Control Association

NORTHPORT (MALAYSIA) BHD

- ISO 9001:2008 – Quality Management System
- ISO/IEC 27001:2005 MS ISO/IEC 27001:2007 – Information Security Management System
- MS 2400-2:2010 Halalan-Toyyiban Assurance Pipeline Management System
- A Member of Federation of Malaysian Port Operating Companies (FMPOC)
- A Member of Chartered Institute of Logistics & Transport (CILT)
- A Member of Institute of Marketing Malaysia (IMM)
- A Member of ASEAN Port Association (APA)
- A Member of International Ports & Harbours Association (IAPH)
- A Member of Malaysian International Chamber of Commerce and Industry (MICCI)
- A Member of Ikhtisas Kelautan Malaysia (IKMAL)
- A Member of Maritime Institute of Malaysia (MIMA)

RED SEA GATEWAY TERMINAL CO. LTD

- ISO 9001:2008 – Quality Management System
- ISO 10002:2014 – Quality Management – Customer satisfaction

KONTENA NASIONAL BERHAD

- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Safety & Health Management
- International Air Transport Association (IATA)
- Airfreight Forwarders Association of Malaysia (AFAM)
- Selangor Freight Forwarders and Logistics Association (SFFLA)
- Penang Airfreight Forwarders Association (PAFA)
- Malaysian Employers Federation (MEF)
- Federation of Malaysian Manufacturers (FMM)
- Association of Malaysia Haulage (AMH)

JP LOGISTICS SDN BHD

- ISO 9001:2008 – Quality Management System
- ISO 14001:2004 – Environmental Management System
- OHSAS18001:2007 – Occupational Health & Safety Management System

MALAKOFF CORPORATION BERHAD

- ISO 9001:2015 – Quality Management System
- ISO 14001:2015 – Environmental Management System
- OHSAS 18001:2007 – Occupational Health and Safety Management System
- MS 1722:2011 – Occupational Health and Safety Management System
- ISO/IEC 27001:2013 – Information Security Management System

GAS MALAYSIA BERHAD

- ISO 9001:2008 – Quality Management Systems
- ISO 14001:2004 – Environmental Management Systems
- OHSAS 18001:2007 – Occupational Health and Safety Management Systems
- ISO/IEC 27001:2013 – Information Security Management Systems

ALIRAN IHSAN RESOURCES BERHAD

- ISO 9001:2008 – Quality Management System
- ISO/IEC 27001:2013 – Information Security Management System

SENAI AIRPORT TERMINAL SERVICES SDN BHD

- ISO 9001:2015 – Quality Management System
- ISO 27001:2013 – Information Security Management System
- A Member of International Ground Handling Council (IGHC)
- A Member of Malaysia Employer Federation (MEF)
- A Member of Malaysia Association for Auxiliary Police

MMC ENGINEERING SERVICES SDN BHD

- ISO 9001:2008 – Quality Management System
- OHSAS 18001:2007 – Occupational Health and Safety Management System
- Registered with Construction Industry Development Board (CIDB)
- Syarikat Taraf Bumiputera Bahagian Pembangunan Kontraktor dan Usahawan
- Suruhanjaya Perkhidmatan Air Negara (SPAN)

MMC PEMBETUNGAN LANGAT SDN BHD

- Registered with Construction Industry Development Board (CIDB)
- Suruhanjaya Perkhidmatan Air Negara (SPAN)

MMC OIL & GAS ENGINEERING SDN BHD

- ISO 9001:2008 – Quality Management System
- MSC Malaysia Status

MMC-GAMUDA JOINT VENTURE (MGJV)

- Registered with Construction Industry Development Board (CIDB)

ZELAN BERHAD

- ISO 9001:2015 – Quality Management System
- ISO 14001:2015 – Environmental Management System
- OHSAS 18001:2007 Occupational Health and Safety Management System
- A Member of Malaysian Employers Federation (MEF)
- Registered with Construction Industry Development Board (CIDB)
- A Member of Master Builders Association Malaysia (MBAM)
- Suruhanjaya Perkhidmatan Air Negara (SPAN)

SYARIKAT MENGURUS AIR BANJIR & TEROWONG (SMART)

- The Association of Highway Concessionaires Malaysia

BUSINESS AWARD

26 May 2016

JOHOR PORT BERHAD

- Awards/Recognitions** – UTM Academia Industry – Excellency Award
Award Provider – Universiti Teknologi Malaysia

25 June 2016

JOHOR PORT BERHAD

- Awards/Recognitions** – 'Focus Recognition' – Handling of Tallest, Heaviest Propylene Fractionator Process Column in Malaysia
Award Provider – PETRONAS Refinery and Petrochemical Corporation Sdn Bhd

01 October 2016

MALAKOFF CORPORATION BERHAD

- Awards/Recognitions** – Top Plant Award 2016 (Coal) – Tanjung Bin Energy Power Plant
Award Provider – POWER Magazine

05 October 2016

NORTHPORT (MALAYSIA) BHD

- Award Received** – Outstanding Performance Award – Port
Award Provider – Ministry of Transport Malaysia

07 October 2016

JOHOR PORT BERHAD

- Recognition Received** – ISO 55001:2014 – 'Asset Management System for Primary Port Operating Assets'
Recognition Provider – SIRIM QAS International Sdn Bhd

13 December 2016

KONTENA NASIONAL GLOBAL LOGISTICS SDN BHD

- Award Received** – Best Logistics Management Contractor Award
Award Provider – PETRONAS Penapisan Melaka Sdn Bhd

ENVIRONMENT AWARD

12 March 2016

MALAKOFF CORPORATION BERHAD

- Recognition Received** – Environmental Recognition
Recognition Provider – Malaysian Nature Society

05 November 2016

JOHOR PORT BERHAD

- Award Received** – 1st Place – 'Private Sector's Building' category
– 1st Place – 'Factory' category
Award Provider – Johor State Government

08 November 2016

PELABUHAN TANJUNG PELEPAS SDN BHD

- Award Received** – Green Port Award System
Award Provider – APEC Port Services Network

HUMAN CAPITAL AWARD

27 October 2016

MMC CORPORATION BERHAD

- Award Received** – Bronze Award – Employer of Choice
Award Provider – Malaysia Institute of Human Resource Management

STATEMENT ON CORPORATE GOVERNANCE

Sound corporate governance ensures the Company's continued high performance and integrity while retaining the trust of stakeholders. Maintaining effective corporate governance is, therefore, a key priority for the Board, and is achieved through implementing the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the Code).

The Board is pleased to provide the following statement, which outlines the corporate governance practices that are in place and which sets out how the Company has applied the principles of the Code during the financial year ended 31 December 2016.

1. CLEAR ROLES AND RESPONSIBILITIES

a. The Responsibilities and Functions of the Board and Management

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

The Board is guided by the Board Policy Manual, apart from the Company's Constitution and Companies Act 2016, in discharging its duties effectively. The Board Policy Manual serves as guidelines for the Board and its Committees in the execution of their responsibilities.

The Board plays an important role in the development of Group policies and oversees the performance of the Management in ensuring that the businesses of the Company are properly managed. The Board's three (3) Committees comprise only Non-Executive Directors (NEDs), and as such, 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 Group Managing Director (GMD) to ensure a strict balance of power and authority. The Group Chairman, an Independent Non-Executive Director, is responsible for leading and

guiding the Board whilst maintaining the highest standard of governance. The Group Chairman also serves as the main link between the Board and Management and particularly between the Board and the GMD.

The GMD, assisted by the Senior Management, is responsible for the business and day-to-day management of the Company. In addition to that, the GMD also develops and reviews long-term strategies and vision for the Company that will lead to the creation of shareholders' value.

b. 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:

- a. Board's roles and functions;
- b. Board's composition, operation and processes;
- c. Division of responsibilities between the Board and Management; and
- d. 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.

c. 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 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 Malaysia Securities Berhad (Bursa Malaysia). 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 outline the procedures and practices to be adhered to by the Directors and employees of MMC Group for transactions entered with related party as prescribed by the Bursa Malaysia Main Market Listing Requirements (MMLR).

- **Limits of Authority**

The Limits of Authority of MMC sets the level of control assigned to the responsible authorities in exercising their powers in the execution of various financial and non-financial business transactions.

- **Procurement Policy**

The Procurement Policy guides the procurement function of MMC Group in obtaining the best value for money through a transparent, fair and competitive manner whilst upholding the Group's business objectives.

- **Treasury Policy**

The Treasury Policy provides a framework that governs the Company's treasury activities and the sound management of treasury-related risks.

- d. **Promoting Sustainability**

MMC is committed to creating long-term shared value for our stakeholders and to securing the future of the Group by prioritising responsible management and sustainable development on the economic, environmental and social (EES) fronts. MMC's commitment towards sustainable growth is evident throughout all levels of the organisation. The Board and the Senior Management acknowledge the importance of pursuing an agenda that upholds good EES practices.

The Company's Sustainability Statement is set out in pages 56 to 63 of the annual report.

- e. **Access to Information and Advice**

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.

- f. **Company Secretaries**

All Directors have access to the advice and services of the Company Secretaries whose appointment and removal is a matter for the Board. 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.

The Company Secretaries ensure that all Board and Committees meetings are properly convened, and that accurate and proper records of the proceedings and resolution passed are properly maintained.

2. STRENGTHEN COMPOSITION

- a. **Board Balance and Composition**

The Board, comprising a total of eight (8) Directors who have been selected based on their expertise, experience, integrity and character, is chaired by Tan Sri Dato' Seri Shamsul Azhar Abbas, an Independent Non-Executive Director. In addition, 75% of the Board consists of Independent Non-Executive Directors with expertise and skills from various fields and backgrounds. Thus, there is optimum Board balance and in compliance with MMLR with regard to the composition of the Board of Directors.

The Board recognises the importance of diversity in designing its composition while taking into account the pertinent skills, knowledge and experience necessary to further enhance the composition of the Board. 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 are sought, as part of its selection exercise.

Although there is no written policy on gender diversity, the Board acknowledges the importance of having women representation on the Board. The appointment of Dato' Siti Halimah Ismail reaffirms the Board's commitment in supporting the country's aspiration in increasing women representation on 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 judgment of the Board.

The six (6) Independent Non-Executive Directors ensure that the interests of the minority shareholders are safeguarded by providing unbiased and independent perspectives.

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

b. Re-election

The Company's Constitution provides that all Directors should submit themselves for re-election at least once every three (3) years, in compliance with the requirements of MMLR. The Company's Constitution also provides that one-third of the Board shall retire from the office every year and shall be eligible for re-election at every Annual General Meeting (AGM). Pursuant thereto, Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob, Datuk Ooi Teik Huat and Dato' Abdul Hamid Sh Mohamed, shall retire accordingly and being eligible, will offer themselves for re-election at the Company's Forty-First AGM (41st AGM).

This affords shareholders the opportunity to review Directors' performance, thereby promoting an effective Board.

c. Board Committees

The Board has three (3) standing Committees, each operating within the defined Terms of Reference (ToR), to assist the Board in discharging its responsibilities. The ToR of all three (3) Board Committees are stipulated in the Board Policy Manual. The Company also made available the ToR of the Audit Committee and the Nomination and Remuneration Committee on the Company's website as required by the MMLR. The Executive Committee ceased to be a Board Committee with effect from 26 June 2016 in view of the change in the composition of the Committee where it is comprised exclusively of Senior Management.

The minutes of proceedings of each Committee meeting are circulated to all Board members so that all Directors are aware of the deliberations and resolutions made. Where applicable, Committees report their decisions to the Board and present their recommendations for the Board's approval.

Nomination and Remuneration Committee

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. Comments obtained from the assessment are treated with the strictest confidence and are addressed directly to the Group Chairman, 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.

The Nomination and Remuneration Committee had, during the financial year 2016, reviewed and made recommendations on the following matters to the Board:

- Evaluation of the size, composition and effectiveness of the Board;
- Re-election of Directors at the 2016 AGM;
- Proposed Corporate KPIs;
- Proposed GMD's KPIs;
- Proposed remuneration review, annual increment and performance bonus for the employees;
- Proposed remuneration review, annual increment and performance bonus for the GMD;
- Proposed promotion recommendation of Senior Management Member;
- Proposed revised board evaluation form; and
- Succession Plan for the Senior Management of MMC Group.

Finance, Investment and Risk Committee Meeting

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.

Commencing the financial year 2016, the Finance, Investment and Risk Committee is also assigned with the responsibility of overseeing the sustainability matters of the Group.

Audit Committee

Details on the Audit Committee are elaborated in the Audit Committee Report which appears on pages 102 to 104 of the annual report.

Details of the Directors' Attendance at the meetings of the Committees

The attendance of the respective members of the Board Committees are as below:

No	Name	Executive Committee ²	Audit Committee	Nomination and Remuneration Committee	Finance, Investment and Risk Committee
1.	Tan Sri Dato' Seri Shamsul Azhar Abbas	–	–	3/3	–
2.	Dato' Sri Che Khalib Mohamad Noh	N/A	N/A	N/A	N/A
3.	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob	–	6/6	–	–
4.	Dato' Abdullah Mohd Yusof	–	6/6	3/3	6/6
5.	Datuk Mohd Sidik Shaik Osman ¹	–	–	–	–
6.	Datuk Ooi Teik Huat	–	6/6	3/3	6/6
7.	Dato' Abdul Hamid Sh Mohamed	–	5/6	–	6/6
8.	Dato' Siti Halimah Ismail	–	–	–	6/6
9.	Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	–	–	3/3	–

¹ Retired as a Non-Independent Non-Executive Director and ceased as member of Executive Committee with effect on 1 April 2016.

² The Executive Committee ceased to be a Committee of the Board on 26 June 2016.

d. Board Meetings

The Board meets at least four (4) times every financial year. The Board meetings are scheduled in advance, typically during the third quarter of the preceding year, to allow Directors sufficient time to plan their attendance. Special Board meetings are convened between regular Board meetings, with sufficient notice, as and when necessary to consider ad-hoc matters that require expeditious deliberation and decision by the Board.

A Pre-Board meeting is customarily held prior to the Board meeting as an avenue for the Management to provide the Group Chairman with in-depth details of the papers which are scheduled to be tabled at the forthcoming Board meeting.

The agenda of the Board and Board Committees meeting is systematically sequenced based on the level of urgency of the matters, which are further categorised as matters for notation, approval or deliberation to achieve a smooth-flowing, effective and productive meeting.

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 regard 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.

Members of Management Team and external advisors are occasionally invited, whenever necessary, to attend the Board and Board Committees meetings to provide further clarity on matters to be considered by the Board and Board Committees to enable the Directors to make an informed decision.

The deliberations and resolutions made by the Board and Board Committees are properly recorded and minutes of proceedings of meetings are circulated to Directors for comments prior to confirmation. In addition, Directors are also notified of any announcements released to Bursa Malaysia by the Company.

A total of eight (8) Board meetings were held during the financial year ended 31 December 2016.

Pursuant to the MMLR, all current Directors have complied with the requirement of at least fifty percent (50%) attendance of Board meetings held during the financial year under review.

Set out below is the attendance record of Directors, in respect of the Board meetings held during the financial year ended 2016:-

No	Name	Board	Percentage (%)
1.	Tan Sri Dato' Seri Shamsul Azhar Abbas	8/8	100
2.	Dato' Sri Che Khalib Mohamad Noh	8/8	100
3.	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob	6/8	75
4.	Dato' Abdullah Mohd Yusof	8/8	100
5.	Datuk Mohd Sidik Shaik Osman ¹	1/8	N/A
6.	Datuk Ooi Teik Huat	7/8	87.5
7.	Dato' Abdul Hamid Sh Mohamed	7/8	87.5
8.	Dato' Siti Halimah Ismail	8/8	100
9.	Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	7/8	87.5

¹ Retired as a Non-Independent Non-Executive Director on 1 April 2016.

e. Board of Directors Annual Assessment Exercise

The Board on an annual basis will undertake the assessment exercise to evaluate the performance of the Board, Board Committees as well as the performance of individual Directors.

The assessment exercise is facilitated by the Group Corporate Secretarial Department whereby a questionnaire covering various aspects such as Board's structure, Board's operation & interaction, contribution to interaction, understanding of role, etc. will be distributed to the Directors.

The questionnaire is designed to identify and recognise the strength of the Board, collectively and individually. It is also used as a tool to identify areas for improvement.

The Group Corporate Secretarial Department will compile and collate the findings of the assessment, and a report will be tabled to the Nomination and Remuneration Committee for deliberation. Findings from the Board and Board Committees Evaluation will then be discussed and agreed upon by the Board collectively. Such findings will also form the basis for next year's evaluation.

The findings of the evaluation for individual Directors will also be used as a basis for determining the re-appointment of Directors at the AGM of the Company.

f. 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 NEDs is reviewed by the Board as a whole, to ensure that it is aligned to market and to their duties and responsibilities.

- **Disclosure**

The remuneration payable to the NEDs 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(ii) of the Audited Financial Statements on page 52 of the Financial Report 2016.

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

Amount of Remuneration	Group		Company	
	Number of Executive Directors	Number of Non-Executive Directors	Number of Executive Directors	Number of Non-Executive Directors
Below RM50,000	–	**1	–	**1
RM100,001 to RM150,000	–	2	–	2
RM150,001 to RM200,000	–	1	–	1
RM200,001 to RM250,000	–	1	–	2
RM250,001 to RM300,000	–	1	–	1
RM300,001 to RM350,000	–	*1	–	–
RM700,001 to RM750,000	–	–	–	1
RM1,400,001 to RM1,450,000	–	*1	–	–
RM4,850,001 to RM4,900,000	–	–	1	–
RM5,000,001 to RM5,050,000	1	–	–	–

* Two (2) out of the eight (8) NEDs received their remuneration from subsidiaries in their capacity as MMC's Nominee Director in the subsidiaries. Further details are enumerated in Note 7(ii) of the Audited Financial Statements on page 52 of the Financial Report 2016.

** Datuk Mohd Sidik Shaik Osman retired as a Non-Independent Non-Executive Director.

3. REINFORCE INDEPENDENCE

a. 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.

b. Assessment and Tenure of Independent Directors

Currently, six (6) out of eight (8) Board members are Independent Directors, who are able to exercise independent judgment on issues of strategy, performance and resources of the Group. They provide unbiased and independent views, and the presence of these Independent Directors fulfills a pivotal role of corporate accountability. The Board, through the Nomination and Remuneration Committee, assesses the independence of each Independent Director.

The Board has considered the independence of each Independent Directors through the Board of Directors Annual Assessment Exercise. The Board is satisfied with the level of independence demonstrated by all Independent Non-Executive Directors as none of the Independent Directors had any interest or relationship that could reasonably be perceived to materially interfere with the independent exercise of their judgment. Materiality is assessed on a case-to-case basis by the Board, and each Director is required to regularly disclose to the Board all information that may be relevant to this assessment, including their interests in contracts and other directorships held.

The Code requires an Independent Director who has served the Board for a period of nine (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 and Datuk Ooi Teik Huat have served the Board as Independent Directors for more than nine (9) years cumulatively. In this regard, the Board has determined that the independence of both Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat are measured by their conduct and state of minds, as well as their ability to exercise independent judgment and act in the best interest of the Company.

The length of time is not the sole determinant of their credibility as Independent Directors. Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat continue to bring invaluable integrity, wisdom and experience to the Board and contribute positively to Board and Committees' deliberation. Resolutions on the continuation of Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat as Independent Directors together with its justifications will be tabled at the forthcoming 41st AGM for shareholders' approval.

c. Senior Independent Director

Dato' Abdullah Mohd Yusof will continue to act as the Company's Senior Independent Director. Any concerns pertaining to the Group may be conveyed by the shareholders and other stakeholders to the attention of the Senior Independent Director.

4. FOSTER COMMITMENT

a. Time Commitment

All Directors have devoted sufficient time and fully committed themselves to drive the Company and undertake the continuous development of skills to enable the fulfillment of their responsibilities to the Company.

All Directors are required to notify the Group Chairman before accepting new directorships. The notification will include an indication of the 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.

All Directors have complied with the provision of Paragraph 15.06 of the MMLR of not holding more than five (5) directorship in listed companies.

b. Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) prescribed by Bursa Malaysia.

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.

The Group Corporate Secretarial Department facilitates and coordinates internal and external training programmes which are beneficial in aiding the Directors in discharging their duties and responsibilities effectively.

