



FOR IMMEDIATE RELEASE

MMC EXPECTS BUSINESS TO IMPROVE IN SECOND HALF

Kuala Lumpur, Tuesday, 26 May 2009: MMC Corporation Bhd (“MMC”) today said that the Group was facing a challenging period in 2009 and that earnings would be impacted due to the slowdown in global trade affecting ports and lower electricity demand affecting power producers.

Speaking to reporters following the conclusion of the Company's thirty-third annual general meeting, MMC's CEO Malaysia, Hasni Harun said that “MMC’s businesses are closely co-related with the global economy so our earnings will inevitably be affected. However, the economic indicators worldwide are improving, suggesting signs of recovery. Yet, it is difficult to say at this stage whether this is an actual recovery or merely stabilisation.”

As a measure of declining global trade, ports in the region have experienced a drop in volumes of between 15% and 20% since the fourth quarter of 2008, and MMC's ports, the Port of Tanjung Pelepas and Johor Port, have similarly been affected. There was a promising upturn in volumes in April 2009 although this may be due to short-term inventory restocking and may not necessarily point towards a sustained recovery.

The weak domestic economy is also impacting electricity demand and despatch levels of the country's power plants, particularly Malakoff's coal-fired Tanjung Bin power plant, due to the higher coal price relative to gas. Zelan's losses for the nine-month period ending 31 December 2008, as announced by Zelan in February, will also impact MMC's earnings.

“We are facing tough times but MMC’s diversified earnings base will help the Group thrive under these difficult market conditions”, said Hasni. Gas Malaysia operates a recession-proof gas reticulation business that is expected to continue providing MMC with stable earnings and cash flow. The RM12.5 billion electrified double tracking railway project, now 25% completed, is also making good progress and will provide MMC with a strong income stream for the remaining 5 years.

On the international front, MMC International will continue to build on the strong foundation of the Group’s activities and will pursue available opportunities in MMC’s core businesses. The banking industry has not stepped up its project financing activities and to the extent that this is not forthcoming in the later half of the year, the company will have to reevaluate the project economics of a delayed start up. Given that MMC’s overseas projects are in the early developmental stage, sufficient flexibility exists to incorporate modest delays.

Last year, MMC Group’s revenue grew by 49% to RM8.5 billion, the highest in MMC’s history, due to the 12-month consolidation of Malakoff’s results. Net profit declined by only 5% to RM527 million in 2008 despite substantial provisions of RM382 million, principally due to the impact of the one-off windfall profit levy on Malakoff.

Hasni added, “Sustaining last year’s performance will indeed be challenging given the current economic conditions. Due to the current adverse economic scenario, we expect our results this year to be less satisfactory compared to the previous year. Nevertheless, we are leveraging on our track record in the engineering and construction sector to actively pursue domestic infrastructure projects”.

About MMC

MMC Corporation Bhd (MMC) is a utilities and infrastructure group with interests in Transport & Logistics, Energy & Utilities, and Engineering & Construction.

Within Malaysia, MMC's key businesses include the Port of Tanjung Pelepas (Malaysia's largest container terminal), Johor Port (Malaysia's leading multi-purpose port), Malakoff (Malaysia's largest independent power producer) and Gas Malaysia (Peninsular Malaysia's sole supplier of natural gas to the non-power sector). MMC is also undertaking the RM12.5 billion double tracking railway project between Ipoh and Padang Besar, Malaysia's largest infrastructure project. Through Zelan, MMC has interests in IJM, one of Malaysia's premier construction companies, and Zelan Construction, a specialist contractor for power plants.

On the international front, MMC International is focusing on the utilities and logistics sectors globally, particularly in the Middle East. MMC is the joint master developer of the US\$30 billion Jazan Economic City in Saudi Arabia with the Saudi Binladin Group, and has equity interests in the third container terminal project at Jeddah Port. MMC also has equity interests in the 900 MW and 1,030,000 m³/day Shuaibah independent water and power plant project in Saudi Arabia, a 200,000 m³/day water desalination plant in Algeria, the Central Electricity Generation Company in Jordan and the Dhofar Power Company in Oman.

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