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

Directors	Titles
Tan Sri Dato' Seri Shamsul Azhar Abbas	<ul style="list-style-type: none"> • Updates on the Companies Bill and Identifying Red Flags in Financial Statements • The Essence of Independence • Sustainability Engagement Series 2016
Dato' Sri Che Khalib Mohamad Noh	<ul style="list-style-type: none"> • Speaking Engagement – Customer Experience: Lesson Learned from the World's Most Admired Organisation • Competition Law Talk
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob	<ul style="list-style-type: none"> • Whistleblowing and Cyber Fraud • Sustainability Engagement Series 2016 • How Effective Boards Engage on Succession Planning for the Chief Executive Officer and Top Management • Competition Law Talk • Governance in Taxation and Budget 2017
Dato' Abdullah Mohd Yusof	<ul style="list-style-type: none"> • Audit Committee Workshop C: Related Party Transaction and Conflict of Interest Situations • Audit Committee Workshop H: Engaging with, and Assessing the External Auditors • Competition Law Talk • Fraud Risk Management

Directors	Titles
Datuk Ooi Teik Huat	<ul style="list-style-type: none"> • How to Build or Burn Trust in an Organisation – A Conversation with Andrew Fastow • Competition Law Talk • Financial Outlook 2017 • The Institute of Internal Auditors Malaysia National Conference 2016 – Value of Internal Audit in an Organisation • Companies Act 2016 and Its Implication to Directors
Dato' Abdul Hamid Sh Mohamed	<ul style="list-style-type: none"> • Companies Bill • The Essence of Independence • Industry Training on Logistics and e-Commerce • Competition Law Talk • The Institute of Internal Auditors Malaysia National Conference 2016 – Value of Internal Audit in an Organisation • Related Party Transactions – Their Implications to the Board of Directors, Audit Committee and Management
Dato' Siti Halimah Ismail	<ul style="list-style-type: none"> • Comprehending Financial Statement for Directors and Senior Management • Corporate Governance (CG) Breakfast Series for Directors: Improving Board Risk Oversight Effectiveness • CG Breakfast Series for Directors: Future of Auditor Reporting – The Game Changer for Boardroom • Ring the Bell for Gender Equality • Sustainability Engagement Series for Directors and Chief Executive Officers • Malaysian Institute of Corporate Governance 2nd Members' Breakfast Talk - Achieving Higher Performance : Leveraging Governance Practices • Governance Symposium 2016: Driving Public–Private Governance Forward • Related Party Transactions Seminar 2016 • Governance in Taxation and Budget 2017 • CG Breakfast Series for Directors: Anti-Corruption & Integrity – Foundation of Corporate Sustainability
Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	<ul style="list-style-type: none"> • Speaking Engagement – Communication: Breaking the Mould of Traditional Communication • Latest Updates on Directors' Remuneration • Competition Law Talk

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 Audited Financial Statements to shareholders. The Audit Committee will assist the Board to review and scrutinise the financial statements and information for disclosure to ensure that the Company's financial statements comply with applicable financial reporting standards.

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

- used appropriate accounting policies and applied them consistently;
- ensured that all the requirements of Malaysian Accounting Standards Board's approved accounting standards have been followed; and

- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

b. Internal Control

The Board is responsible for reviewing the adequacy and integrity of the Company's internal control system. The Board ensures that the Company has appropriate policies and procedures, a risk management system, financial authority limits, as well as an 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 Audit Committee, which oversees the work of the Group Internal Audit 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 99 to 101 of the annual report.

c. Relationship with External 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 an independent appraisal by the auditors. Liaison and unrestricted communication exist between the Audit Committee and the External Auditors.

During the financial year under review, a total of two (2) private sessions, in the absence of the Management, were held between the Audit Committee and External Auditors to transparently exchange views on sensitive and confidential matters.

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 99 to 101 of the 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 102 to 104 of the 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.

In compliance with the MMLR, all resolutions tabled at the 41st AGM will be voted by poll, and an announcement will be made on the detailed results of the poll showing the number of votes cast for and against each other.

The GMD presents the highlights of the MMC Group's financial performance and business operations overview of the Company for the preceding financial year, during the AGMs, to deepen the shareholders' understanding of the Company's state of affairs.

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

MMC's objective is to give investors the best information possible so that they can accurately apply it to evaluate the Company. Relationships with the investment community are built on integrity, qualitative and timely information and Management's ability to perform and deliver effectively. Communication is a two-way process 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 28 February 2017.

DIRECTORS' STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2016.

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 systems 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.

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

The Group risk profiles were reported and reviewed on a quarterly basis by the Risk Management Department. The Quarterly Group Risk Management Reports are discussed and deliberated at 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 reports are later submitted to the Board for notation on the updates on the identified risks.

At the operating companies level, their risk reports are deliberated by their respective risk management committees or management committees. Subsequently the risk report is tabled to their respective Audit Committees and/or Boards.

Risk Management and Reporting Application System

The Group risk profiles are monitored through the Q-Radar ERM System, an online monitoring and database system for risk management. For the year under review, the system has been successfully implemented throughout the Group including newly acquired companies. 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
- Foreign Exchange 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 and approval 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 challenged 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 for the new year are formulated and revised annually taking into account changes in the internal and external environment and business risks faced. The strategic directions and budgets are also reviewed annually during Strategy and Budget Challenge with the Board and at reasonable intervals during implementation by the management.

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 at the subsidiaries' Board meetings to ensure performance targets of these 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 existence, adequacy 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. The Group policy and guidelines formulated and implemented for the year under review are MMC Health, Safety and Environment Policy Statement, MMC Group Procurement Policy, MMC Procurement Code of Conduct and Vendor Code of Conduct.

Whistle Blowing

A Whistleblow Policy is available and a whistleblower channel is provided for all employees and third parties to disclose improper conduct. This Policy also accords protection to whistleblowers from detrimental action.

Business Continuity Management Systems (BCMS)

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 to ensure organisation resilience.

For the year under review, most core Operating Companies in the Group have completed the implementation of BCMS at their respective companies. Several drills have also been conducted by the companies and Head Office to confirm that the BCMS programme meets the objectives set in the policy and that the organisation's Business Continuity Plan (BCP) is fit for purpose.

As part of the continual improvement to the system, changes are made to the BCP where necessary and appropriate based on the results of the exercises conducted.

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 issues discussed are also updated to the AC to enable monitoring of the actions.

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control described above have been 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.

Group Internal Audit has also provided assurance on the governance, risk management and controls of the entities audited during the year.

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 28 February 2017.

AUDIT COMMITTEE REPORT

The Audit Committee (AC) provides critical oversight of the Group financial reporting process; monitoring the external and internal auditing processes; compliance with relevant legal and statutory matters and other matters delegated by the Board to the AC through its approved Terms of Reference.

AUDIT COMMITTEE COMPOSITION AND MEETINGS HELD

The AC composition, type of directorship and attendance of meetings held in financial year ended 31 December 2016 are set out below.

No	Name	Directorship	No. of Meetings Attended
1	Dato' Abdullah Mohd Yusof (Chairman)	Senior Independent Non-Executive Director	6/6
2	Tan Sri Dato' Ir. (Dr) Wan Abdul Rahman Haji Wan Yaacob (Member)	Non Independent Non-Executive Director	6/6
3	Datuk Ooi Teik Huat (Member)	Independent Non-Executive Director	6/6
4	Dato' Abdul Hamid Sh Mohamed (member)	Independent Non-Executive Director	5/6

The composition of the AC is in line with Paragraph 15.09 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), where;

- All AC members are Non-Executive Directors and a majority of them are Independent Non-Executive Directors, including the Chairman.
- No alternate director is appointed as a member.
- At least one member Datuk Ooi Teik Huat is an MIA member and fulfils the requirement of paragraph 15.09(1)(c) (i) of the MMLR.

Dato' Abdullah has exceeded the limit of tenure of an Independent Director (cumulative of nine years). Applying Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, Dato' Abdullah has sought and obtained approval to remain as an 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 11 May 2017.

The meetings are normally attended by the Group Managing Director, Chief Financial Officer, Chief Internal Auditor and upon invitation the External Auditors. Four (4) of the meetings held were planned quarterly meetings while two (2) were Special AC meetings.

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.

The Terms of Reference of the Audit Committee are contained in the Board Charter which is included in the Company's website.

SUMMARY OF WORK DONE BY AUDIT COMMITTEE

During the financial year, the AC performed the following:

Financial Reporting & Compliance

- Reviewed the quarterly financial results of the Company and the Group on 22 February, 23 May, 24 August and 21 November 2016 prior to recommending them to the Board for approval. The matters reviewed and discussed were:
 - Financial and operational performance, and financial statements.
 - Budget achievement, reasons for the variances and efforts to meet targets.
 - Internal and external matters impacting financial and operational performance, and the actions to be taken.
- Reviewed quarterly announcements prior to recommendation to Board for approval to ensure that the announcements reflect the situation and is representative of their views.
- Reviewed the annual financial statements and operational performance on 24 February 2017 and its suitability to be recommended to the Board for approval.

External Audit

- Reviewed and recommended to the Board the External Auditors' quarterly reports and year-end financial statement on significant matters on 22 February, 23 May, 25 August, 21 November 2016 and 24 February 2017 respectively, covering amongst others, the assessment of the following:
 - Changes in or implementation of major accounting policy changes.
 - The new External Auditors report incorporating Key Audit Matters.
 - Significant matters relating to provisions, legal and contracts, value of investments and tax matters; compliance with accounting standards and legal requirements; and Summary of Uncorrected Misstatements.
- Reviewed and recommended to the Board the External Auditors' 2016 Audit Plan on 24 August 2016, which detailed the terms of engagement for statutory audit, independence of the external audit team, audit approach, and areas of audit emphasis, risk assessment, reporting timeline as well as development in laws and regulations, and changes in regulatory requirements, and in particular:
 - Malaysian Financial Reporting Standards, (MFRS) Amendments and IC Interpretations effective implementation dates
 - Amendment to Independent Auditors Report under New Auditor Reporting Standards including describing Key Audit Matters
 - Amendments to Bursa Malaysia Main Market Listing Requirements relating Disclosure and Corporate Governance Requirements.
- Reviewed the External Auditors' fees and requested management to negotiate the fees further and make the necessary recommendation to the AC, prior to recommending it to the Board for approval.
- Held 2 discussions with the External Auditors without the presence of management to ensure an adequate level of cooperation between the External Auditors and management.
- Obtained written assurance from the External Auditors that they are independent according to the By-Laws on Professional Independence of the Malaysian Institute of Accountants.

Internal Audit

- Reviewed and approved the Annual Internal Audit Plan for 2017, to ensure the adequacy of scope, functions, competency and resources and that it has the necessary authority to carry out its work.
- Reviewed and deliberated on the planned and ad hoc internal audit reports issued and the adequacy of management response and actions to address control deficiencies.
- Reviewed quarterly updates on the progress of the Annual Internal Audit Plan 2016, revision to the Plan, status of corrective actions on whether appropriate actions are taken on the recommendations of Group Internal Audit, and results of Customer and Audit Committee Satisfaction Surveys to improve internal audit services.
- Reviewed the initiatives carried out by Group Internal Audit for the Group to promote collaboration, harmonisation, standardisation and competencies in internal auditing.

Others

- Reviewed related party transactions for transactions relating to ordinary shares acquisition on 29 June and 31 October 2016, and land divestment on 23 May 2016. Reports by independent consultants were reviewed on the valuation of shares and land to ensure that the prices of the acquisition and divestment are fair, at arms-length, and in the Company's interests.
- Reviewed and recommended to the Board, the Annual Reports for 2016, the Statement on Risk Management and Internal Control, and Audit Committee Report.

There was no employee share option scheme for the AC to review and verify.

SUMMARY OF WORK DONE BY GROUP INTERNAL AUDIT

Group Internal Audit

- Group Internal Audit (GIA) has an independent status in the organisation, with direct reporting to the Audit Committee and an administrative reporting the Group Managing Director.
- GIA's purpose, objectives, authority and responsibilities are spelt out in the Group Internal Audit Charter which is approved by the AC.
- GIA's mission is to provide independent and objective assurance on governance, risk management and control systems reviewed that will improve and add value to the Company and Group.
- The Company is a corporate member of The Institute of Internal Auditors.

- Updates are obtained on the developments in the internal audit profession and staff are sent for internal audit training to enable them to be competent auditors.
- The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by The Institute of Internal Auditors.
- 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.
- The Chief Internal Auditor is a Certified Internal Auditor and also has the Certification in Risk Management Assurance from The Institute of Internal Auditors.
- There were 10 staff in GIA during the financial year.
- The total amount incurred by GIA during the financial year is RM2.6 million.

Assurance Services

- Group Internal Audit prepared a risk based Annual Internal Audit Plan 2016 for the Company and a Consolidated Annual Audit Plan for the Group. The Plan was reviewed by the AC and approved for implementation.
- Quarterly updates were prepared for the AC detailing the status of the 2016 Plan on the assignment completed, in progress and outstanding. Revisions were made to the Plan due to changes in risk and operational requirements and the AC was also updated on them.
- A total of 28 planned and ad hoc assignments were completed covering the areas of control environment, risk management, procurement, project implementation & contract management, maintenance, revenue assurance, and human resource management.
- Follow-up audits were also performed to monitor and assess the closure of governance, risk management and control matters reported earlier.
- Internal Audit Reports were presented to the respective AC of the Company, subsidiary and associate or Board for the audits conducted by GIA.

- Quarterly updates on staff movement and recruitment were provided to the AC to enable the assessment of the adequacy of the competencies, skills and resources to provide adequate assurance on the governance, risk management and controls of the entities audited.
- Customer Satisfaction Survey and Audit Committee Satisfaction Survey were conducted and the results were presented to the AC for their information and assessment of the services provided.

Group Support Services

- Held meetings with Heads of Internal Audit of the Group for knowledge sharing and collaboration of internal audit assignments within the Group.
- Presented the Whistleblowing Policy to new staff in the Group as a part of orientation program.
- Provided assistance to subsidiary companies for the appointment of an outsourced service provider to review the asset, liabilities and operations of new acquired companies.
- Provided guidance to newly acquired subsidiaries and existing subsidiary to draw up, standardise and harmonise Internal Audit Charter, Internal Audit Rating Systems and Internal Audit Reports.
- Internal Controls & Group Internal Audit Awareness sessions were held to raise control consciousness in the Group.
- Provided oversight/guidance/assistance to internal audit functions on audit planning, report review and draft annual Internal Audit Plan for 2017.

The report has been approved by the Board of Directors at its meeting on 28 February 2017.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

STATUTORY AUDIT, AUDIT-RELATED AND NON-AUDIT FEES

The details of the statutory audit, audit-related and non-audit fees paid/payable to Messrs. PricewaterhouseCoopers for services rendered to the Company and the Group for the financial year ended 31 December 2016, are as follows:

	Group RM' 000	Company RM' 000
Statutory Audit Fees	790	387
Audit-Related Fees ¹	355	309
Non-Audit Fees ²	215	215

¹ Fees incurred in relation to the performance of quarterly reviews

² Fees incurred primarily in relation to advisory services

MATERIAL CONTRACTS

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

- **Share Sale and Purchase Agreement dated 5 August 2016 (SSA)**

Agreement for the sale and purchase of shares between Seaport Terminal (Johore) Sdn Bhd (STJSB) and MMC Corporation Berhad (MMC) dated 5 August 2016 for MMC to acquire 49.0% of the ordinary share capital in Penang Port Sdn Bhd comprising 35,990,501 ordinary shares of RM1.00 each, from STJSB for a cash consideration of RM200.0 million (Acquisition). The Acquisition was financed through internally generated funds. The Acquisition has been completed on 27 March 2017.

STJSB is a Major Shareholder of MMC.

STJSB is a wholly-owned subsidiary of Indra Cita Sdn Bhd and Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor is deemed interested in MMC through his shareholdings in Indra Cita Sdn Bhd.

- **Share Sale and Purchase Agreement dated 13 January 2017 (SPA)**

Agreement for the sale and purchase of shares between Seaport Management Services Sdn Bhd (SMSSB) and MMC dated 13 January 2017 for MMC to acquire 7,000 ordinary shares of RM1.00 each representing 70.0% ordinary equity interest, and 4,990,000 irredeemable convertible cumulative preference shares of RM1.00 each, in KMB Seaport Sdn Bhd, from SMSSB for a cash consideration of RM21.0 million (Proposed Acquisition). The Proposed Acquisition is expected to be completed in the first half of 2017 in accordance with the terms and conditions of the SPA.

SMSSB is a wholly-owned subsidiary of STJSB, a Major Shareholder of MMC.

STJSB is a wholly-owned subsidiary of Indra Cita Sdn Bhd and Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor is deemed interested in MMC through his shareholdings in Indra Cita Sdn Bhd.

CONTRACTS RELATING TO LOAN

There were no contracts relating to loans by the Company involving Directors and Major Shareholders.

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MMC CORPORATION BERHAD (30245-H)

2016 FINANCIAL STATEMENTS



GROWING STRONGER

2016 FINANCIAL STATEMENTS



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting (41st AGM) of MMC Corporation Berhad will be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 11 May 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Report and Auditors' Report thereon.

Please refer to Note A
2. To approve the declaration of a final single-tier dividend of 4.0 sen per share for the financial year ended 31 December 2016.

Resolution 1
3. To approve the payment of Directors' fees amounting to RM1,200,000 to the Non-Executive Directors (NEDs) of the Company for the financial year ended 31 December 2016.

Resolution 2
4. To re-elect the following Directors who retire by rotation in accordance with Article 78 of the Company's Constitution and who being eligible, offer themselves for re-election:
 - (a) Datuk Ooi Teik Huat **Resolution 3**
 - (b) Dato' Abdul Hamid Sh Mohamed **Resolution 4**

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob who retires in accordance with Article 78 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will only retain office until the close of the 41st AGM.
5. To re-appoint Messrs. PricewaterhouseCoopers (PwC), having consented to act as Auditors of the Company, to hold office until the conclusion of the next AGM and to authorise the Board of Directors to determine their remuneration.

Resolution 5

AS SPECIAL BUSINESS:**6.** Continuing in office as Independent Non-Executive Director

"That authority be and is hereby given to 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, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company".

Resolution 6**7.** Continuing in office as Independent Non-Executive Director

"That authority be and is hereby given to Datuk Ooi Teik Huat who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company".

Resolution 7

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend the 41st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(a) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 2 May 2017. Only a depositor whose name appears on the Record of Depositors as at 2 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of the final single-tier dividend of 4.0 sen per share for the financial year ended 31 December 2016 (Dividend) under Resolution 1 at the 41st AGM of the Company, the Dividend will be paid to the shareholders on 5 July 2017. The entitlement date for the Dividend shall be on 20 June 2017.

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 2017 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
17 April 2017

**NOTES:
PROXY**

1. 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, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
2. In the 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.
3. In the case of joint holders, the signature of any one of them will suffice.
4. 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.
5. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
6. 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 24 hours before the time appointed for the meeting or any adjournment thereof.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), all Resolutions set out in the Notice of the 41st AGM will be put to the vote by poll.

Registration of Members/Proxies

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 such time as may be determined by the Chairman of the Meeting. Members/proxies are required to produce identification documents for registration.

EXPLANATORY NOTES ON ORDINARY BUSINESSES:**Note A**

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016 (CA 2016) and the Company's Constitution, the Audited Financial Statements do not require the formal approval of shareholders, and hence, the matter will not be put forward for voting.

Resolution 1 – Final Dividend

Section 131 of the CA 2016 states that, a Company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 3 April 2017, the Board had considered the amount of final dividend to be paid and resolved to recommend the same for the approval of the shareholders.

The Directors are satisfied that the Company will be solvent as it will be able to pay its debts as and when it falls due within 12 months immediately after the distribution is made on 5 July 2017 in accordance with the requirements under Sections 132(2) and 132(3) of the CA 2016.

Resolutions 3 and 4 – Proposed Re-election of Directors in accordance with Article 78 of the Company's Constitution

In determining the eligibility of the Directors to stand for re-election at the 41st AGM, the Board and the Board Nomination and Remuneration Committee have considered the performance and contribution of each Director based on the Board of Directors' Annual Assessment Exercise.

Resolution 5 – Re-appointment of Auditors

Pursuant to Sections 271(1), 273(b) and 274(1)(b) of the CA 2016, shareholders are required to approve the re-appointment of Auditors who shall hold office until the conclusion of the next AGM and to authorise the Directors to determine their remuneration thereof. The present Auditors, PwC, have indicated their willingness to continue their services for another year. The re-appointment of PwC as Auditors of the Company has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

EXPLANATORY NOTES ON SPECIAL BUSINESSES:**Resolutions 6 and 7 – Continuation in office as Independent Non-Executive Directors**

Malaysian Code on Corporate Governance 2012 recommends that shareholders' approval be sought in the event that the Company intends to retain an Independent Non-Executive Director who has served in that capacity for a cumulative term of more than nine (9) years.

In relation thereto, the Board, through the Board Nomination and Remuneration Committee, has assessed the independence of Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. Notwithstanding that both Dato' Abdullah Mohd Yusof and Datuk Ooi Teik Huat have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, they had at all times acted in good faith and in the best interest of the Company. Hence, with their consents, the Board recommends that both continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- (a) They fulfill the criteria as an Independent Non-Executive Director as defined in the MMLR, and therefore are able to bring independent and objective judgment to the Board;
- (b) Their vast experience would enable them to provide the Board with a diverse set of experience, expertise, skills and competence;
- (c) They understand the Company's business operations which allow them to participate actively and contribute during deliberations or discussions at the Committees and Board meetings;
- (d) They devote sufficient time and efforts and attend all the Committee and Board meetings for informed and balanced decision making; and
- (e) They exercise due care as Independent Non-Executive Directors of the Company and carry out their professional and fiduciary duties in the interest of the Company and shareholders.

STATEMENT ACCOMPANYING NOTICE OF 41ST AGM

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

The Directors who are retiring by rotation in accordance with Article 78 of the Company's Constitution and seeking re-election:

- (a) Datuk Ooi Teik Huat; and
- (b) Dato' Abdul Hamid Sh Mohamed.

The profiles of the abovenamed Directors are stated in the Directors' Profile on pages 46 to 49 of the Annual Report. None of the abovenamed Directors has any interest in the Securities of the Company or its subsidiaries.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 2016.

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 38 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	600,929	176,861
Attributable to:		
– owners of the Parent	549,662	176,861
– non-controlling interests	51,267	–
	600,929	176,861

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 2015 are as follows:

	RM'000
In respect of the financial year ended 31 December 2015, as shown in the Directors' report of that financial year, a final single-tier dividend of 3.8 sen per ordinary share, paid on 5 July 2016	115,712

In respect of the financial year ended 31 December 2016, the Directors recommend the payment of a final single-tier dividend of 4.0 sen per ordinary share on the 3,045,058,552 ordinary shares, amounting to RM121,802,342 which is subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 5 July 2017 to shareholders registered on the Company's Register of Members at the close of business on 20 June 2017. 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 2017.

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
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 1.4.2016)

In accordance with Article 78 of the Company's Articles of Association, Datuk Ooi Teik Huat and Dato' Abdul Hamid Sh Mohamed will retire by rotation and, being eligible, offers 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-appointments 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 2016, 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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

- (a) which would render the amounts written-off for impaired receivables or the amount of the impairment of receivables in the financial statements of the Group and 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 3 April 2017.

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 15 to 119 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 2016 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 43 on page 120 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 3 April 2017.

TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS
GROUP CHAIRMAN

Kuala Lumpur

DATO' SRI CHE KHALIB MOHAMAD NOH
GROUP MANAGING DIRECTOR

STATUTORY DECLARATION

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 15 to 119 and the supplementary disclosure set out on page 120 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: 3 April 2017

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the financial statements of MMC Corporation Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their 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.

WHAT WE HAVE AUDITED

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 119.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

OUR AUDIT APPROACH

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><u>Impairment assessment on goodwill and intangible assets</u></p> <p>The Statement of Financial Position of the Group includes RM1,984 million and RM930 million relating to goodwill and intangible assets respectively arising from the acquisition of subsidiaries in previous financial years.</p> <p>We focused on this area due to the significance of the carrying amounts (15.6% of the total Group non-current assets at 31 December 2016) and the complexity and judgmental nature of the key assumptions used in determining the value in use ("VIU") of the port and airport Cash Generating Units ("CGU") to which goodwill and intangible assets have been allocated. In accordance with MFRS 136 "Impairment of Assets", management carried out annual impairment testing for both CGU during the financial year.</p> <p>Refer to Note 20 to the financial statements.</p>	<p>Our procedures in relation to the impairment assessment are to assess the reasonableness of management's identification of the Cash Generating Units ("CGUs") and to evaluate the reasonableness of the key assumptions used in preparing the discounted cash flows to determine the value-in-use ("VIU") of each CGU.</p> <p>In assessing the reasonableness of the key assumptions used in the VIU calculations, we performed the following procedures:</p> <ul style="list-style-type: none"> • Agreed the cash flows to the current financial budgets approved by the Directors for the next financial year and projections for the following four years; • Compared the key assumptions used in the approved budgets against historical results; • Compared the discount rates used with other organisations in similar industry; • Checked that the terminal growth rate did not exceed the long-term average growth rate for each industry in which the CGUs operate; and • Performed sensitivity analysis on the value-in-use by applying reasonably possible change in: <ul style="list-style-type: none"> i. terminal growth and discount rates for port segment; and ii. the value of land for the airport segment. <p>The key assumptions that required significant judgement for the port and airport segments are as follows:</p> <p><u>Port – Twenty Equivalent Units ("TEU")</u></p> <p>TEU is the significant assumption used in deriving the discounted cash flow for the VIU calculations. We have assessed the reasonableness of the TEUs used in the projections against historical results and long term average industry growth rate.</p>

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the Key audit matter
<p><u>Impairment assessment on goodwill and intangible assets</u> (continued)</p>	<p><u>Airport</u></p> <ol style="list-style-type: none"> 1. Passenger volumes Passenger volumes are the significant assumption in deriving the discounted cash flow for the VIU calculation of Airport segment. We have assessed the reasonableness of the passenger volumes used in the projections against historical results and average growth rate. 2. Property development land Value of the land is the significant assumption in deriving the recoverable amount of the CGU. We have considered the value used to the latest transacted price during the financial year. <p>Based on the procedures performed above, we did not find any material exceptions to the assumptions and methodology used in estimating the recoverable amount of the CGUs.</p>
<p><u>Carrying amount of investment in a significant associate</u></p> <p>The Group's 37.6% interest in Malakoff Corporation Berhad ("Malakoff") is accounted for under the equity method. The Group's carrying value in Malakoff amounted to RM3,426 million as at 31 December 2016. In that respect, Malakoff is a significant component of the Group.</p> <p>The carrying amount of the Group's investment in Malakoff is significantly impacted by the assessment of the recoverability of the carrying amount of the property, plant and equipment in Malakoff.</p> <p>The assessment for impairment testing requires considerable judgment on the part of both Malakoff and Group's management. Any resulting differences on those judgement and assumptions could cause a material misstatement to the carrying amount of the Group's investment in Malakoff.</p> <p>Refer to Notes 15 and 3 (g) to the financial statements.</p>	<p>In support of our work on assessing the appropriateness of the carrying amount of the investment, we have reviewed Malakoff's Auditor's work papers and the related procedures performed. More specifically, their work on assessing the carrying values of the power plants to be recoverable.</p> <p>We examined that appropriate audit evidence has been obtained on the preparation of discounted cash flow models and that the assumptions used by Malakoff were appropriately compared to externally supported inputs. Assumptions such as fixed and variable tariff rates, capacity factor and discount rate were assessed through comparison with the power purchase agreement, comparison against actual capacity achieved in the past and comparison against industry discount rate respectively.</p> <p>Based on such work, we did not find any material exception to the assumptions used in assessing the carrying amount of investment in Malakoff.</p>

There are no key audit matters in relation to the financial statements of the Company.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the Director's Report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and the complete 2016 Annual Report which include the Chairman's statement, Management's Discussion and Analysis of Business Operations and Financial Performance.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 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 the 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 43 on page 120 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 Malaysia 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

Kuala Lumpur
3 April 2017

NURUL A'IN BINTI ABDUL LATIF
02910/02/2019 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Continuing operations:					
Revenue	4	4,627,388	3,012,972	1,335,861	1,152,987
Cost of sales	5	(2,861,988)	(1,835,251)	(797,923)	(590,957)
Gross profit		1,765,400	1,177,721	537,938	562,030
Other operating income:					
– items relating to investments		–	144,898	–	–
– others		192,477	106,400	38,118	28,208
Administrative expenses	5	(677,713)	(651,824)	(74,783)	(63,283)
Other operating expenses	5	(368,440)	(287,931)	(100,863)	(208,850)
Finance costs	6	(488,078)	(391,711)	(175,055)	(176,966)
Share of results of:					
– associates		174,218	179,052	–	–
– joint ventures		74,878	88,365	–	–
Profit before zakat and taxation	7	672,742	364,970	225,355	141,139
Zakat expense	8	(6,871)	(7,987)	(2,581)	(2,606)
Tax expense	9	(64,942)	(57,742)	(45,913)	(16,478)
Net profit from continuing operations for the financial year		600,929	299,241	176,861	122,055
Discontinued operation:	39(d)(i)				
Net profit for the financial period up to the date of disposal		–	172,298	–	–
Gains on disposal of subsidiary		–	1,349,179	–	–
Net profit for the financial year from discontinued operation		–	1,521,477	–	–
Net profit for the financial year		600,929	1,820,718	176,861	122,055
Net profit attributable to:					
Owners of the parent					
– from continuing operations		549,662	244,191	176,861	122,055
– from discontinued operation		–	1,424,910	–	–
Non-controlling interests		549,662	1,669,101	176,861	122,055
		51,267	151,617	–	–
		600,929	1,820,718	176,861	122,055

The notes on pages 28 to 119 are an integral part of these financial statements.

Note	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Other comprehensive income/(loss), net of tax Items that may be reclassified subsequently to profit or loss:				
Available-for-sale financial assets				
– fair value gains/(losses)	3,681	(13,513)	–	–
Movement in associates' reserve	23,154	(14,711)	–	–
Fair value adjustment – cash flow hedge	23,687	(18,085)	–	–
Currency translation differences	15,140	87,207	–	–
Remeasurement of defined benefit liability	(619)	–	–	–
Other comprehensive income from continuing operations for the financial year (net of tax)	65,043	40,898	–	–
Other comprehensive loss from discontinued operation for the financial year (net of tax)				
Fair value adjustment – cash flow hedge	–	(4,824)	–	–
Total other comprehensive income for the financial year	65,043	36,074	–	–
Total comprehensive income for the financial year	665,972	1,856,792	176,861	122,055
Total comprehensive income attributable to:				
Owners of the parent				
– from continuing operations	614,705	285,089	176,861	122,055
– from discontinued operation	–	1,420,086	–	–
Non-controlling interests	614,705	1,705,175	176,861	122,055
	51,267	151,617	–	–
	665,972	1,856,792	176,861	122,055
Earnings per ordinary share attributable to the equity holders of the Company (sen):				
– basic	10			
– from continuing operations	18.1	8.0		
– from discontinued operation	–	46.8		

The notes on pages 28 to 119 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	12	8,239,455	8,353,914	21,203,402
Finance lease receivables		–	–	1,990,974
Investment properties	13	29,864	30,615	28,104
Interests in associates	15	4,558,660	4,490,229	2,507,715
Investments in joint arrangements	16	313,141	271,522	287,490
Available-for-sale financial assets	17	3,352	3,144	3,635
Inventories	22	1,734,356	1,381,246	1,751,122
Trade and other receivables	19	109,362	192,754	388,692
Derivative financial instruments	32	5,154	–	99,147
Intangible assets	20	2,914,441	2,855,513	6,902,658
Deferred tax assets	21	770,377	744,960	1,601,951
		18,678,162	18,323,897	36,764,890
CURRENT ASSETS				
Inventories	22	211,294	467,000	540,187
Trade and other receivables	24	2,329,908	1,544,216	2,589,856
Derivative financial instruments	32	21,241	16,282	19,910
Tax recoverable		42,620	76,813	322,560
Available-for-sale financial assets	17	77,642	70,481	80,864
Deposits, bank and cash balances	25	1,224,409	1,299,623	5,036,025
		3,907,114	3,474,415	8,589,402
Assets held for sale	23	149,228	520	12,997
		4,056,342	3,474,935	8,602,399
TOTAL ASSETS		22,734,504	21,798,832	45,367,289
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT				
Share capital	26	304,506	304,506	304,506
Reserves		9,228,060	8,732,786	7,181,759
		9,532,566	9,037,292	7,486,265
Non-controlling interests		697,952	933,127	2,810,311
TOTAL EQUITY		10,230,518	9,970,419	10,296,576

The notes on pages 28 to 119 are an integral part of these financial statements.

	Note	31.12.2016 RM'000	31.12.2015 RM'000 (Restated)	1.1.2015 RM'000 (Restated)
NON-CURRENT LIABILITIES				
Redeemable preference shares	27	50,023	70,188	89,739
Borrowings	28	7,551,654	7,368,442	23,981,508
Land lease received in advance	29	254,229	262,743	267,508
Provision for retirement benefits	30(c)	15,486	13,380	87,054
Deferred income	31	259,465	299,046	2,967,614
Derivative financial instruments	32	–	–	167,338
Deferred tax liabilities	21	527,653	549,966	3,302,373
Trade and other payables	30	308,792	281,299	218,922
		8,967,302	8,845,064	31,082,056
CURRENT LIABILITIES				
Borrowings	28	1,494,684	1,354,059	1,670,441
Trade and other payables	30	1,999,840	1,593,036	2,089,333
Tax payables		12,843	7,002	43,991
Deferred income	31	29,302	29,252	156,571
Derivative financial instruments	32	15	–	28,321
		3,536,684	2,983,349	3,988,657
TOTAL LIABILITIES		12,503,986	11,828,413	35,070,713
TOTAL EQUITY AND LIABILITIES		22,734,504	21,798,832	45,367,289

The notes on pages 28 to 119 are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 RM'000	2015 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	14,357	15,373
Investments in subsidiaries	14	6,195,783	6,195,783
Interests in associates	15	922,083	953,030
Investments in joint arrangements	16	21,081	15,591
Amounts due from subsidiaries	18	1,527,317	1,278,203
Trade and other receivables	19	9,920	1,233
Deferred tax assets	21	27,418	–
		8,717,959	8,459,213
CURRENT ASSETS			
Inventories	22	9,539	–
Trade and other receivables	24	950,843	608,529
Derivative financial instruments	32	5,526	16,026
Tax recoverable		–	33,743
Deposits, bank and cash balances	25	247,717	138,756
		1,213,625	797,054
Assets held for sale	23	303	–
		1,213,928	797,054
		9,931,887	9,256,267
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Share capital	26	304,506	304,506
Reserves		5,397,489	5,336,340
		5,701,995	5,640,846
NON-CURRENT LIABILITIES			
Trade and other payables	30	28,764	30,937
Borrowings	28	2,520,557	2,367,298
		2,549,321	2,398,235
CURRENT LIABILITIES			
Borrowings	28	675,000	590,000
Trade and other payables	30	724,105	400,469
Amounts due to subsidiaries	18	276,005	226,717
Tax payables		5,461	–
		1,680,571	1,217,186
		4,229,892	3,615,421
		9,931,887	9,256,267
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			

The notes on pages 28 to 119 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	*Revaluation reserve RM'000
At 1 January 2016 (as restated)		304,506	2,039,770	83,925	28,120
Net profit for the financial year		-	-	-	-
Other comprehensive income/(loss):					
Share of movement in associates' reserves		-	-	(980)	-
Movement in value of investment		-	-	-	-
Fair value adjustment		-	-	-	-
Currency translation differences		-	-	15,140	-
Remeasurement of defined benefit liability		-	-	-	-
Total other comprehensive income/(loss)		-	-	14,160	-
Total comprehensive income for the financial year		-	-	14,160	-
Transactions with owners:					
Acquisition of NCI		-	-	-	-
Compulsory acquisition of NCI		-	-	-	-
Liquidation of a subsidiary		-	-	-	-
Dividend for financial year ended 31 December 2015	11	-	-	-	-
Dividends paid to non-controlling shareholders	14	-	-	-	-
Total transactions with owners		-	-	-	-
At 31 December 2016		304,506	2,039,770	98,085	28,120

* The revaluation reserves relates 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.

Attributable to owners of the parent								
Non-distributable		Distributable				Non-	Total	
Available-for- sale financial assets RM'000	Cash flow hedge reserve RM'000	**Capital reserves RM'000	Retained earnings RM'000	Total RM'000	controlling interests RM'000	equity RM'000		
56,241	(18,015)	374,945	6,167,800	9,037,292	933,127	9,970,419		
-	-	-	549,662	549,662	51,267	600,929		
-	25,413	-	(1,279)	23,154	-	23,154		
3,681	-	-	-	3,681	-	3,681		
-	23,687	-	-	23,687	-	23,687		
-	-	-	-	15,140	-	15,140		
-	-	-	(619)	(619)	-	(619)		
3,681	49,100	-	(1,898)	65,043	-	65,043		
3,681	49,100	-	547,764	614,705	51,267	665,972		
-	-	-	(8,777)	(8,777)	7,181	(1,596)		
-	-	-	(909)	(909)	(255,980)	(256,889)		
-	-	-	5,967	5,967	(7,641)	(1,674)		
-	-	-	(115,712)	(115,712)	-	(115,712)		
-	-	-	-	-	(30,002)	(30,002)		
-	-	-	(119,431)	(119,431)	(286,442)	(405,873)		
59,922	31,085	374,945	6,596,133	9,532,566	697,952	10,230,518		

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	*Revaluation reserve RM'000	Available-for-sale financial assets RM'000
At 1 January 2015 (as previously stated)		304,506	2,039,770	(3,028)	1,219,271	69,754
Prior year adjustment	42	-	-	-	-	-
At 1 January 2015 (as restated)		304,506	2,039,770	(3,028)	1,219,271	69,754
Net profit for the financial year		-	-	-	-	-
Other comprehensive income/(loss):						
Share of movement in associates' reserves	15	-	-	14,542	-	-
Movement in value of investment		-	-	-	-	(13,513)
Fair value adjustment		-	-	-	-	-
Currency translation differences		-	-	72,665	-	-
Total other comprehensive income/(loss)		-	-	87,207	-	(13,513)
Total comprehensive income/(loss) for the financial year		-	-	87,207	-	(13,513)
Transactions with owners:						
Acquisition of a subsidiary		-	-	-	-	-
Compulsory acquisition of NCI		-	-	-	-	-
Disposal of a subsidiary		-	-	(254)	(1,191,151)	-
Dividend for financial year ended 31 December 2014	11	-	-	-	-	-
Dividends paid to non-controlling shareholders	14	-	-	-	-	-
Total transactions with owners		-	-	(254)	(1,191,151)	-
At 31 December 2015 (as restated)		304,506	2,039,770	83,925	28,120	56,241

* The revaluation reserves relates 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.

Attributable to owners of the parent		Distributable						
Non-distributable								
Cash flow hedge reserve RM'000	Capital reserves RM'000	**Capital reserves RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000		
75,447	9,403	380,253	3,410,058	7,505,434	2,828,729	10,334,163		
-	-	-	(19,169)	(19,169)	(18,418)	(37,587)		
75,447	9,403	380,253	3,390,889	7,486,265	2,810,311	10,296,576		
-	-	-	1,669,101	1,669,101	151,617	1,820,718		
(60,416)	(9,403)	(5,308)	-	(60,585)	-	(60,585)		
-	-	-	-	(13,513)	-	(13,513)		
37,507	-	-	-	37,507	-	37,507		
-	-	-	-	72,665	-	72,665		
(22,909)	(9,403)	(5,308)	-	36,074	-	36,074		
(22,909)	(9,403)	(5,308)	1,669,101	1,705,175	151,617	1,856,792		
-	-	-	-	-	340,508	340,508		
-	-	-	(679)	(679)	(65,746)	(66,425)		
(70,553)	-	-	1,215,066	(46,892)	(2,238,063)	(2,284,955)		
-	-	-	(106,577)	(106,577)	-	(106,577)		
-	-	-	-	-	(65,500)	(65,500)		
(70,553)	-	-	1,107,810	(154,148)	(2,028,801)	(2,182,949)		
(18,015)	-	374,945	6,167,800	9,037,292	933,127	9,970,419		

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 2016	304,506	2,039,770	59,710	243,074	2,993,786	5,640,846
Net profit for the financial year	-	-	-	-	176,861	176,861
Transactions with owners:						
Dividend for financial year ended 31 December 2015	11	-	-	-	(115,712)	(115,712)
At 31 December 2016	304,506	2,039,770	59,710	243,074	3,054,935	5,701,995
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:						
Dividend for 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

* 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 adoption of MFRS.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
OPERATING ACTIVITIES					
Profit before zakat and taxation:					
– continuing operations		672,742	364,970	225,355	141,139
– discontinued operation		–	1,609,295	–	–
		672,742	1,974,265	225,355	141,139
Adjustments for:					
Depreciation of:					
– property, plant and equipment	12	422,306	539,136	5,920	7,263
– investment properties	13	751	569	–	–
Amortisation of:					
– rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:					
– subsidiaries		–	183,976	–	–
– associates		–	16,337	–	–
– rights on airport business	20	4,195	4,194	–	–
– rights on port business	20	5,414	–	–	–
– land lease received in advance	29	(17,148)	(17,113)	–	–
– deferred income	31	(39,657)	(75,642)	–	–
– intangible assets – buildings	20	19,397	1,741	–	–
Impairment of:					
– property, plant and equipment		–	1,037	–	(443)
– trade and other receivables	24	14,877	58,717	–	–
– amounts due from subsidiaries		–	–	–	57,633
– investment in an associate		–	–	30,947	–
(Gain)/loss on disposal of:					
– a subsidiary		–	(1,349,179)	–	–
– property, plant and equipment		(59,998)	4,616	(117)	(511)
– assets held for sale		(217)	–	–	–
Write-off of property, plant and equipment		6,937	1,995	3	5
Write-back of impairment of receivables	24	(6,606)	(2,082)	–	–
Dividend income		(4,246)	(3,186)	(324,967)	(472,837)
Gain on liquidation of subsidiaries		–	(14,362)	–	–
Interest income		(41,085)	(95,631)	(5,556)	(5,161)
Interest expense		488,078	711,743	175,055	176,966
Share of results in:					
– associates	15	(174,218)	(187,725)	–	–
– joint ventures	16	(74,878)	(86,605)	–	–
Net unrealised loss/(gain) on foreign exchange		2,574	(42,019)	–	–
Provision for retirement benefits	30(c)	2,336	4,865	–	–
Fair value gain on acquisition of subsidiaries		–	(130,538)	–	–
Fair value loss on derivative assets		13,349	3,868	10,500	3,868
		1,234,903	1,502,977	117,140	(92,078)

The notes on pages 28 to 119 are an integral part of these financial statements

	Note	Group		Company	
		2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
FINANCING ACTIVITIES					
Dividend paid		(115,712)	(106,577)	(115,712)	(106,577)
Dividends paid to non-controlling interests of subsidiaries		(30,002)	(65,500)	–	–
Interest paid		(488,078)	(711,743)	(175,055)	(176,969)
Borrowings:					
– drawdown		1,272,134	3,019,633	655,000	1,200,000
– repayment		(945,772)	(1,988,489)	(416,741)	(1,399,228)
Grant received		–	90,790	–	–
Advances from subsidiaries		–	–	71,345	25,137
Repayment to subsidiaries		–	–	(22,057)	(1,464)
Repayment to an associate		–	–	–	(78)
Redemption of redeemable preference shares in a subsidiary		(22,810)	(22,810)	–	–
Net cash flow (used in)/generated from financing activities		(330,240)	215,304	(3,220)	(459,179)
Net change in cash and cash equivalents		(152,298)	(3,571,318)	106,391	(204,772)
Foreign exchange differences		15,140	72,665	–	–
Cash and cash equivalents at beginning of the financial year		928,052	4,426,705	113,766	318,538
Cash and cash equivalents at end of the financial year		790,894	928,052	220,157	113,766
Cash and cash equivalents comprise:					
Deposits, bank and cash balances	25	1,224,409	1,299,623	247,717	138,756
Less:					
Deposits with maturity more than 90 days	25	(402,263)	(369,046)	(27,560)	(24,990)
Bank overdrafts	28	822,146	930,577	220,157	113,766
Designated accounts and pledged deposit		–	(2,525)	–	–
		(31,252)	–	–	–
		790,894	928,052	220,157	113,766

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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

(A) BASIS OF PREPARATION

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

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

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

The new accounting standards, amendments and improvements to published standards and interpretations that are effective and applicable for the Group and the Company's financial year beginning on or after 1 January 2016 are as follows:

- Amendments to MFRS 11 "Joint Arrangements" – Accounting for acquisition of interests in joint operations
- Amendments to MFRS 101 "Presentation of Financial Statements" – Disclosure initiative
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Amendments to MFRS 10, 12 & 128 "Investment Entities – Applying the Consolidation Exception"
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above revised standards and interpretations did not have a significant financial impact on the Group and the Company 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.

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 2017

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"

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

- Amendments to MFRS 140 "Classification on "Change in Use" – Assets transferred to, or from, Investment Properties"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16 "Leases"

(A) BASIS OF PREPARATION (CONTINUED)

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

- Amendment to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"

Amendment to MFRS 107 "Statement of Cash Flows – Disclosure Initiative" (effective 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"

Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses" (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences.

- MFRS 9 "Financial Instruments" ('MFRS 9')

MFRS 9 "Financial Instruments" (effective 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement" ('MFRS 139'). 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 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 profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment 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.

- MFRS 15 "Revenue from Contracts with Customers" ('MFRS 15')

MFRS 15 "Revenue from Contracts with Customers" (effective 1 January 2018) will replace MFRS 118 "Revenue" ('MFRS 118') and MFRS 111 "Construction Contracts" ('MFRS 111') and related interpretations. 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.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

(A) BASIS OF PREPARATION (CONTINUED)

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below: (continued)

- MFRS 15 "Revenue from Contracts with Customers" ('MFRS 15') (continued)

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
 - If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
 - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
 - There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
 - As with any new standard, there are also increased disclosures.
- MFRS 16 "Leases" ('MFRS 16')

MFRS 16 "Leases" (effective 1 January 2019) supersedes MFRS 117 "Leases" ('MFRS 117') and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company are 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.

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

Acquisition-related costs are expensed as incurred.

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

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 the 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.

(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.

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

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 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 operation) and expenses (including the 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 subsidiaries disposed with a retained interest as an associate, 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.

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.

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.

(C) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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.

(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
Plant and machinery	3 – 30 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.

(I) INTANGIBLES**(i) Goodwill**

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

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

(I) INTANGIBLES (CONTINUED)**(ii) 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.

(iii) 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.

(iv) Rights on Port Business

The Rights on Port Business represent the right of a subsidiary to provide port operation services and to charge users of the services. It encapsulated concession agreement, license and other agreements relating to the usage of the port related infrastructure 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 useful lives of the concession period of 30 years.

(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 ("CWIP") 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.

(P) TAXATION (CONTINUED)

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 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 recognises 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 goods and service tax ("GST") and discount and after eliminating sales within the Group.

(ii) 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) 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.

(iv) 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.

(v) 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.

(vi) Water treatment activity

Revenue from water treatment activities is measured at the fair value of the consideration recoverable in accordance with the Operational Maintenance Contract between Aliran Utara Sdn. Bhd. and 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.

(vii) Airport activity

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

(viii) 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.

(ix) Dividend income

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

(x) Interest income

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

(xi) Rental income

Rental income is recognised on an accrual basis.

(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 2016 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.

(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 24 and 25 respectively).

(V) FINANCIAL INSTRUMENTS (CONTINUED)**(ii) Classification** (continued)Available-for-sale financial assets

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

Held-to-maturity financial assets

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

(iii) Recognition and initial measurement

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

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

(iv) Subsequent measurement – gains and losses

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

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

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

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

(v) Subsequent measurement – Impairment on financial assetsAssets 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.

(V) FINANCIAL INSTRUMENTS (CONTINUED)**(v) Subsequent measurement – Impairment on financial assets (continued)**Assets carried at amortised cost (continued)

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.

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 accountingCash 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.

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 OPERATION

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

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

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

(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 2016

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 38 to the financial statements.

There is no significant change in the nature of these activities during the financial year, except as disclosed in Note 14 to the financial statements.

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

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

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

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 3 April 2017.

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	Others RM'000
2016				
Deposits with licensed banks	–	630	–	–
Trade and other receivables	–	159,480	–	–
Trade and other payables	–	(2,106)	(93)	(873)
Net exposure	–	158,004	(93)	(873)
2015				
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)

Foreign currency risk arises from Group entities which have functional currencies other than functional currencies of the Group entities. A 10% (2015: 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.

	2016 RM'000	2015 RM'000
(Profit) or loss		
AUD	–	(3)
USD	15,800	15,952
EUR	(9)	(13)
Others	(87)	(106)
Net exposure	15,704	15,830

A 10% (2015: 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.

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

(ii) Interest rate risk (continued)

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 a decrease/increase of RM8 million (2015: RM7 million) and RM2 million (2015: RM2 million) respectively to the profit before tax and zakat.

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Available-for-sale	–	–	4,050	3,681
Derivative financial instruments – Warrants	276	801	–	–
Net exposure	276	801	4,050	3,681

(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 24.

(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.

	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
Group					
At 31 December 2016					
Trade and other payables (excluding statutory obligations)	1,943,988	41,377	42,420	214,520	2,242,305
Redeemable preference shares	22,810	16,674	32,788	–	72,272
Borrowings:					
– fixed rate	460,568	383,345	3,757,644	2,324,694	6,926,251
– floating rate	1,344,921	822,313	1,539,665	–	3,706,899
	1,805,489	1,205,658	5,297,309	2,324,694	10,633,150
At 31 December 2015					
Trade and other payables (excluding statutory obligations)	1,542,622	21,062	67,848	180,813	1,812,345
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
Company					
At 31 December 2016					
Trade and other payables (excluding statutory obligations)	713,931	28,764	–	–	742,695
Amount due to subsidiaries	276,005	–	–	–	276,005
Borrowings:					
– fixed rate	142,959	142,770	1,718,810	1,217,944	3,222,483
– floating rate	708,015	100,392	–	–	808,407
	850,974	243,162	1,718,810	1,217,944	4,030,890
At 31 December 2015					
Trade and other payables (excluding statutory obligations)	393,648	–	30,937	–	424,585
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

Details of borrowings are shown in Note 28.

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

(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 asset acquisition

The Group has entered into forward exchange contracts to limit their exposure on foreign currency exchange 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 2016 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
2016					
Forward exchange contracts					
– inflows	296,224	80,828	–	–	377,052
– outflows	(281,667)	(76,606)	–	–	358,273
2015					
Forward exchange contracts					
– inflows	134,326	–	–	–	134,326
– outflows	(135,763)	–	–	–	(135,763)

(b) Capital risk management

The primary objective of the Group's and the Company's capital management is to ensure that the Group and the 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 2016 and 31 December 2015.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividend 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.

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

The gearing ratios at 31 December 2016 and 2015 were as follows:

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Total borrowings	9,046,338	8,722,501	3,195,557	2,957,298
Less: Deposits, bank and cash balances	(1,224,409)	(1,299,623)	(247,717)	(138,756)
Net debt	7,821,929	7,422,878	2,947,840	2,818,542
Total equity	10,230,518	9,970,419	5,701,995	5,640,846
Total capital	18,052,447	17,393,297	8,649,835	8,459,388
Gearing ratio	43%	43%	34%	33%

Please refer to Note 28 for externally imposed financial covenants and capital structure.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

(a) Goodwill impairment assessment

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

The recoverable amounts of the Port Business and Airport Operations; CGUs respectively, were determined based on the VIU calculations. The calculations require the use of estimates and judgments as set out in Note 20(A) Port Business and Note 20(B)(i) Airport Operation; 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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (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: (continued)

(c) Income tax

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

Differences in determining the capital allowances, 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 future taxable profits 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.

(g) Investment in associate impairment assessment

The Group holds investment in Malakoff Corporation Berhad ("Malakoff"), a public listed company on the Main Market of Bursa Malaysia, which is regarded as an associate to the Group. In assessing whether the diminution of market value in Malakoff represents an impairment to the carrying value of the investment in associate, management had determined the recoverable amount based on the discounted cash flows of Malakoff's power plants. The calculation of the discounted cash flows requires estimates and judgements on the key assumptions such as variable operating rates, capacity factor and discount rate.

4 REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Port operations	2,612,196	1,817,615	–	–
Contract revenue	1,511,926	967,515	1,010,894	680,150
Airport operations	58,814	50,034	–	–
Water treatment services	16,465	14,950	–	–
Property lease	123,421	90,187	–	–
Sale of property	300,320	69,485	–	–
Dividends (Note 7(ii))	4,246	3,186	324,967	472,837
	4,627,388	3,012,972	1,335,861	1,152,987

5 ANALYSIS OF EXPENSES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Cost of sales</u>				
Cost of port operations	1,451,424	947,714	–	–
Contract cost recognised as an expense	1,234,891	826,117	797,923	590,957
Cost of airport operations	9,271	6,614	–	–
Cost of water treatment services	8,053	15,723	–	–
Cost of property sale	158,349	39,083	–	–
	<u>2,861,988</u>	<u>1,835,251</u>	<u>797,923</u>	<u>590,957</u>
<u>Administrative and other operating expenses</u>				
Consultants and professional fees	14,497	66,787	2,277	2,989
Depreciation, amortisation and impairment	450,235	302,502	3,081	3,586
Contributions and Corporate Social Responsibility activities	126,641	119,508	87,657	100,152
Office administration expenses	15,775	3,865	1,171	1,288
Repair and maintenance	11,126	14,454	730	1,006
Rental expenses	39,334	31,748	2,540	2,379
Staff related costs	244,299	180,434	58,720	46,894
Utilities	25,762	20,189	177	173
Insurance, cess fund and licenses	9,503	2,893	255	143
Impairment of receivables	3,123	56,635	–	–
Impairment of amount due from subsidiaries	–	–	–	57,633
Impairment of investment in an associate	–	–	30,947	–
Travelling expenses	37,682	32,758	1,150	815
(Reversal)/provision for litigation costs	(21,886)	48,326	(21,886)	48,326
Others	90,062	59,656	8,827	6,749
	<u>1,046,153</u>	<u>939,755</u>	<u>175,646</u>	<u>272,133</u>

6 FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Term Loans	336,507	258,031	151,534	156,877
Islamic medium term notes	107,732	93,212	–	–
Others	43,839	40,468	23,521	20,089
	<u>488,078</u>	<u>391,711</u>	<u>175,055</u>	<u>176,966</u>

7 PROFIT BEFORE ZAKAT AND TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(i) Profit before zakat and taxation is arrived at:				
After charging:				
Auditors' remuneration:				
– statutory audit (PwC)	790	756	387	412
– audit related services (PwC)	355	381	309	309
– non-audit services (PwC)	215	234	215	234
Other auditors' remuneration:				
– statutory audit (non-PwC)	1,003	545	118	151
– audit related services (non-PwC)	–	3	–	–
– non-audit services (non-PwC)	106	61	–	–
Directors' fees (Note 7(ii))	1,951	1,446	1,200	910
Depreciation of:				
– property, plant and equipment (Note 12)	422,306	313,876	5,920	7,263
– investment properties (Note 13)	751	569	–	–
Amortisation of:				
– rights on airport business (Note 20)	4,195	4,194	–	–
– rights on port business (Note 20)	5,414	–	–	–
– intangible assets – buildings (Note 20)	19,397	1,741	–	–
Impairment of:				
– trade and other receivables (Note 24)	14,877	58,717	–	–
– amounts due from subsidiaries	–	–	–	57,633
– property, plant and equipment (Note 12)	–	1,037	–	–
– investment in an associate (Note 15)	–	–	30,947	–
Realised loss on foreign exchange	484	4	–	–
Net unrealised loss on foreign exchange	2,574	–	–	–
Provision for retirement benefits (Note 30(c))	2,336	1,689	–	–
Hire of plant and machinery	162,969	123,006	–	–
Rent of leasehold land and buildings	132,600	56,883	2,540	2,379
Write-off of property, plant and equipment	6,937	1,995	3	5
Fair value loss on derivative assets	13,349	3,868	10,500	3,868
Loss on disposal of:				
– property, plant and equipment	–	5,127	–	–
Allowance for slow moving stocks	–	1,207	–	–
Accretion of interest on borrowings	32,987	42,842	772	770
Contributions and Corporate Social Responsibility activities	126,641	119,508	87,657	100,152
Staff costs (including Executive Directors' remuneration (Note 7(ii)):				
– wages, salaries and bonuses	580,688	407,887	40,054	32,230
– defined contribution plan	60,081	39,125	5,725	4,836
– other employee benefits	47,156	33,456	2,851	1,642

7 PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(i) Profit before zakat and taxation is arrived at: (continued)				
After crediting:				
Realised gain on foreign exchange	1,489	3,102	–	106
Net unrealised gain on foreign exchange	–	27,153	–	–
Amortisation of:				
– land lease received in advance (Note 29)	17,148	17,113	–	–
– deferred income (Note 31)	39,657	28,914	–	–
Rental income	970	6,262	592	299
Write-back off:				
– impairment of receivables (Note 24)	6,606	2,082	–	–
– allowance for slow moving stocks	2,802	–	–	–
– impairment of property, plant and equipment	–	–	–	443
Interest income	41,085	26,206	5,556	5,161
Gross dividend income:				
– subsidiaries: unquoted in Malaysia	–	–	232,094	377,952
– associates: quoted in Malaysia	–	–	49,373	44,885
– joint ventures: unquoted in Malaysia	–	–	43,500	50,000
– other investments: quoted in Malaysia	4,246	3,186	–	–
Gain on disposal of:				
– property, plant and equipment	59,998	511	117	511
– assets held for sale	217	–	–	–
Gain on liquidation of subsidiaries	–	14,362	–	–
Fair value gain on acquisition of subsidiaries	–	130,538	–	–

(ii) Directors' remuneration:

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Directors of the Company</u>				
Non-Executive Directors:				
– fees	1,951	1,446	1,200	910
– other emoluments	656	757	631	717
– estimated monetary value of benefits-in-kind	51	55	51	30
Executive Director:				
– salaries and other emoluments	4,364	4,390	4,214	4,023
– defined contribution plan	505	483	505	483
– estimated monetary value of benefits-in-kind	173	165	169	165
	7,700	7,296	6,770	6,328

8 ZAKAT EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Movement in zakat liability:				
– current financial year's expense	6,871	7,987	2,581	2,606
– paid during the financial year	(6,871)	(7,987)	(2,581)	(2,606)
At the end of the financial year	–	–	–	–

9 TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations	64,942	57,742	45,913	16,478
Discontinued operation (Note 39(d)(i))	–	87,818	–	–
	64,942	145,560	45,913	16,478
Malaysian income tax				
Current tax:				
– in respect of profit for the financial year	94,918	140,336	63,106	20,339
– under/(over) accrual in prior financial years (net)	17,754	(2,178)	10,225	(3,861)
	112,672	138,158	73,331	16,478
Deferred tax (Note 21):				
– origination and reversal of temporary differences	(48,272)	26,429	(27,418)	–
– under/(over) accrual in prior financial years (net)	542	(19,027)	–	–
	(47,730)	7,402	(27,418)	–
	64,942	145,560	45,913	16,478

9 TAX EXPENSE (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation and after zakat	665,871	1,966,278	222,774	138,533
Tax calculated at the applicable Malaysian tax rate of 24% (2015: 25%)	159,809	491,570	53,466	34,633
Tax effects of:				
– expenses not deductible for tax purposes	146,021	237,017	63,247	104,787
– income not subject to tax	(127,094)	(408,702)	(81,025)	(119,834)
– change in tax rate	(59)	(33,082)	–	–
– utilisation of previously unrecognised temporary differences and tax losses	(15,386)	(20,655)	–	–
– recognition of investment tax allowance	(60,681)	(41,964)	–	–
– deferred tax expense not recognised during the financial year	3,819	11,164	–	753
– share of results of associates and joint ventures (net)	(59,783)	(68,583)	–	–
– under/(over) accrual in prior financial years (net)	18,296	(21,205)	10,225	(3,861)
Income tax expense	64,942	145,560	45,913	16,478

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.

	Group	
	2016 RM'000	2015 RM'000 (Restated)
Profit attributable to ordinary equity holders of the Company		
– from continuing operations	549,662	244,191
– from discontinued operation	–	1,424,910
	549,662	1,669,101
Weighted average number of ordinary shares in issue ('000)	3,045,058	3,045,058
Basic earnings per share (sen)		
– from continuing operations	18.1	8.0
– from discontinued operation	–	46.8
	18.1	54.8

No diluted earnings per ordinary share is computed for the Group as there are no dilutive potential ordinary shares in issue.

11 DIVIDENDS

	Group and Company	
	2016 RM'000	2015 RM'000
Dividend paid:		
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	–	106,577
In respect of financial year ended 31 December 2015:		
A final single-tier dividend of 3.8 sen per ordinary share on 3,045,058,552 ordinary shares paid on 5 July 2016	115,712	–

At the forthcoming Annual General Meeting, a final single-tier dividend of 4.0 sen per ordinary share in respect of the financial year ended 31 December 2016 on 3,045,058,552 ordinary shares, amounting to RM121,802,342 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, 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 2017.

12 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000
<u>Cost</u>			
At 1 January 2015	176,915	949,232	4,431,845
Acquisition of a subsidiary (restated)	379,212	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 23)	–	–	–
Write-off	–	–	–
#Adjustments	–	–	(18,789)
At 31 December 2015 (restated)	671,505	837,069	4,688,798
Disposals	(4,078)	(9,469)	(3,715)
Additions	21	50,065	4,511
Reclassification	–	–	151,538
Reclassification to assets held for sale (Note 23)	(151,048)	–	(19,727)
Write-off	–	–	–
#Adjustments	–	–	252
At 31 December 2016	516,400	877,665	4,821,657

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	10,721,611	3,532,104	5,963,612	1,324,869	27,100,535
-	-	806,673	7,637	-	1,285,761
-	(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	-	4,171,682	668,903	-	11,038,304
-	-	(53,033)	(9,969)	-	(80,264)
-	-	113,850	329,385	-	497,832
-	-	211,738	(363,276)	-	-
(303)	-	(58)	-	-	(171,136)
-	-	(27,081)	(2,809)	-	(29,890)
-	-	(4,926)	-	-	(4,674)
44	-	4,412,172	622,234	-	11,250,172

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties RM'000	Leasehold properties RM'000	Building and port structures RM'000
<u>Accumulated depreciation</u>			
At 1 January 2015	(17,563)	(114,615)	(822,882)
Disposal of a subsidiary	11,273	35,415	–
Depreciation (Note 7(i) & (39(d)(i)))	(958)	(17,285)	(91,051)
Disposals	–	411	–
Write-off	–	–	–
Adjustments	–	–	(150)
Reclassification from assets held for sale (Note 23)	–	–	–
At 31 December 2015	(7,248)	(96,074)	(914,083)
Depreciation (Note 7(i))	(3,256)	(16,009)	(113,063)
Disposals	–	1,714	–
Write-off	–	–	–
Adjustment	–	–	–
Reclassification to assets held for sale (Note 23)	11,455	–	10,754
At 31 December 2016	951	(110,369)	(1,016,392)
<u>Accumulated impairment losses</u>			
At 1 January 2015	(11,257)	–	(1,348)
Impairment loss	–	–	–
At 31 December 2015	(11,257)	–	(1,348)
At 1 January 2016/31 December 2016	(11,257)	–	(1,348)
<u>Net book value</u>			
At 31 December 2015 (restated)	653,000	740,995	3,773,367
At 31 December 2016	506,094	767,296	3,803,917

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
-	(2,676,300)	(1,596,370)	-	(652,309)	(5,880,039)
-	2,826,718	156,695	-	725,523	3,755,624
-	(150,418)	(206,210)	-	(73,214)	(539,136)
-	-	16,691	-	-	17,102
-	-	3,750	-	-	3,750
-	-	1,134	-	-	984
-	-	(24,544)	-	-	(24,544)
-	-	(1,648,854)	-	-	(2,666,259)
-	-	(289,978)	-	-	(422,306)
-	-	46,097	-	-	47,811
-	-	22,953	-	-	22,953
-	-	2,955	-	-	2,955
-	-	51	-	-	22,260
-	-	(1,866,776)	-	-	(2,992,586)
-	-	(4,489)	-	-	(17,094)
-	-	(1,037)	-	-	(1,037)
-	-	(5,526)	-	-	(18,131)
-	-	(5,526)	-	-	(18,131)
347	-	2,517,302	668,903	-	8,353,914
44	-	2,539,870	622,234	-	8,239,455

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
<u>Cost</u>					
At 1 January 2015	826	5,620	347	36,356	43,149
Additions	–	–	–	1,448	1,448
Disposals	–	–	–	(18,746)	(18,746)
Reclassification from assets held for sale (Note 23)	–	–	–	37,541	37,541
Write-off	–	–	–	(7)	(7)
At 31 December 2015	826	5,620	347	56,592	63,385
Additions	–	–	–	6,199	6,199
Disposals	–	–	–	(2,689)	(2,689)
Reclassification to assets held for sale (Note 23)	–	–	(303)	–	(303)
Write-off	–	–	–	(7)	(7)
At 31 December 2016	826	5,620	44	60,095	66,585
<u>Accumulated depreciation</u>					
At 1 January 2015	–	(1,406)	–	(26,592)	(27,998)
Depreciation (Note 7(i))	–	(57)	–	(7,206)	(7,263)
Disposals	–	–	–	12,204	12,204
Reclassification from assets held for sale (Note 23)	–	–	–	(24,544)	(24,544)
Write-off	–	–	–	2	2
At 31 December 2015	–	(1,463)	–	(46,136)	(47,599)
Depreciation (Note 7(i))	–	(57)	–	(5,863)	(5,920)
Disposals	–	–	–	1,700	1,700
Write-off	–	–	–	4	4
At 31 December 2016	–	(1,520)	–	(50,295)	(51,815)
<u>Accumulated impairment losses</u>					
At 31 December 2015	–	–	–	(413)	(413)
At 31 December 2016	–	–	–	(413)	(413)
<u>Net book value</u>					
At 31 December 2015	826	4,157	347	10,043	15,373
At 31 December 2016	826	4,100	44	9,387	14,357

	Group	
	2016 RM'000	2015 RM'000
Net book value of property, plant and equipment pledged as security for borrowings	6,326,983	4,962,173

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 (2015 : 3.8% to 6.2%) amounting to RM7.3 million (2015: RM110.6 million).

13 INVESTMENT PROPERTIES

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>RM'000</u>	<u>RM'000</u>
		<u>(Restated)</u>
<u>Cost</u>		
At 1 January	37,367	34,330
Acquisition of a subsidiary	–	3,600
Transfer to assets held for sale (Note 23)	–	(563)
At 31 December	37,367	37,367
<u>Accumulated depreciation</u>		
At 1 January	(5,864)	(5,338)
Depreciation (Note 7(i))	(751)	(569)
Transfer to assets held for sale (Note 23)	–	43
At 31 December	(6,615)	(5,864)
<u>Accumulated impairment losses</u>		
At 1 January/31 December	(888)	(888)
Net book value	29,864	30,615
Fair value	223,092	183,200

The fair value as at 31 December 2016 and 31 December 2015 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 40.

All investment properties are freehold properties.

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

	<u>Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>RM'000</u>	<u>RM'000</u>
Rental income	291	351
Direct operating expenses	799	765

14 INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Investments in subsidiaries at cost:		
Unquoted shares	6,207,028	6,207,028
Less: accumulated impairment losses	(11,245)	(11,245)
Total	6,195,783	6,195,783

Details of the Group's subsidiaries are shown in Note 38.

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

2016	Pelabuhan Tanjung Pelepas Sdn. Bhd. RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30.0%		
Carrying amount of NCI	678,150	19,802	697,952
Profit allocated to NCI	50,436	831	51,267
Dividends paid to NCI of the Group	30,002	–	30,002

2015	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
NCI percentage of ownership interest and voting interest	13.3%	49.0%	30.0%		
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 39.

NCI of Malakoff represent the four 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 39.

14 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:

	2016	
	Pelabuan	
	Tanjung Pelepas	
	Sdn. Bhd.	
	RM'000	
NCI percentage of ownership interest and voting interest	30.0%	
<u>As at 31 December</u>		
Non-current assets	4,833,929	
Current assets	671,559	
Non-current liabilities	(2,749,295)	
Current liabilities	(485,924)	
Net assets	2,270,269	
<u>Year ended 31 December</u>		
Revenue	1,161,282	
Profit for the financial year	165,841	
Total comprehensive income	189,528	
Cash flows generated from operating activities	489,370	
Cash flows used in investing activities	(266,236)	
Cash flows used in financing activities	(316,003)	
Net change in cash and cash equivalents	(92,869)	
	2015	
	NCB*	Pelabuan
	Holdings	Tanjung
	Bhd.	Pelepas
	RM'000	Sdn. Bhd.
	RM'000	RM'000
NCI percentage of ownership interest and voting interest	13.3%	30.0%
<u>As at 31 December</u>		
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
<u>Year ended 31 December</u>		
Revenue	88,499	1,200,589
(Loss)/profit for the year	(2,831)	177,359
Total comprehensive (loss)/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 39.

15 INTERESTS IN ASSOCIATES

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Unquoted shares, at cost	296,617	290,378	–	–
Shares quoted in Malaysia, at cost	4,407,552	4,393,419	1,036,804	1,036,804
Share of post-acquisition loss	(62,354)	(110,413)	–	–
	4,641,815	4,573,384	1,036,804	1,036,804
Accumulated impairment losses	(83,155)	(83,155)	(114,721)	(83,774)
Interests in associates	4,558,660	4,490,229	922,083	953,030
Market value of quoted associates:				
Shares quoted in Malaysia	3,595,103	4,040,926	1,269,633	1,517,550

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 39.

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 38.

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 is immaterial to the Group. The details of inactive associates are disclosed in Note 38.

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

The impairment losses are analysed as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	83,155	83,155	83,774	83,774
Charge during financial year (Note 7(i))	–	–	30,947	–
At 31 December	83,155	83,155	114,721	83,774

During the current financial year, the Company has made an impairment charge of RM30.9 million (2015: Nil) due to diminution in the market value of an associate.

The diminution in market value of Malakoff, an associate quoted in Malaysia, does not represent an impairment to the carrying amount as stated above. The judgement and the assumptions made are disclosed in Note 3(g).

15 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:

	2016			
	Malakoff Corporation Berhad RM'000	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Red Sea Gateway Terminal Company Limited RM'000
<u>Summarised financial information</u>				
Effective percentage of ownership interest	37.6%	30.9%	39.2%	20.0%
<u>As at 31 December</u>				
Non-current assets	22,967,511	1,165,556	707,240	2,105,227
Current assets	7,296,025	1,056,308	172,491	244,934
Non-current liabilities	(20,967,643)	(241,276)	(438,463)	(1,116,648)
Current liabilities	(3,164,598)	(959,948)	(310,057)	(220,972)
Net assets	6,131,295	1,020,640	131,211	1,012,541
Non-controlling interests (NCI)	(215,583)	(478)	163	–
Net assets (excluding NCI)	5,915,712	1,020,162	131,374	1,012,541
<u>Year ended 31 December</u>				
Profit/(loss) for the financial year	406,042	164,420	(68,232)	85,659
Non-controlling interests	(50,579)	717	(24)	–
Profit for the financial year (excluding NCI)	355,463	165,137	(68,256)	85,659
Other comprehensive income/(loss)	70,135	(3,094)	(5,718)	–
Total comprehensive income/(loss)(excluding NCI)	425,598	162,043	(73,974)	85,659
Revenue	6,098,420	4,052,969	222,373	477,112
Depreciation and amortisation	(1,396,200)	(57,836)	(1,333)	(102,775)
Interest income	191,252	13,321	26,404	–
Interest expense	(1,012,045)	(3,693)	(12,176)	(36,187)
Income tax expense	(231,499)	(44,925)	(578)	(6,641)
Fair value based on hierarchy level 1	2,574,281	981,032	39,790	

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 where applicable.

15 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)

	2016					
	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
<u>Reconciliation of net assets to carrying amount:</u>						
Effective percentage of ownership interest	37.6%	30.9%	39.2%	20.0%		
<u>As at 31 December</u>						
Group's share of net assets/(liabilities) (excluding NCI)	2,224,308	315,230	51,499	202,508	(652)	2,792,893
Remeasurement gain	955,376	572,671	–	–	–	1,528,047
Adjustments	246,789	475	(10,485)	941	–	237,720
Investments in associates	3,426,473	888,376	41,014	203,449	(652)	4,558,660
<u>Group's share of result</u>						
<u>Year ended 31 December</u>						
Group's share of net profit/(loss) for the financial year (excluding NCI)	133,654	51,028	(26,756)	17,132	577	175,635
Adjustments	(53)	234	(271)	(1,327)	–	(1,417)
Group's share of other comprehensive income/(loss)	26,357	(957)	(2,246)	–	–	23,154
Group's share of total comprehensive income/(loss)	159,958	50,305	(29,273)	15,805	577	197,372
<u>Other information</u>						
Gross dividends received by the Group	103,347	34,832	–	–	–	138,179

15 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 (Restated)			
	Malakoff Corporation Berhad RM'000	Gas Malaysia Berhad RM'000	Zelan Berhad RM'000	Red Sea Gateway Terminal Company Limited RM'000
<u>Summarised financial information</u>				
Effective percentage of ownership interest	37.6%	30.9%	39.2%	20.0%
<u>As at 31 December</u>				
Non-current assets	23,412,551	1,088,802	582,923	1,865,748
Current assets	6,175,358	1,002,973	246,906	240,675
Non-current liabilities	(21,878,063)	(158,291)	(337,450)	(1,031,526)
Current liabilities	(1,729,728)	(961,563)	(287,335)	(186,858)
Net assets	5,980,118	971,921	205,044	888,039
Non-controlling interests (NCI)	(215,004)	(1,195)	186	–
Net assets (excluding NCI)	5,765,114	970,726	205,230	888,039
<u>Year ended 31 December</u>				
Profit for the financial year	495,047	106,055	30,519	90,561
Non-controlling interests	(42,662)	107	(32)	–
Profit for the financial year (excluding NCI)	452,385	106,162	30,487	90,561
Other comprehensive loss	(24,188)	–	(1,998)	–
Total comprehensive income (excluding NCI)	428,197	106,162	28,489	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.

15 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 (Restated)					Total RM'000
	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	
<u>Reconciliation of net assets to carrying amount:</u>						
Effective percentage of ownership interest	37.6%	30.9%	39.2%	20.0%		
<u>As at 31 December</u>						
Group's share of net assets/(liabilities) (excluding NCI)	2,167,683	299,954	80,450	177,608	(1,230)	2,724,465
Remeasurement gain	955,376	572,671	–	–	–	1,528,047
Adjustments	246,805	277	(10,164)	799	–	237,717
Investments in associates	3,369,864	872,902	70,286	178,407	(1,230)	4,490,229
<u>Group's share of result</u>						
<u>Year ended 31 December</u>						
Group's share of net profit for the financial year (excluding NCI)	114,188	32,804	11,951	18,112	13,021	190,076
Adjustments	–	2	1,821	(4,174)	–	(2,351)
Group's share of other comprehensive loss	(18,511)	–	(778)	–	(41,296)	(60,585)
Group's share of total comprehensive income/(loss)	95,677	32,806	12,994	13,938	(28,275)	127,140
<u>Other information</u>						
Gross dividends received by the Group	93,950	45,912	–	–	21,535	161,397

16 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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost:				
Unquoted shares, inside Malaysia	193,847	183,012	21,081	15,591
Share of post-acquisition reserves	119,294	88,510	–	–
	313,141	271,522	21,081	15,591

Details of the Group's joint ventures are shown in Note 38.

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:

	2016			
	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
<u>Summarised financial information</u>				
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%
<u>As at 31 December</u>				
Non-current assets	9,729	58,041	442,763	609,908
Current assets	194,447	846,383	2,285,739	60,118
Non-current liabilities	(41,988)	(145,743)	(41,556)	(329,205)
Current liabilities	(55,045)	(635,057)	(2,638,208)	(38,062)
Deposits, cash and bank balances	5,739	425,281	33,820	56,667
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	(329,205)
Current financial liabilities (excluding trade and other payables and provisions)	–	(56,994)	–	(4,587)
<u>Year ended 31 December</u>				
Net (loss)/profit for the financial year	(9,989)	103,121	29,419	(6,623)

16 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)

	2016			
	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
Included in the total comprehensive income/(loss) is:				
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%
Revenue	58,009	2,990,088	2,389,041	36,071
Depreciation and amortisation	–	(4,257)	(9,645)	(1,138)
Interest income	1,352	1,233	7,606	1,574
Interest expense	(1,614)	(2,057)	–	(18,397)
Income tax expense	(6,560)	(39,729)	(12,373)	–

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.

	2016					
	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
<u>Reconciliation of net assets to carrying amount:</u>						
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%		
<u>As at 31 December</u>						
Group's share of net assets/carrying amount in the statement of financial position	53,571	61,812	24,370	151,944	21,444	313,141
<u>Group's share of result</u>						
<u>Year ended 31 December</u>						
Group's share of (loss)/profit for the financial year	(4,994)	51,560	14,710	(3,312)	16,914	74,878
<u>Other information</u>						
Distribution received	–	40,000	–	–	3,500	43,500

16 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
<u>Summarised financial information</u>				
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%
<u>As at 31 December</u>				
Non-current assets	23,488	42,781	409,744	619,920
Current assets	219,768	1,144,829	432,798	63,090
Non-current liabilities	(40,385)	(372,913)	(35,758)	(330,000)
Current liabilities	(92,005)	(714,193)	(787,465)	(42,546)
Deposits, cash and bank balances	75,406	495,892	27,208	55,392
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-	-	(330,000)
Current financial liabilities (excluding trade and other payables and provisions)	-	(79,500)	-	-
<u>Year ended 31 December</u>				
Net profit/(loss) for the financial year	7,189	134,685	25,856	(281)
<u>Included in the total comprehensive income/(loss) is:</u>				
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.

16 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					Total RM'000
	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	
<u>Reconciliation of net assets to carrying amount:</u>						
Effective percentage of ownership interest	50.0%	50.0%	50.0%	50.0%		
<u>As at 31 December</u>						
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
<u>Group's share of result</u>						
<u>Year ended 31 December</u>						
Group's share of profit/(loss) for the financial year	3,594	67,342	12,928	(141)	2,882	86,605
<u>Other information</u>						
Distribution received	-	50,000	-	-	-	50,000

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

	Group	
	2016 RM'000	2015 RM'000
<u>Capital commitment:</u>		
Property, plant and equipment: Authorised and contracted for	97,437	-
<u>Contingent liabilities:</u>		
Performance bond to Government of Malaysia	1,027,555	794,442
Advance payment guarantee	345,694	-

Investments in joint operations

Details of the Group's joint operations are shown in Note 38.

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 operations (including share of the revenue from the sale of the output by the joint operations) and expenses (including share of any expenses incurred jointly).

17 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 40 is as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	73,625	84,499
Additions	3,688	2,639
Net losses transferred to equity	3,681	(13,513)
At 31 December	80,994	73,625
Less: non-current portion	(3,352)	(3,144)
Current portion	77,642	70,481
Available-for-sale financial assets comprise the following:		
Listed equity securities:		
– in Malaysia	77,700	70,539
– outside Malaysia	3,294	3,086
	80,994	73,625
Available-for-sale financial assets are denominated in the following currencies:		
Ringgit Malaysia	77,700	70,539
Australian Dollar	3,294	3,086
	80,994	73,625

18 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Amounts due from subsidiaries	1,585,920	1,336,880
Less: impairment	(58,603)	(58,677)
	1,527,317	1,278,203
Amounts due to subsidiaries	276,005	226,717

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.

The amounts due to subsidiaries are non-trade in nature, unsecured, interest free, denominated in Ringgit Malaysia and are repayable on demand.

19 TRADE AND OTHER RECEIVABLES

Analysis of amounts recoverable after 12 months:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	105,150	188,965	9,920	1,233
Staff loans	3,923	3,222	–	–
Other receivables	289	567	–	–
	109,362	192,754	9,920	1,233
Mining exploration expenditure, at cost	9,962	9,962	9,962	9,962
Accumulated impairment losses	(9,962)	(9,962)	(9,962)	(9,962)
Total non-current receivables (Note 24)	109,362	192,754	9,920	1,233
Staff loans to eligible staff	4,061	3,360	–	–
Repayments due within the next twelve months	(138)	(138)	–	–
	3,923	3,222	–	–
Analysis of repayment schedule:				
Within 1 year	138	138	–	–
After 1 year	3,923	3,222	–	–
	4,061	3,360	–	–

Trade receivables of the Group and the Company 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 trade receivables of the Group is the cash consideration amounting to RM 95,230,151 from land disposal during prior financial years. The outstanding consideration 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.

The receivables are neither past due nor impaired except for the mining exploration expenditure which had been fully impaired.

20 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	Rights on port business RM'000	Buildings RM'000	CWIP RM'000	Total RM'000
<u>Cost</u>								
1 January 2015	7,752,609	2,043,263	30,060	188,909	-	-	-	10,014,841
Acquisition of a subsidiary (restated) (Note 39)	-	280,891	-	-	162,415	529,023	13,124	985,453
Additions	-	-	-	-	-	1,507	8,684	10,191
Disposal of a subsidiary	(7,752,609)	(340,392)	-	-	-	-	-	(8,093,001)
Reclassification	-	-	-	-	-	4,472	(4,472)	-
At 31 December 2015 (restated)	-	1,983,762	30,060	188,909	162,415	535,002	17,336	2,917,484
Additions	-	-	-	-	-	40	87,894	87,934
Reclassification	-	-	-	-	-	65,963	(65,963)	-
At 31 December 2016	-	1,983,762	30,060	188,909	162,415	601,005	39,267	3,005,418
<u>Accumulated amortisation/ impairment losses</u>								
1 January 2015	(3,056,147)	-	(30,060)	(25,976)	-	-	-	(3,112,183)
Amortisation charge (Note 7(i) & 39(d)(i))	(183,976)	-	-	(4,194)	-	(1,741)	-	(189,911)
Disposal of a subsidiary	3,240,123	-	-	-	-	-	-	3,240,123
At 31 December 2015	-	-	(30,060)	(30,170)	-	(1,741)	-	(61,971)
Amortisation charge (Note 7(i))	-	-	-	(4,195)	(5,414)	(19,397)	-	(29,006)
At 31 December 2016	-	-	(30,060)	(34,365)	(5,414)	(21,138)	-	(90,977)
<u>Net book value</u>								
At 31 December 2015 (restated)	-	1,983,762	-	158,739	162,415	533,261	17,336	2,855,513
At 31 December 2016	-	1,983,762	-	154,544	157,001	579,867	39,267	2,914,441

20 INTANGIBLE ASSETS (CONTINUED)Goodwill on consolidation

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

	2016 RM'000	2015 RM'000 (Restated)
Pelabuhan Tanjung Pelepas Sdn. Bhd. ("PTP") – port business	1,512,366	1,512,366
NCB Holdings Bhd. ("NCB") – port business	280,891	280,891
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
	1,983,762	1,983,762

(A) Port BusinessPelabuhan 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 2017 to 2021 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 2017 to 2021 (2015: 2016 to 2020), will be in the region of 8.5 million (2015: 8.5 million) TEUs;
- (b) The cash flow projections after 2021 are extrapolated to the end of concession period using a nominal long-term growth rate of 1.0%-3.0% (2015: 1.0%-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 9.4% (2015: 10.0%) per annum is applied over the projection period in determining the recoverable amount of the cash generating unit. Management has also benchmarked this to the industry WACC. The discount rate is derived from the Capital Asset Pricing Model, which itself depends on inputs reflecting a number of financial and economic variables including risk free rate, debt to equity ratio, beta, cost of debt and equity risk premium.

Management's judgment is involved in estimating the future cash flows of port business. The VIU is sensitive to, amongst others, the projected cash flows during the explicit projection period and the assumptions regarding the long term sustainable pattern of cash flows thereafter.

The Group's review includes an impact assessment 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.

20 INTANGIBLE ASSETS (CONTINUED)**(A) Port Business** (continued)NCB Holdings 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 2017 to 2021 and the key assumptions used in the calculation of VIU are as follows:

- (a) Projected year on year capacity growth at 7% from 2017 – 2018, at 2% from 2019 – 2025 and remain constant thereafter. Utilisation is projected to be at 65%;
- (b) The cash flow projections are extrapolated to the end of concession using a nominal long-term growth rate of 3.0% – 4.0% per annum which takes into consideration the current GDP, inflation and average growth rate for the industry; and
- (c) Pre-tax discount rate of 10.9% per annum is applied over the projection period in determining the recoverable amount of the cash generating unit. Management has also benchmarked this to the industry WACC. The discount rate is derived from the Capital Asset Pricing Model, which itself depends on inputs reflecting a number of financial and economic variables including risk free rate, debt to equity ratio, beta, cost of debt and equity risk premium.

Management's judgment is involved in estimating the future cash flows of port business. The VIU is sensitive to, amongst others, the projected cash flows during the explicit projection period and the assumptions regarding the long term sustainable pattern of cash flows thereafter.

The Group's review includes an impact assessment 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.

(B) Airport CitySenai Airport City

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 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 10.7% (2015: 9%) per annum;
- (b) A high growth potential is projected due to the development of the Iskandar Development Region. The development is expected to significantly increase the number of passenger over the next 5 years (2015: 5 years) and thereafter a 1% to 2% (2015: 1% to 2%) 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.

20 INTANGIBLE ASSETS (CONTINUED)**(B) Airport City** (continue)Senai Airport City (continued)

(ii) Property Development Land

The recoverable amount of the property development land is determined based on the market value of the land which as of December 2016, has been valued at a price higher than the fair value upon acquisition.

The Group's review includes an impact assessment 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.

21 DEFERRED TAXATION

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

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Deferred tax assets	770,377	744,960	27,418	–
Deferred tax liabilities	(527,653)	(549,966)	–	–
	242,724	194,994	27,418	–
	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
At 1 January	194,994	(1,700,422)	–	–
(Charged)/Credited to profit or loss (Note 9):				
– property, plant and equipment	12,592	(205,783)	(2,952)	647
– tax losses	13,318	3,271	–	–
– deferred income	–	14,108	–	–
– provisions	45,878	32,203	29,680	–
– intangibles	42,885	43,621	–	–
– investment tax allowances	24,394	92,122	–	–
– others	(91,337)	13,056	690	(647)
	47,730	(7,402)	27,418	–
Acquisition of a subsidiary	–	(61,281)	–	–
Disposal of a subsidiary	–	1,964,099	–	–
At 31 December	242,724	194,994	27,418	–

21 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Subject to income tax:				
<u>Deferred tax assets</u>				
Property, plant and equipment	49,923	58,387	318	889
Tax losses	39,706	26,388	–	–
Provisions	82,105	36,227	29,863	186
Investment tax allowances	1,000,850	976,456	–	–
Others	67,756	57,047	–	(665)
Deferred tax assets (before offsetting)	1,240,340	1,154,505	30,181	410
Offsetting	(469,963)	(409,545)	(2,763)	(410)
Deferred tax assets (after offsetting)	770,377	744,960	27,418	–
<u>Deferred tax liabilities</u>				
Property, plant and equipment	(910,675)	(931,731)	(2,763)	(384)
Intangibles	19,528	(23,357)	–	–
Others	(106,469)	(4,423)	–	(26)
Deferred tax liabilities (before offsetting)	(997,616)	(959,511)	(2,763)	(410)
Offsetting	469,963	409,545	2,763	410
Deferred tax liabilities (after offsetting)	(527,653)	(549,966)	–	–

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	
	2016 RM'000	2015 RM'000
Deductible temporary differences	307,771	288,513
Unused tax losses	202,385	269,837
	501,156	558,350

22 INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
Spares, consumables and container repair materials	107,333	93,425
Chemicals	129	159
Raw materials	29	52
Freehold land	85,558	321,638
Development expenditure	33,090	69,373
	226,139	484,647
Less: allowance for slow moving stocks	(14,845)	(17,647)
Current	211,294	467,000
Freehold land	1,551,849	1,203,657
Development expenditure	182,507	177,589
Non-current	1,734,356	1,381,246
	1,945,650	1,848,246
	Company	
	2016 RM'000	2015 RM'000
Consumables	9,539	-

Inventories of the Group of RM304.9 million (2015: RM300.2 million) comprising of freehold land, spare parts, consumables and container repair materials are pledged as security for borrowings as disclosed in Note 28.

Freehold land

Freehold land comprises several contiguous pieces of land with a total area of approximately 2,091.71 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.

23 ASSETS HELD FOR SALE

	Group	
	2016 RM'000	2015 RM'000
Investment properties (Note 13)	352	520
Property, plant and equipment (Note 12)	148,876	-
At 1 January	520	12,997
Transfer from investment properties (Note 13)	-	520
Transfer from/(to) property, plant and equipment (Note 12)	148,876	(12,997)
Disposal	(168)	-
	149,228	520

23 ASSETS HELD FOR SALE (CONTINUED)

	Company	
	2016 RM'000	2015 RM'000
Property, plant and equipment (Note 12)	303	–
At 1 January	–	12,997
Transfer from/(to) property, plant and equipment (Note 12)	303	(12,997)
	303	–

During the financial year, a subsidiary of the Group has resolved to dispose two parcel of lands under Lot PT577 and PT578 respectively, located at Bandar Sunway, District of Petaling, Selangor Darul Ehsan, of which will be conducted via open tender exercise.

24 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables	1,385,449	1,084,449	434,206	413,583
Less: impairment of trade receivables	(68,087)	(62,094)	(8)	(8)
	1,317,362	1,022,355	434,198	413,575
Other receivables	458,444	360,182	18,722	44,951
Less: impairment of other receivables	(67,296)	(66,852)	(864)	(864)
	391,148	293,330	17,858	44,087
Deposits	41,477	24,256	22,722	2,616
Prepayments	78,066	28,097	39,390	21
	510,691	345,683	79,970	46,724
Amounts due from contract customers (Note 33)	217,803	63,093	123,753	36,643
Amounts due from associates	2,258	1,685	1,770	187
Amounts due from joint ventures	281,794	111,400	311,152	111,400
	510,691	345,683	79,970	46,724
Total current receivables	2,329,908	1,544,216	950,843	608,529
Total non-current receivables (Note 19)	109,362	192,754	9,920	1,233
	2,439,270	1,736,970	960,763	609,762

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit terms of trade receivables of the Group and the Company vary from 30 to 60 days (2015: 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 60% (2015: 53%) 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.

As at 31 December 2016, trade and other receivables of RM277.7 million (2015: RM251.7 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	1,932,635	1,240,158	888,731	605,885
Past due not impaired:				
Up to 3 months	162,892	164,639	–	–
3 to 6 months	77,457	46,001	–	–
More than 6 months	37,381	41,065	–	–
	277,730	251,705	–	–
Impaired	135,383	128,946	872	872
	2,345,748	1,620,809	889,603	606,757

The receivables that are neither past due nor individually impaired are creditworthy debtors with good payment records with the Group and the Company. More than 83% (2015: 77%) of the Group's and 100% (2015: 100%) of the Company'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 2016, trade and other receivables amounting to RM135.4 million (2015: RM128.9 million) for the Group and RM872,000 (2015: 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
More than 6 months	135,383	128,946	872	872

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group	
	2016 RM'000	2015 RM'000
Functional currency (RM)		
– US Dollar	159,480	170,300

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:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	128,946	388,707	872	872
Impairment during the financial year (Note 7(i))	14,877	58,717	–	–
Acquisition of a subsidiary	–	51,956	–	–
Disposal of a subsidiary	–	(360,627)	–	–
Write-off	(1,834)	(7,725)	–	–
Write-back of impairment of receivables (Note 7(i))	(6,606)	(2,082)	–	–
At 31 December	135,383	128,946	872	872

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

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

25 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits with:				
Licensed banks	246,539	272,550	81,220	21,536
Investment banks	132,436	135,274	92,040	83,160
Other financial institutions	281,753	326,810	–	–
	660,728	734,634	173,260	104,696
Cash and bank balances	161,418	195,943	46,897	9,070
Cash and cash equivalents	822,146	930,577	220,157	113,766
Deposits with maturity more than 90 days with:				
Licensed banks	15,977	20,822	–	–
Investment banks	386,286	348,224	27,560	24,990
	402,263	369,046	27,560	24,990
Total	1,224,409	1,299,623	247,717	138,756

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Functional currency (RM)				
– US Dollar	630	654	–	–

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	
	2016 % per annum	2015 % per annum	2016 % per annum	2015 % per annum
Deposits placed with:				
Licensed banks	3.25	3.55	3.42	3.11
Investment banks	3.89	4.00	3.91	4.33
Other financial institutions	3.96	4.45	–	–

The Group and the Company have deposits with an average maturity of 35 days (2015: 53 days) and 22 days (2015: 9 days) respectively.

26 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
Ordinary shares of RM0.10 each:				
At 31 December	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At 31 December	3,045,058	3,045,058	304,506	304,506

27 REDEEMABLE PREFERENCE SHARES ("RPS")

	Group	
	2016 RM'000	2015 RM'000
Nominal value of RPS at RM0.01 each:		
At 1 January/31 December	1,140	1,140
Premium on RPS:		
At 1 January/31 December	112,911	112,911
Dividend on RPS	114,051 47,378	114,051 44,119
Classified as liabilities	161,429	158,170
Less: accumulated redemption	(91,241)	(68,431)
At 31 December	70,188	89,739
Amount recognised within the next twelve months (Note 30)	(20,165)	(19,551)
Classified as non-current liabilities	50,023	70,188

27 REDEEMABLE PREFERENCE SHARES ("RPS") (CONTINUED)

Details of the 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.

28 BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
<u>Current</u>				
Secured:				
Term loans	377,955	594,542	–	150,000
Islamic Medium Term Notes	13,172	13,178	–	–
Revolving Credits	17,015	20,934	–	–
Bank overdrafts	–	70	–	–
Unsecured:				
Term loans	151,875	150,000	70,000	150,000
Revolving Credits	853,000	499,197	605,000	290,000
Bank overdrafts	–	2,455	–	–
Multi-option line	–	2,016	–	–
Government Loan	81,667	71,667	–	–
	1,494,684	1,354,059	675,000	590,000
<u>Non-current</u>				
Secured:				
Term loans	3,781,243	3,958,018	1,120,557	997,298
Islamic Medium Term Notes	1,701,188	1,680,238	–	–
Unsecured:				
Term loans	317,021	70,000	–	70,000
Revolving Credits	100,000	100,000	100,000	100,000
Government Loan	18,333	28,333	–	–
Sukuk Murabahah	1,300,000	1,200,000	1,300,000	1,200,000
Sukuk Musyarakah	333,869	331,853	–	–
	7,551,654	7,368,442	2,520,557	2,367,298
Total	9,046,338	8,722,501	3,195,557	2,957,298
Fair values of borrowings	9,025,457	8,660,468	3,207,297	2,957,298

28 BORROWINGS (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Analysis of repayment schedule:				
Within 1 year	1,494,684	1,354,059	675,000	590,000
From 1 to 2 years	935,028	675,663	100,000	170,000
From 2 to 5 years	4,847,758	4,890,134	1,480,557	1,357,298
After 5 years	1,768,868	1,802,645	940,000	840,000
	<u>9,046,338</u>	<u>8,722,501</u>	<u>3,195,557</u>	<u>2,957,298</u>

Ports and Logistics

- (i) A term loan of a subsidiary has fixed interest rate of 1% per annum above the effective cost of funds, 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.

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; and
 - (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 Musyarakah. 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) A revolving credit (Murabahah Tawarruq) of a subsidiary is charged at profit rate of 1.25% per annum for the first 36 months and subsequently 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.
- (vii) 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.

28 BORROWINGS (CONTINUED)Engineering and Construction

(viii) The revolving credit of subsidiaries are unsecured and bear an effective interest rate of 4.8% (2015: 4.72%) 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 4.70% to 6.25% per annum (2015: 4.43% to 6.25%) 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:
- pledge of bank guarantees issued by the purchaser in respect of the land disposal;
 - pledge of bank account; and
 - Letter of Comfort from the holding company.
- (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 4.10% to 4.75% per annum (2015: 4.00% to 4.70% per annum).
- (xiii) The Government loan of a subsidiary is repayable starting on the sixth concession year 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 in 2015 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 is secured by certain assets of the subsidiary and the Company's subsidiaries. The interest rate is 5.71% per annum with loan tenure of 5 years.
- (xvi) A term loan of a subsidiary is secured by certain assets of the subsidiary and the Company's subsidiaries. The interest rate is 5.0% per annum with loan tenure of 5 years.

29 LAND LEASE RECEIVED IN ADVANCE

	Group	
	2016 RM'000	2015 RM'000
<u>At cost:</u>		
At 1 January	262,743	267,508
Additions during the financial year	25,706	29,372
Recognised as income during the financial year (Note 7(i))	(17,148)	(17,113)
Recognisable within next 12 months (included under other payables) (Note 30)	(17,072)	(17,024)
At 31 December	254,229	262,743

Included in the land lease received in advance is an amount of RM89,142,986 (2015: RM91,981,169) 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.

30 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Current</u>				
Trade payables	437,282	364,448	132,642	118,796
Other payables	647,800	624,419	131,327	112,851
Accruals	834,859	353,672	460,136	40,220
Dividend payable on RPS (Note 27)	20,165	19,551	–	–
Land lease received in advance (Note 29)	17,072	17,024	–	–
Land lease liabilities (Note 30(a))	2,281	2,674	–	–
Finance lease liabilities (Note 30(a))	7,667	13,936	–	–
Concession fee payable (Note 30(b))	20,000	20,000	–	–
Amounts due to contract customers (Note 33)	10,319	175,081	–	128,602
Provision for retirement benefits (Note 30(c))	2,395	2,231	–	–
	1,999,840	1,593,036	724,105	400,469
<u>Non-current</u>				
Trade payables	28,764	30,937	28,764	30,937
Other payables	266,260	218,174	–	–
Land lease liabilities (Note 30(a))	10,475	11,413	–	–
Finance lease liabilities (Note 30(a))	3,293	20,775	–	–
	308,792	281,299	28,764	30,937
Total	2,308,632	1,874,335	752,869	431,406

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Functional currency (RM):				
– Australian Dollar	–	32	–	–
– US Dollar	2,106	11,431	–	–
– EURO	93	131	–	–
– Others	873	1,056	–	–
	3,072	12,650	–	–

Credit terms of trade payables granted to the Group and the Company vary from immediate payment to 90 days (2015: immediate payment to 90 days).

30 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Lease liabilities

	Group			
	Land lease liabilities		Finance lease liabilities	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum lease payments:				
Not later than 1 year	3,170	3,636	8,004	16,708
Later than 1 year and not later than 5 years	8,962	8,440	3,002	20,364
Later than 5 years	4,307	6,656	372	–
	16,439	18,732	11,378	37,072
Less: unexpired term charges	(3,683)	(4,645)	(418)	(2,361)
	12,756	14,087	10,960	34,711
Present value of finance lease obligations:				
Not later than 1 year	2,281	2,674	7,667	13,936
Later than 1 year and not later than 5 years	10,475	8,439	2,927	20,775
Later than 5 years	–	2,974	366	–
	12,756	14,087	10,960	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.

(b) Concession fee payable

	Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	20,000	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 (2015: 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.

30 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits

	Group	
	2016 RM'000	2015 RM'000
Present value of unfunded obligations	17,881	15,611
Net liability recognised in the statement of financial position	17,881	15,611
Analysed as:		
Current	2,395	2,231
Non-current	15,486	13,380
	17,881	15,611
Movement in defined benefit liabilities:		
Defined benefit liabilities at beginning of the year	15,611	104,810
Included in profit or loss:		
Current service cost	1,813	3,336
Interest cost	523	1,744
	2,336	5,080
Included under other comprehensive income:		
Actuarial loss/(gain) arising from:		
– financial assumption changes	171	–
– demographic assumption changes	(179)	–
– experience adjustment	627	–
	619	–
Other movement:		
Benefits paid by the plan	(685)	(1,146)
Benefits paid directly by the employer	–	(3,350)
Disposal of a subsidiary	–	(89,783)
	(685)	(94,279)
Defined benefit obligations at end of the year	17,881	15,611

30 TRADE AND OTHER PAYABLES (CONTINUED)

(c) Provision for retirement benefits (continued)

Movement in fair value of plan assets:

	Group	
	2016 RM'000	2015 RM'000
Plan assets at beginning of the year	–	(15,619)
Included in the profit or loss:		
Interest income	–	(215)
Included under other comprehensive income:		
Return on scheme assets	–	–
Other movement:		
Benefits paid by the plan	–	2,988
Disposal of a subsidiary	–	12,846
	–	15,834
Plan assets at end of the year	–	–

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

	Group	
	2016 RM'000 %	2015 RM'000 %
Discount rates	5.3	5.5
Salary inflation rates	6.0	5.0

30 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.

	Group	
	2016 RM'000 %	2015 RM'000 %
Impact on the aggregate service and interest costs:		
Discount rate:		
One percentage point increase	(877)	(1,002)
One percentage point decrease	877	1,002
Salary inflation:		
One percentage point increase	932	1,319
One percentage point decrease	(932)	(1,319)
Impact on the defined benefit obligation:		
Discount rate:		
One percentage point increase	(877)	(1,002)
One percentage point decrease	877	1,002
Salary inflation:		
One percentage point increase	932	1,319
One percentage point decrease	(932)	(1,319)

31 DEFERRED INCOME

	Group	
	2016 RM'000	2015 RM'000
At 1 January	328,298	3,124,185
Deferred income received during the financial year	126	110,955
Grant recognised during the financial year	–	90,790
Recognised as income during the financial year (Note 7(i) & 39(d)(i))	(39,657)	(75,642)
Acquisition of a subsidiary	–	83,395
Disposal of a subsidiary	–	(3,005,385)
At 31 December	288,767	328,298
Non-current	259,465	299,046
Current	29,302	29,252
At 31 December	288,767	328,298

Deferred income is in relation to the grants/funds received by subsidiaries for development activities related to logistics businesses.

32 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2016		2015	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<u>Current</u>				
Derivative used for hedging:				
Forward foreign currency exchange	15,715	15	256	-
Derivative held for trading:				
Warrants	5,526	-	16,026	-
	21,241	15	16,282	-
<u>Non-current</u>				
Derivative used for hedging:				
Forward foreign currency exchange	5,154	-	-	-
	5,154	-	-	-
	Company			
	2016		2015	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<u>Current</u>				
Derivative held for trading:				
Warrants	5,526	-	16,026	-
	5,526	-	16,026	-

- (i) The notional principal amounts of the outstanding forward foreign exchange contracts at 31 December 2016 were RM358,273,000 (2015: RM135,763,000). 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 2016 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.

33 CONSTRUCTION CONTRACTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Aggregate costs incurred and recognised profits (less losses) to date	8,731,873	7,261,263	7,395,933	6,384,298
Progress billings	(8,524,389)	(7,373,251)	(7,272,180)	(6,476,257)
	207,484	(111,988)	123,753	(91,959)
Amounts due from contract customers (Note 24)	217,803	63,093	123,753	36,643
Amounts due to contract customers (Note 30)	(10,319)	(175,081)	–	(128,602)
	207,484	(111,988)	123,753	(91,959)
Retention on contracts	475	1,997	–	–

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

34 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.

34 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			
2016						
<u>Revenue</u>						
Total	2,749,359	–	–	1,570,410	380,340	4,700,109
Inter-segment	(14,237)	–	–	(58,484)	–	(72,721)
External	2,735,122	–	–	1,511,926	380,340	4,627,388
<u>Results</u>						
Profit/(loss) before zakat and taxation	440,920	51,262	133,601	348,863	(301,904)	672,742
Finance costs/(income)	176,253	–	–	(1,394)	313,219	488,078
Depreciation and amortisation	414,369	–	–	5,790	31,904	452,063
EBITDA*	1,031,542	51,262	133,601	353,259	43,219	1,612,883
<u>Other information</u>						
Segment assets	11,444,138	–	–	1,091,277	4,102,879	16,638,294
Joint ventures	4,693	–	–	322,122	(13,674)	313,141
Associates	5,365	888,376	3,426,473	41,016	197,430	4,558,660
Interest-bearing instruments	852,764	–	–	196,467	175,178	1,224,409
Total assets						22,734,504
Segment liabilities	1,805,595	–	–	986,218	615,812	3,407,625
Interest-bearing instruments	3,591,884	–	–	–	5,504,477	9,096,361
Total liabilities						12,503,986
<u>Other disclosures</u>						
Capital expenditure	493,403	–	–	3,428	1,001	497,832
Interest income	29,173	–	–	7,386	4,526	41,085
Depreciation:						
– property, plant and equipment	389,274	–	–	5,790	27,242	422,306
– investment properties	284	–	–	–	467	751
Amortisation of:						
– rights on airport business	–	–	–	–	4,195	4,195
– rights on port business	5,414	–	–	–	–	5,414
– intangible assets – buildings	19,397	–	–	–	–	19,397

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

34 SEGMENTAL INFORMATION (CONTINUED)

	Ports and logistics RM'000	Energy and utilities		Engineering and construction RM'000	Others RM'000	Total RM'000
		Gas	Energy			
		RM'000	RM'000			
2015 (Restated)						
<u>Revenue</u>						
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
<u>Results</u>						
Profit/(loss) before zakat and taxation	489,967	32,806	1,723,481	179,855	(451,844)	1,974,265
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	2,452,749	187,098	(197,882)	3,415,624
<u>Other information</u>						
Segment assets	11,300,214	–	–	573,680	3,863,564	15,737,458
Joint ventures	3,784	–	–	280,816	(13,078)	271,522
Associates	4,788	872,902	3,369,864	70,289	172,386	4,490,229
Interest-bearing instruments	1,026,520	–	–	118,423	154,680	1,299,623
Total assets						21,798,832
Segment liabilities	1,694,328	–	–	576,427	764,969	3,035,724
Interest-bearing instruments	3,668,281	–	–	24,368	5,100,040	8,792,689
Total liabilities						11,828,413
<u>Other disclosures</u>						
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

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

34 SEGMENTAL INFORMATION (CONTINUED)

The Group's operations are principally based in Malaysia. The foreign-based entities' revenue, results, assets and liabilities in comparison to the Group's figures are negligible. Accordingly, no segmental information based on geographical segment is disclosed.

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

Customer	Segment	2016 RM'000	2015 RM'000
Customer A	Energy and utilities	–	1,972,134
Customer B	Ports and logistics	618,278	650,680
Customer C	Engineering and construction	914,229	655,137
Total		1,532,507	3,277,951

35 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 privatization of the East Coast Expressway.

Pursuant to a draft judgment of the Shah Alam High Court dated 24 October 2016, the following orders were made against Pelita:

- i) Pelita to pay Jurutera Perunding Daya Sdn. Bhd. damages in the sum of RM17,268,162.98 and costs of RM50,000.00, with interest accruing on the sum of damages at 5% per annum from 24 October 2016 up to 6 years from the date of judgment; and
- ii) Pelita to pay Pengurusan Projek Daya Sdn. Bhd. damages in the sum of RM68,929,036.35 and costs of RM50,000.00, with interest accruing on the sum of damages at 5% per annum from 24 October 2016 up to 6 years from the date of judgment.

The Shah Alam High Court had previously dismissed Daya Group's claim against the Company on 22 December 2011, holding the Company not liable as the Company is not a party and is not privy to any of the agreements between Daya Group and Pelita. The Court of Appeal, on 7 September 2015, had also dismissed Daya's appeal against the Shah Alam High Court's decision.

- (b) A jointly controlled entity of the Company, MMC Gamuda KVMRT (PDP) Sdn. Bhd. ("KVMRT PDP") was served with a Writ and Statement of Claim by Accolade Land Sdn. Bhd. ("Accolade") on 24 June 2016.

The suit is premised on an alleged breach of an alleged contract between Accolade and Mass Rapid Transit Corporation Sdn. Bhd. ("MRT Corp") relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass Rapid Transit project in which KVMRT PDP was the Project Delivery Partner.

Accolade is claiming, jointly and severally against the four defendants in the suit, damages in the sum of RM303,534,216 with interest and costs. KVMRT PDP filed an application to strike out Accolade's Writ and Statement of Claim and a separate application to strike out parts of Accolade's Amended Reply to KVMRT PDP's Defence. The other Defendants in the suit also filed their respective striking out applications.

The applications are currently being heard before the High Court. Based on the advice of solicitors acting for KVMRT PDP, the Directors are of the view that KVMRT PDP has a good arguable case to strike out the claim against it.

35 SIGNIFICANT CONTINGENT LIABILITIES (CONTINUED)

(c) At 31 December 2016, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bank guarantees issued to third parties for performance (secured/unsecured)	194,533	198,843	–	–

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.

36 COMMITMENTS

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(a) Capital commitments:				
Property, plant and equipment				
Authorised but not contracted for	555,502	3,172	–	–
Contracted but not provided for	224,308	195,108	–	–
Total	779,810	198,280	–	–
(b) Non-cancellable operating lease commitments				
			Group	
			2016 RM'000	2015 RM'000
(i) For computer hardware:				
Not later than 1 year			93	186
Later than 1 year and not later than 5 years			–	93
			93	279
(ii) For the port area:				
Not later than 1 year			34,046	32,780
Later than 1 year and not later than 5 years			140,231	134,094
Later than 5 years			1,557,537	1,585,452
			1,731,814	1,752,326
(iii) For rental of office building and equipment:				
Not later than 1 year			16,273	8,424
Later than 1 year and not later than 5 years			6,807	8,661
			23,080	17,085
Total			1,754,987	1,769,690

37 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(a) The following transactions were carried out with related parties:				
Companies subject to common significant influence:				
Net (repayment)/drawdown of borrowings	(40,000)	33,731	–	–
Net increase/(decrease) in deposits	154,970	(367,099)	8,880	(63,848)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(b) Financial year-end balances arising from:				
Companies subject to common significant influence:				
Borrowings	335,000	375,000	–	–
Deposits	367,497	212,528	92,040	83,160

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(c) Key management compensation				
Fees	2,085	1,813	1,200	910
Salaries and bonuses	13,011	11,620	13,011	11,620
Defined contribution plan – contributions	1,844	1,673	1,844	1,673
Other employee benefits	1,088	1,302	1,043	1,237
	18,028	16,408	17,098	15,440

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

38 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
		2016 %	2015 %	
* 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 International Holdings Limited	British Virgin Islands	100.0	100.0	Investment holding
MMC Land Sdn. Bhd.	Malaysia	100.0	–	Investment holding
MMC Pembetulan Langat Sdn. Bhd.	Malaysia	100.0	100.0	Design, develop, construct and build of sewage plant
MMC Port Holdings Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
MMC Tepat Teknik Sdn. Bhd.	Malaysia	100.0	70.0	Construction and fabrication
* NCB Holdings Bhd.	Malaysia	99.1	86.7	Investment holding and provision of management services to its subsidiaries
Pelabuhan Tanjung Pelepas Sdn. Bhd.	Malaysia	70.0	70.0	Port operations
Pernas Charter Management Sdn. Bhd.	Malaysia	100.0	100.0	Provision of management services to holding company and fellow subsidiaries
* 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
<u>Subsidiaries of Aliran Ihsan Resources Berhad</u>				
* Aliran Utara Sdn. Bhd.	Malaysia	100.0	100.0	Operation, maintenance and management of water treatment plant
* Southern Water Technology Sdn. Bhd.	Malaysia	100.0	100.0	Construction of water work and water treatment plant

38 COMPANIES IN THE GROUP (CONTINUED)

Subsidiaries (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2016 %	2015 %	
<u>Subsidiaries of Anglo-Oriental (Annuities) Sdn. Bhd.</u>				
Labohan Dagang Galian Sdn. Bhd.	Malaysia	100.0	100.0	Investment holding
MMC Marketing Sdn. Bhd.	Malaysia	100.0	100.0	Property investment
<u>Subsidiaries of Anglo-Oriental (Malaya) Sdn. Bhd.</u>				
Tronoh Holdings (Selangor) Sendirian Berhad	Malaysia	100.0	100.0	Property investment
<u>Subsidiaries of Johor Port Berhad</u>				
* 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
<u>Subsidiaries of MMC Engineering Group Berhad</u>				
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.	Malaysia	100.0	100.0	Investment holding company and to provide professional services to the oil and gas and resources industries
<u>Subsidiaries of MMC Technical Services Sdn. Bhd.</u>				
MMC Oil & Gas Engineering Sdn. Bhd.	Malaysia	100.0	100.0	Provision of professional engineering services to the oil and gas industry
<u>Subsidiaries of MMC Tepat Teknik Sdn. Bhd.</u>				
MMC Tepat Teknik (Kejuruteraan) Sdn. Bhd.	Malaysia	100.0	70.0	Construction and fabrication

38 COMPANIES IN THE GROUP (CONTINUED)**Subsidiaries** (continued)

Name of company	Country of incorporation	Group's effective interest		Principal activities
		2016 %	2015 %	
<u>Subsidiaries of MMC International Holdings Limited</u>				
# City Island Holdings Limited	British Virgin Islands	100.0	100.0	Investment holding
* MMC Saudi Arabia Limited	Kingdom of Saudi Arabia	100.0	100.0	Investment holding
# MMC Saudi 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 Ports Limited	British Virgin Islands	100.0	100.0	Investment holding
<u>Subsidiaries of MMC Land Sdn. Bhd.</u>				
Northern Technocity Sdn. Bhd.	Malaysia	100.0	–	Property development
<u>Subsidiaries of Pelabuhan Tanjung Pelepas Sdn. Bhd.</u>				
^ Pelepas Terminal Inland Services Sdn. Bhd.	Malaysia	49.0	49.0	Repair, prepare and trade of containers, containerisation system and other related works
<u>Subsidiaries of Senai Airport Terminal Services Sdn. Bhd.</u>				
* Senai Airport City Services Sdn. Bhd.	Malaysia	100.0	100.0	Provides management services for Senai Airport City development area and acting as Free Zone Authority manager
* Senai Airport City Sdn. Bhd.	Malaysia	100.0	100.0	Property development
<u>Subsidiaries of NCB Holdings Bhd.</u>				
* Kontena Nasional Berhad	Malaysia	99.1	86.7	Logistics
* Kontena Nasional Global Logistics Sdn. Bhd.	Malaysia	99.1	86.7	Freight forwarding services
* Northport (Malaysia) Bhd.	Malaysia	99.1	86.7	Port operations
* Northport Distripark Sdn. Bhd.	Malaysia	99.1	86.7	Management of a distribution centre

38 COMPANIES IN THE GROUP (CONTINUED)

Inactive subsidiaries

Name of company	Country of incorporation	Group's effective interest	
		2016 %	2015 %
Bidor Malaya Tin Sdn. Bhd.	Malaysia	100.0	100.0
Kramat Tin Dredging Berhad	Malaysia	52.9	52.9
* MMC EG Co. Ltd	Mongolia	90.0	90.0
MMC Rail Ventures Sdn. Bhd.	Malaysia	100.0	100.0
MMC Sdn. Bhd.	Malaysia	100.0	100.0
MMC Transport Engineering Sdn. Bhd.	Malaysia	100.0	100.0
MMC Utilities Berhad	Malaysia	100.0	100.0
MMC Utilities Holdings Sdn. Bhd.	Malaysia	100.0	100.0
* MMC Zelan Sdn. Bhd.	Malaysia	60.0	60.0
Projek Lebuh raya Timur Sdn. Bhd.	Malaysia	100.0	100.0
Southern Kinta Consolidated (M) Berhad	Malaysia	100.0	100.0
Southern Malayan Tin Dredging (M) Berhad	Malaysia	100.0	100.0
<u>Subsidiaries of Aliran Ihsan Resources Berhad</u>			
* Aliran Jebat Sdn. Bhd.	Malaysia	80.0	80.0
* Equiventures Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	49.0	49.0
* Southern Water Corporation Sdn. Bhd.	Malaysia	100.0	100.0
* Southern Water Engineering Sdn. Bhd.	Malaysia	100.0	100.0
* Strategi Tegas (M) Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	30.0	30.0
<u>Subsidiaries of Anglo-Oriental (Annuities) Sdn. Bhd.</u>			
* Anglo-Oriental do Brasil Ltd	Brazil	100.0	100.0
Dana Vision Sdn. Bhd.	Malaysia	100.0	100.0
© MMC Exploration & Production (Philippines) Pte Limited	Samoa	–	100.0
* MMC Exploration & Production (Thailand) Pte Ltd (under liquidation)	Thailand	100.0	100.0
§ MMC-Shapadu (Holdings) Sdn. Berhad	Malaysia	–	76.0

38 COMPANIES IN THE GROUP (CONTINUED)**Inactive subsidiaries** (continued)

Name of company	Country of incorporation	Group's effective interest	
		2016 %	2015 %
<u>Subsidiaries of Anglo-Oriental (Malaya) Sdn. Bhd.</u>			
Anglo-Oriental Malaya Trustees Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	100.0	100.0
MMC Frigstad Offshore Sdn. Bhd.	Malaysia	100.0	100.0
<u>Subsidiaries of MMC Utilities Limited</u>			
* MMC Overseas Pte. Limited	Labuan, Malaysia	100.0	10.0
<u>Subsidiaries of MMC Tepat Teknik Sdn. Bhd.</u>			
MMC Tepat Teknik (Sarawak) Sdn. Bhd.	Malaysia	100.0	70.0
# Tepat Teknik (Labuan) Limited	Labuan, Malaysia	100.0	70.0
Tepat Teknik-VME Sdn. Bhd.	Malaysia	50.0	34.9
<u>Subsidiaries of NCB Holdings Bhd.</u>			
* Klang Port Management Sdn. Bhd.	Malaysia	99.1	86.7
* KN Global Transport Sdn. Bhd.	Malaysia	99.1	86.7
* KN Loginfra Sdn. Bhd.	Malaysia	99.1	86.7
* KN Maritime Services Sdn. Bhd.	Malaysia	99.1	86.7
* Konnas Prolink Sendirian Berhad	Malaysia	99.1	86.7
<u>Subsidiaries of Senai Airport Terminal Services Sdn. Bhd.</u>			
* 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

38 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
		2016 %	2015 %		
++ Gas Malaysia Berhad	Malaysia	30.9	30.9	31.12.2016	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	37.6	31.12.2016	Investment holding
++ Zelan Berhad	Malaysia	39.2	39.2	31.12.2016	Investment holding, civil engineering and construction of power plant and buildings
<u>Associates of MMC International Holdings Limited</u>					
* Jazan Economic City	Kingdom of Saudi Arabia	50.0	50.0	31.12.2016	Development of Jazan Land Company Limited Economic City in the Kingdom of Saudi Arabia
* Red Sea Gateway Terminal Company Limited	Kingdom of Saudi Arabia	20.0	20.0	31.12.2016	Operation and maintenance of container terminals
* Red Sea Ports Development Company Limited	Kingdom of Saudi Arabia	20.0	20.0	31.12.2016	Operation and maintenance of container terminals
<u>Associates of NCB Holdings Bhd.</u>					
* P.T. Ritra Konnas Freight Centre	Indonesia	33.0	28.9	31.12.2016	Container depot operations

Inactive associates

Name of company	Country of incorporation	Group's effective interest	
		2016 %	2015 %
* Konsortium Bernas MMC SPPM Sdn. Bhd.	Malaysia	10.0	10.0
<u>Associates of MMC Marketing Sdn. Bhd.</u>			
* Ajil Minerals Sdn. Bhd.	Malaysia	49.0	49.0
<u>Associates of MMC Tepat Teknik Sdn. Bhd.</u>			
* OP Biomass Technologies Sdn. Bhd. (under members' voluntary liquidation)	Malaysia	23.0	15.9

38 COMPANIES IN THE GROUP (CONTINUED)**Joint arrangements**

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2016 %	2015 %	
<u>Joint ventures</u>				
* 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 Electrified 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
* 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	49.0	Rail freight transport and related businesses in the rail cargo sector
* UEM MMC Joint Venture Sdn. Bhd.	Malaysia	50.0	50.0	Investment holding
<u>Joint Ventures of MMC Engineering Group Berhad</u>				
* Salcon MMCES AZSB JV Sdn. Bhd.	Malaysia	50.0	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

38 COMPANIES IN THE GROUP (CONTINUED)**Joint arrangements** (continued)

Name of company	Country of incorporation	Proportion of ownership interest		Principal activities
		2016 %	2015 %	
<u>Joint ventures</u> (continued)				
<u>Joint Ventures of Johor Port Berhad</u>				
* KOTUG Asia Sdn. Bhd.	Malaysia	51.0	51.0	Providing tug boats and maritime crafts services
* Cranetech Global Sdn. Bhd.	Malaysia	50.0	50.0	Providing maintenance services and spare parts for all types of industrial crane
<u>Joint operations</u>				
* 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

@ The entity had been struck off from the Register of Companies by the Registrar of International and Foreign of Companies, Western Samoa on 27 October 2016. There is no material impact to the Group's financial performance for the current financial year.

\$ The final meeting for members' voluntary liquidation was duly held on 25 April 2016 and the Form 69 had been filed to Companies Commission of Malaysia and the Official Receiver on even date. The entity had been dissolved upon the expiration of 3 months from the filing date of Form 69. There is no material impact to the Group's financial performance for the current financial year.

39 SIGNIFICANT EVENTS

(a) Acquisition of Subsidiaries

2016

- (i) On 28 January 2016, MMC acquired two 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 28 January 2016, MMC through its newly incorporated 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 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.
- (iv) On 25 March 2016, MMC Engineering Group Berhad ("MMCEG"), a wholly-owned subsidiary of MMC acquired additional shares in MMC Tepat Teknik Sdn. Bhd. ("TTSB") of 1,992,450 ordinary shares of RM1.00 each, representing 30.0% of the issued and paid-up share capital of TTSB. With the acquisition, TTSB became a wholly-owned subsidiary of the Group.
- (v) In 2016, MMC Port Holdings Sdn. Bhd., pursuant to proposed MGO of the remaining NCB shares, had acquired additional shares of 58,176,784 ordinary shares of 12.37% equity interest in NCB for a total cash consideration of RM256.0 million, resulting in a further increase of MMC's effective interest in NCB to 99.09% as at 31 December 2016.

2015

On 1 December 2015, MMC Port Holdings Sdn. Bhd. ("MMC Port"), a wholly-owned subsidiary of MMC, 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 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 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 in a further increase of MMC's effective interest in NCB to 86.72% as at 31 December 2015.

As at 31 December 2015, management has yet to finalize the Purchase Price Allocation ("PPA") exercise in respect of the aforementioned acquisition as the assets and liabilities of NCB are still in the process of being fair valued. In accordance with MFRS 3 "Business Combination", management has 12 months from the date of the completion of the acquisition to complete the PPA.

39 SIGNIFICANT EVENTS (CONTINUED)**(a) Acquisition of Subsidiaries (continued)****2015 (continued)**

The following summarizes 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 interests		(340,508)
Goodwill on consolidation		677,166
Total		1,728,606
Cash consideration paid		1,105,261
Acquisition-date fair value of previously held entity		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

The PPA has been finalised on 30 November 2016, as determined in Note 42.

(b) Acquisition of a Joint Venture**2016**

On 5 August 2016, MMC had entered into a conditional Share Sale and Purchase Agreement ("SPA") with Seaport Terminal (Johore) Sdn. Bhd. ("STJSB") to acquire 35,990,501 ordinary shares of RM1.00 each in Penang Port Sdn. Bhd. ("PPSB") representing approximately 49.0% ordinary equity interest in PPSB from STJSB for a cash consideration of RM200.0 million, subject to the terms and conditions contained in the SPA. The transaction had been completed subsequent to the reporting date.

39 SIGNIFICANT EVENTS (CONTINUED)**(c) 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 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%.

(d) 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 had reduced from 51.0% 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 RM393.8 million and RM955.4 million, respectively.

The results of Malakoff had been disclosed as a discontinued operation in the Group's financial statements.

(i) Results of discontinued operation

	1.1.2015 to 15.5.2015 RM'000 (Restated)
Revenue	2,043,912
Cost of sales	(1,374,658)
Gross profit	669,254
Other income	76,949
Administrative and other operating expenses	(172,968)
Finance costs	(320,032)
Share of results of associates	8,673
Share of results of joint venture	(1,760)
Tax expense	(87,818)
Profit for the financial year from discontinued operation	172,298
Gain on disposal	393,803
Gain on fair value re-measurement	955,376
Net profit for the financial year from discontinued operation	1,521,477
Net profit attributable to:	
– Owners of the parent	1,424,910
– Non-controlling interests	96,567
Net profit for the financial year from discontinued operation	1,521,477

39 SIGNIFICANT EVENTS (CONTINUED)**(d) Disposal of a Subsidiary** (continued)**2015** (continued)

(i) Results of discontinued operation (continued)

Included in profit for the financial year from discontinued operation were:

	1.1.2015 to 15.5.2015 RM'000 (Restated)
<u>After charging:</u>	
Auditors' remuneration:	
– statutory audit (PwC)	38
– audit related services (PwC)	90
Other auditors' remuneration:	
– statutory audit (non-PwC)	395
– non-audit services (non-PwC)	1,245
Depreciation of property, plant and equipment	225,260
Amortisation of rights on Power Purchase Agreement and Operations and Maintenance Agreement arising through business combinations:	
– subsidiaries	183,976
– associates	16,337
Provision for retirement benefits	3,176
Staff costs:	
– wages, salaries and bonuses	50,874
– defined contribution plan	7,255
<u>After crediting:</u>	
Amortisation of deferred income	46,728
Interest income	69,425
Gain on disposal of a subsidiary (including remeasurement gain)	1,349,179
Unrealised gain on foreign exchange	14,866

39 SIGNIFICANT EVENTS (CONTINUED)**(d) Disposal of a Subsidiary** (continued)

2015 (continued)

(ii) Effect of disposal on the financial position of the Group:

	At date of disposal RM'000 (Restated)
Property, plant and equipment	14,404,335
Intangible assets	4,512,486
Interests in associates	1,154,731
Finance lease receivables	1,990,974
Trade and other receivables	1,963,969
Cash and cash equivalents	3,715,728
Other assets	1,122,916
Borrowings	(18,308,470)
Trade and other payables	(1,160,708)
Deferred income	(3,005,385)
Other liabilities	(469,662)
Deferred tax liabilities	(1,964,099)
Net assets disposed	3,956,815
Goodwill on consolidation	340,392
Less:	4,297,207
Transfer to investment in associate	(2,433,979)
Non-controlling interests	(1,973,451)
	(110,223)
Total disposal proceeds (net of expenses of RM6.2 million)	(283,580)
Gain on disposal to the Group	(393,803)
Gain on fair value re-measurement	(955,376)
Total gain	(1,349,179)
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)

39 SIGNIFICANT EVENTS (CONTINUED)**(d) Disposal of a Subsidiary** (continued)

2015 (continued)

(iii) Cash flow from / (used in) discontinued operation

	1.1.2015 to 15.5.2015 RM'000
Net cash generated from/(used in):	
– operating activities	397,654
– investing activities	57,119
– financing activities	(370,398)
Effect in cash flows	84,375

40 FINANCIAL INSTRUMENTSPolicy on transfer between levels

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

(a) Financial instruments in Level 1

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

(b) Financial instruments in Level 2

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

Specific valuation techniques used to value financial instruments include:

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

(c) Financial instruments in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The Group has no financial instrument included in Level 3.

40 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	2016								Total fair value RM'000	Carrying amount RM'000
	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					
	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		
<u>Financial assets</u>										
Derivative financial assets:										
Forward foreign exchange	-	15,715	-	15,715	-	-	-	-	15,715	15,715
Warrants	5,526	-	-	5,526	-	-	-	-	5,526	5,526
Available-for-sale financial assets	80,994	-	-	80,994	-	-	-	-	80,994	80,994
	86,520	15,715	-	102,235	-	-	-	-	102,235	102,235
<u>Financial liabilities</u>										
Redeemable preference shares	-	-	-	-	-	59,648	-	59,648	59,648	70,188
Borrowings	-	-	-	-	-	9,025,457	-	9,025,457	9,025,457	9,046,323
	-	-	-	-	-	9,085,105	-	9,085,105	9,085,105	9,116,511

40 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

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		
<u>Financial assets</u>										
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
<u>Financial Liabilities (Restated)</u>										
Redeemable preference shares	-	-	-	-	-	(75,650)	-	(75,650)	(75,650)	(89,739)
Borrowings	-	-	-	-	-	(8,660,468)	-	(8,660,468)	(8,660,468)	(8,722,501)
	-	-	-	-	-	(8,736,118)	-	(8,736,118)	(8,736,118)	(8,812,240)
2016										
Company	Fair value of financial instruments carried at fair value in the financial statements				Fair value of financial instruments not carried at fair value in the financial statements				Total 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		
<u>Financial assets</u>										
Warrants	5,526	-	-	5,526	-	-	-	-	5,526	5,526
<u>Financial liabilities</u>										
Borrowings	-	-	-	-	-	(3,207,297)	-	(3,207,297)	(3,207,297)	(3,195,557)

40 FINANCIAL INSTRUMENTS (CONTINUED)

Fair value information (continued)

Company	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	Carrying amount
	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		
<u>Financial assets</u>										
Warrants	16,026	-	-	16,026	-	-	-	-	16,026	16,026
<u>Financial liabilities</u>										
Borrowings	-	-	-	-	-	(2,957,298)	-	(2,957,298)	(2,957,298)	(2,957,298)

41 EVENTS AFTER REPORTING DATE

- (i) On 13 January 2017, the Company entered into a conditional Share Sale and Purchase Agreement ("SPA") with Seaport Management Services Sdn. Bhd. ("Seaport Management") to acquire 7,000 ordinary shares of RM1.00 each representing 70.0% ordinary equity interest and 4,990,000 irredeemable convertible cumulative preference shares of RM1.00 each in KMB Seaport Sdn. Bhd. by the Company or any of its subsidiaries, from Seaport Management for a cash consideration of RM21.0 million, subject to the terms and conditions contained in the SPA.
- (ii) On 19 January 2017, MMC Technical Services Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Share Purchase Agreement with Melati Pertiwi Sdn. Bhd. for the disposal of its 100% beneficial interest in MMC Oil & Gas Engineering Sdn. Bhd., for a cash consideration of RM50.0 million.
- (iii) On 3 April 2017, MMC Port Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, had entered into a conditional Share Sale and Purchase Agreement ("SPA") with Seaport Terminal (Johore) Sdn. Bhd. to acquire the remaining 37,459,501 ordinary shares of RM1.00 each representing 51.0% ordinary equity interest in Penang Port Sdn. Bhd. for a cash consideration of RM220.0 million, subject to the terms and conditions contained in the SPA.

42 COMPARATIVE(a) Purchase Price Allocation

As disclosed in Note 39 (a), at the acquisition date of NCB, the Group had estimated the provisional goodwill at RM677.2 million. As allowed under MFRS 3 Business Combination, the Group had 12 months from the date of acquisition to complete the Purchase Price Allocation ("PPA").

The Group concluded the PPA on 30 November 2016 and had adjusted the fair values of certain identifiable assets and liabilities. Correspondingly, the provisional goodwill on consolidation was revised from RM677.2 million to RM280.9 million. This revision has been accounted for retrospectively.

The following summarises the adjustments made:

	Preliminary assessment RM'000	Adjustment RM'000	Final assessment RM'000
Property, plant and equipment	1,011,116	274,645	1,285,761
Intangible assets	542,147	162,415	704,562
Investment properties	1,284	2,316	3,600
Other non-current assets	7,380	–	7,380
Other current assets	832,764	–	832,764
Borrowings	(380,850)	18,147	(362,703)
Other liabilities	(621,893)	(61,248)	(683,141)
Fair value of net assets acquired	1,391,948	396,275	1,788,223
Goodwill on acquisition	677,166	(396,275)	280,891
Non-controlling interests	(340,508)	–	(340,508)
Net consideration	1,728,606	–	1,728,606

(b) Restatement of share of results of associates

During the year ended 31 December 2016, Lekir Bulk Terminal Sdn. Bhd. ("LBT") a 20.0% owned associate of Malakoff Corporation Berhad ("Malakoff") which in turn is a 37.6% owned associate of the Company, had reassessed the recognition of facility payment charged to its customer and concluded that there had been overrecognition of revenue in the previous years. As a result, LBT has restated its deferred income, deferred tax liabilities/assets and retained earnings balances in prior years, retrospectively. Following this, MMC had restated the profit from discontinued operation, share of results of associates and interests in associates in relation to Malakoff in the previous year.

(c) Discontinued operation

The comparative presentation for discontinued operation have been changed to conform to current year presentation.

42 COMPARATIVE (CONTINUED)

The following tables disclose the adjustments that have been made arising from the final assessment above:

Impact on the Group's Statement of comprehensive income for the financial year ended 31 December 2015:

	As previously reported RM'000	Adjustment/reclassification		As restated RM'000
		42(a) RM'000	42(b) RM'000	
<u>Continuing operations:</u>				
Share of results of associates	179,372	–	(320)	179,052
Net profit for the financial year	299,561	–	(320)	299,241
Net profit attributable to owners of the Parent	244,511	–	(320)	244,191
<u>Discontinued operation:</u>				
Items relating to investments	1,489,040	–	5,037	1,494,077
Net profit for the financial year	1,516,440	–	5,037	1,521,477
Net profit attributable to owners of the Parent	1,419,873	–	5,037	1,424,910
Total net profit for the financial year	1,816,001	–	4,717	1,820,718
Total net profit attributable to owners of the Parent	1,664,384	–	4,717	1,669,101
Earnings per share (sen)	54.6	–	0.2	54.8

Impact on the Group's statement of financial position as at 31 December 2015:

	As previously reported RM'000	Adjustment/reclassification		As restated RM'000
		42(a) RM'000	42(b) RM'000	
Property, plant and equipment	8,079,269	274,645	–	8,353,914
Investment properties	28,299	2,316	–	30,615
Interests in associates	4,504,681	–	(14,452)	4,490,229
Intangible assets	3,089,373	(233,860)	–	2,855,513
Borrowings (non-current)	7,386,589	(18,147)	–	7,368,442
Deferred tax liabilities	488,718	61,248	–	549,966
Retained earnings	6,182,252	–	(14,452)	6,167,800

Impact on the Group's statement of financial position as at 1 January 2015:

	As previously reported RM'000	Adjustment/reclassification		As restated RM'000
		42(a) RM'000	42(b) RM'000	
Interests in associates	2,545,302	–	(37,587)	2,507,715
Retained earnings	3,410,058	–	(19,169)	3,390,889
Non-controlling interests	2,828,729	–	(18,418)	2,810,311

43 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	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiary companies:				
– realised earnings	6,239,420	5,857,148	3,054,935	2,993,786
– unrealised earnings	188,157	173,225	–	–
	6,427,577	6,030,373	3,054,935	2,993,786
Total retained earnings/(accumulated losses) from associated companies:				
– realised earnings	284,214	264,205	–	–
– unrealised losses	–	(28,371)	–	–
	284,214	235,834	–	–
Total retained earnings/(accumulated losses) from joint ventures:				
– realised earnings	57,540	26,756	–	–
– unrealised losses	–	(25,000)	–	–
	57,540	1,756	–	–
	6,769,331	6,267,963	3,054,935	2,993,786
Less: consolidation adjustments	(173,198)	(100,163)	–	–
	6,596,133	6,167,800	3,054,935	2,993,786

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))))	2,136,691	17	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 Kulajaya Johor	Leasehold	488.53	Senai International Airport	2053	863,934	13	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	482,975	10	2005
Plentong District of Johor Bahru Johor	Leasehold	112.1	Break bulk and dry bulk cargo berths 7-11	2052	54,170	19	1997
Plentong District of Johor Bahru Johor	Leasehold	13.44	Container Terminal berths 1-3	2052	29,270	24	1992
Plentong District of Johor Bahru Johor	Leasehold	-	Dangerous cargo jetty 4	2052	28,990	17	1999
Plentong District of Johor Bahru Johor	Leasehold	-	Dangerous cargo jetty	2052	6,980	23	1992

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Berth 11 and Back-up Area North Port, Port Klang	Leasehold	13.9	Berthing facilities for ships and storage of containers	2043	2,975	47	1992
Berth 12 and 13 North Port, Port Klang	Leasehold	9.6	Berthing facilities for ships	2043	14,321	15	1992
Berth 14-25 North Port, Port Klang	Leasehold	66.31	Berthing facilities for ships	2043	41,311	33 – 52	1992
Container Terminal North Port, Port Klang	Leasehold	49.2	Storage of containers, warehouses and office buildings	2043	N/A	43	1986
Container Terminal North Port, Port Klang	Leasehold	N/A	Infrastructure, and warehouses	2043	149,968	44	1986
Dockyard Southpoint, Port Klang	Leasehold	3.28	Docking facilities	2034	N/A	46	1992
Port and Terminal Area	Leasehold	N/A	Infrastructure, power stations and warehouses	2043	49,234	18 – 24	1992
Warehouse D1 to D4 Jalan Parang North Port, Port Klang	Leasehold	2.6	Warehouses for cargo storage	2031	18,947	19 – 24	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	10,507	19 – 24	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	61,737	18	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	36,245	34	1978
Batu 9 Jalan Klang Lama 47300 Petaling Jaya Selangor Darul Ehsan	Leasehold	74,936 sq.m.	Warehouse, office and container yard	2103	147,411	27	1979

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
2443 Lorong Perusahaan Satu, Kawasan Perindustrian Prai 13600 Prai Pulau Pinang	Leasehold	81,692 sq.m.	Warehouse and office	2041 – 2053	24,096	19 – 31	1981
Lot 126 Kawasan Perindustrian Gebeng, 26080 Kuantan Pahang Darul Makmur	Leasehold	175,791 sq.m.	Warehouse, office and container yard	2063	27,114	18	1993
PLO 282, Jalan Suasa Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor Darul Takzim	Leasehold	57,986 sq.m.	Container yard	2046	15,851	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	29,354	9	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	94,912	N/A	2008
Geran 199919 Lot No 70008 Seksyen 39 Bandar Kulim Daerah Kulim Kedah	Freehold	25.66	Vacant land	N/A	41,370	N/A	2016
Geran 202073 Lot No 70029 Seksyen 39 Bandar Kulim Daerah Kulim Kedah	Freehold	6.77	Vacant land	N/A	10,915	N/A	2016
Geran 202074 Lot No 70030 Seksyen 39 Bandar Kulim Daerah Kulim Kedah	Freehold	6.28	Vacant land	N/A	10,138	N/A	2016
Geran 202075 Lot No 70552 Seksyen 39 Bandar Kulim Daerah Kulim Kedah	Freehold	9.73	Vacant land	N/A	15,687	N/A	2016
HS(D) 67877 PT 10847 Bandar Kulim Daerah Kulim Kedah	Freehold	6.28	Vacant land	N/A	10,135	N/A	2016

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
HS(D) 67879 PT 10849 Bandar Kulim Daerah Kulim Kedah	Freehold	6.95	Vacant land	N/A	11,205	N/A	2016
HS(D) 67880 PT 10850 Bandar Kulim Daerah Kulim Kedah	Freehold	3.20	Vacant land	N/A	5,169	N/A	2016
HS(D) 67881 PT 10851 Bandar Kulim Daerah Kulim Kedah	Freehold	3.79	Vacant land	N/A	6,115	N/A	2016
HS(D) 67873 PT 10840 Bandar Kulim Daerah Kulim Kedah	Freehold	47.90	Vacant land	N/A	77,236	N/A	2016
HS(D) 67862 PT 10843 Bandar Kulim Daerah Kulim Kedah	Freehold	3.0	Vacant land	N/A	4,837	N/A	2016
HS(D) 67863 PT 10844 Bandar Kulim Daerah Kulim Kedah	Freehold	23.87	Vacant land	N/A	38,497	N/A	2016

SHAREHOLDING STATISTICS

AS AT 17 MARCH 2017

The total number of issued shares of the Company stands at 3,045,058,552 Ordinary Shares, with voting right of one (1) vote per Ordinary Share.

SUBSTANTIAL SHAREHOLDERS

	No. of Shares			
	Direct	%	Indirect	%
Seaport Terminal (Johore) Sdn Bhd	1,576,108,840	51.76	–	–
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	593,172,900	19.48	–	–
Lembaga Tabung Haji	204,807,200	6.73	–	–
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	512	6.45	8,251	0.00
100 – 1,000	1,166	14.69	835,670	0.03
1,001 – 10,000	4,627	58.30	21,001,202	0.69
10,001 – 100,000	1,353	17.05	40,671,316	1.34
100,001 to less than 5% of issued shares	276	3.48	608,453,173	19.98
5% and above of issued shares	3	0.04	2,374,088,940	77.97
TOTAL	7,937	100.00	3,045,058,552	100.00

DIRECTORS' INTEREST AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

None of the Directors has any direct or indirect interest in the Company or in a related corporation.

THIRTY LARGEST SHAREHOLDERS

No	Name	No. of Shares Held	% of Issued Capital
1	Seaport Terminal (Johore) Sdn Bhd	1,576,108,840	51.76
2	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	593,172,900	19.48
3	Lembaga Tabung Haji	204,807,200	6.73
4	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	147,840,400	4.86
5	Kumpulan Wang Persaraan (Diperbadankan)	103,996,600	3.42
6	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt AN for AIA Bhd	53,680,100	1.76
7	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	26,115,300	0.86
8	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	16,204,900	0.53
9	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	15,366,780	0.50
10	Amanahraya Trustees Berhad – AS 1Malaysia	14,943,400	0.49
11	Amanahraya Trustees Berhad – Amanah Saham Malaysia	12,033,400	0.40
12	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	10,568,900	0.35
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 (USA)	9,654,900	0.32
15	Citigroup Nominees (Asing) Sdn Bhd – Exempt AN for Citibank New York (Norges Bank 9)	9,574,124	0.31
16	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Emerging Markets Core Equity Portfolio DFA Investment Dimensions Group Inc.	6,664,200	0.22
17	Maybank Nominees (Tempatan) Sdn Bhd – Etiqa Insurance Berhad (Life Non-PAR FD)	6,000,000	0.20

No	Name	No. of Shares Held	% of Issued Capital
18	Maybank Nominees (Tempatan) Sdn Bhd – Etiqa Takaful Berhad (Family PRF EQ)	5,728,200	0.19
19	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Participating Fund	4,681,900	0.15
20	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for Credit Suisse (SG BR-TST-Asing)	4,550,000	0.15
21	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	4,324,038	0.14
22	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Dana Unggul	4,260,000	0.14
23	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for RHB Smart Treasure Fund	4,100,800	0.13
24	Cartaban Nominees (Tempatan) Sdn Bhd – PBTB for Takafulink Dana Ekuiti	3,996,800	0.13
25	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lee Ai Chu	3,733,800	0.12
26	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (ARIM)	3,650,000	0.12
27	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cheng Mooi Soong	3,327,000	0.11
28	Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund C021 for College Retirement Equities Fund	3,138,230	0.10
29	Maybank Nominees (Tempatan) Sdn Bhd – Etiqa Insurance Berhad (Growth Fund)	3,000,000	0.10
30	Citigroup Nominees (Asing) Sdn Bhd – Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	2,899,600	0.10
TOTAL:		2,868,606,712	94.21

ADMINISTRATIVE DETAILS

ADMINISTRATIVE DETAILS FOR THE 41st AGM OF MMC CORPORATION BERHAD TO BE HELD AT MAHKOTA II, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA ON THURSDAY, 11 MAY 2017 AT 10.00 A.M.

PARKING

- Parking for shareholders/proxies is available at the parking bays of the Hotel. The parking fee will be borne by MMC. You are to exchange your 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 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

- Packed breakfast will be distributed from **8.00 a.m. to 10.00 a.m.** on the day of the meeting. Each shareholder or proxy present at the meeting will be entitled to only one (1) packed breakfast by producing the breakfast coupon. The coupon will be distributed upon registration.

MEAL VOUCHER

- Meal voucher will be distributed upon registration **from 8.00 a.m. to 10.00 a.m.** Each shareholder or proxy present at the meeting will be entitled to only one (1) meal voucher. Request for meal voucher after the conclusion of the Annual General Meeting will not be entertained.

RECORD OF DEPOSITORS FOR ATTENDANCE AT 41ST AGM

- For the purpose of determining members who shall be entitled to attend the 41st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 2 May 2017. Only depositors whose names appear on the Record of Depositors as at 2 May 2017 shall be entitled to attend the 41st AGM or appoint proxies to attend and/or vote on their behalf.

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PROXY FORM

MMC Corporation Berhad (Company No. 30245-H)

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

I/We, _____ (FULL NAME OF SHAREHOLDERS AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

_____ of _____ (NRIC NO. / PASSPORT NO. / COMPANY NO.) (FULL ADDRESS)

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

Proxy 1 _____ Name/NRIC No. _____ No. of Shares _____ Percentage (%) _____ 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 41st AGM of the Company to be held at the Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 11 May 2017 at 10.00 a.m., and/or at any adjournment thereof, on the following Resolutions referred to in the Notice of 41st AGM:

(Please indicate "X" in the appropriate box against each Resolution as to how you wish your proxy/proxies to vote)

NO.	AGENDA	RESOLUTION	FOR	AGAINST
1.	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2016 and the Directors' Report and Auditors' Report thereon			
ORDINARY BUSINESS				
2.	Declaration of a final single-tier dividend of 4.0 sen per share for the financial year ended 31 December 2016	Resolution 1		
3.	Payment of Directors' fees amounting to RM1,200,000 to the Non-Executive Directors of the Company for the financial year ended 31 December 2016	Resolution 2		
Re-election of the following Directors who retire by rotation in accordance with Article 78 of the Company's Constitution				
4.	Datuk Ooi Teik Huat	Resolution 3		
5.	Dato' Abdul Hamid Sh Mohamed	Resolution 4		
6.	Re-appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration	Resolution 5		
SPECIAL BUSINESS				
7.	To approve the continuing in office by Dato' Abdullah Mohd Yusof as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company	Resolution 6		
8.	To approve the continuing in office by Datuk Ooi Teik Huat as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company	Resolution 7		

* Strike out whichever is inapplicable.

** If you do not wish to appoint the Chairman of the meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank space(s) provided.

Dated this _____ day of _____ 2017

Signature/Common Seal of Shareholder

Notes:

- 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, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his/her shareholding to be represented by each proxy.
- In the 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.
- 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 24 hours before the time appointed for the meeting or any adjournment thereof.
- 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 such time as may be determined by the Chairman of the Meeting. Members/proxies are required to produce identification documents for registration.
- Only members whose names appear on the Record of Depositors as at 2 May 2017 shall be entitled to attend the 41st AGM or appoint a proxy(ies) to attend and/or vote on their behalf.
- Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice of 41st AGM will be put to the vote by poll.

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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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