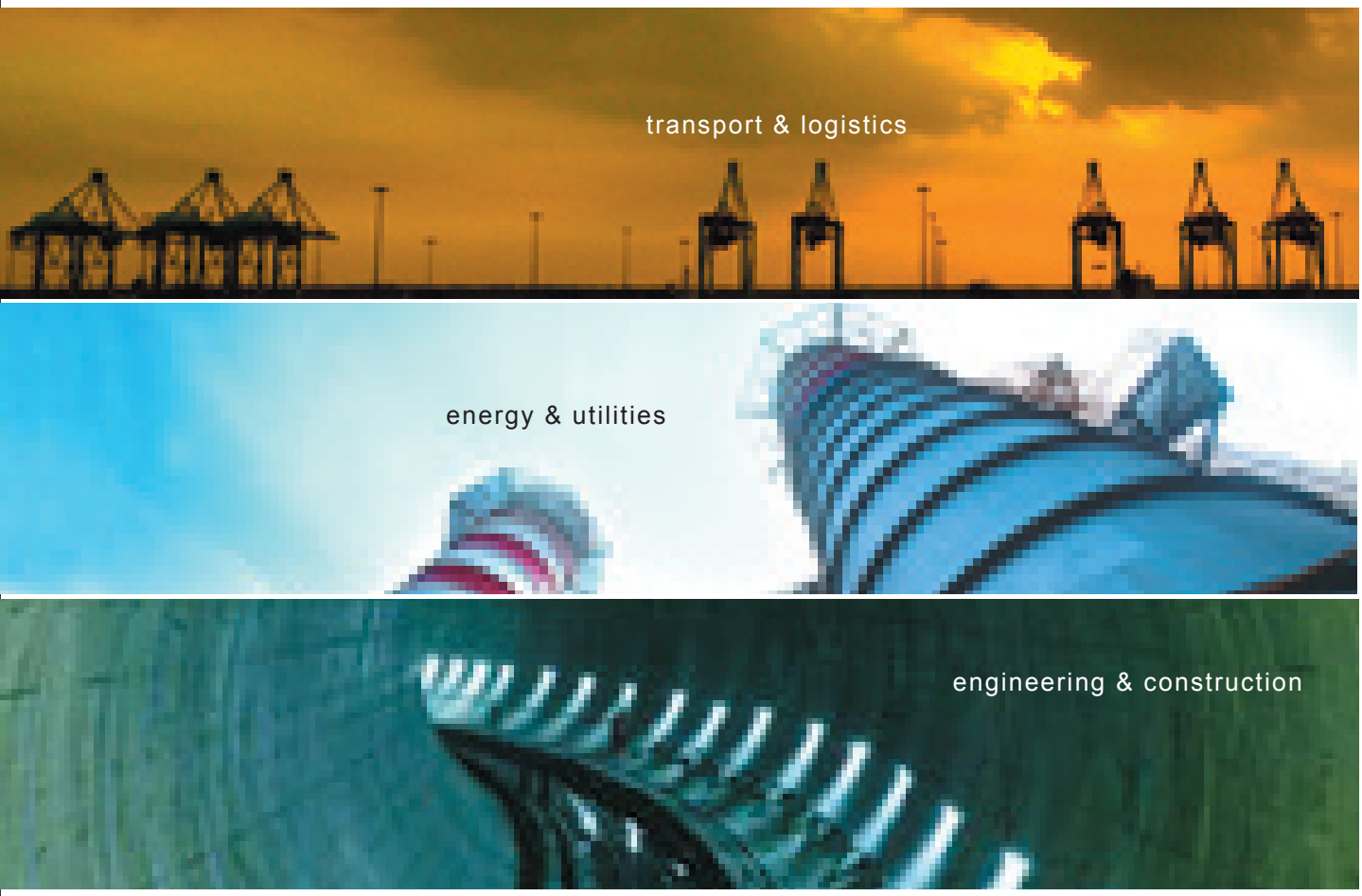
annual report 2004

MMC Corporation Berhad

30245-H

MMC corporate direction 2005

A focus on value. A commitment to growth.



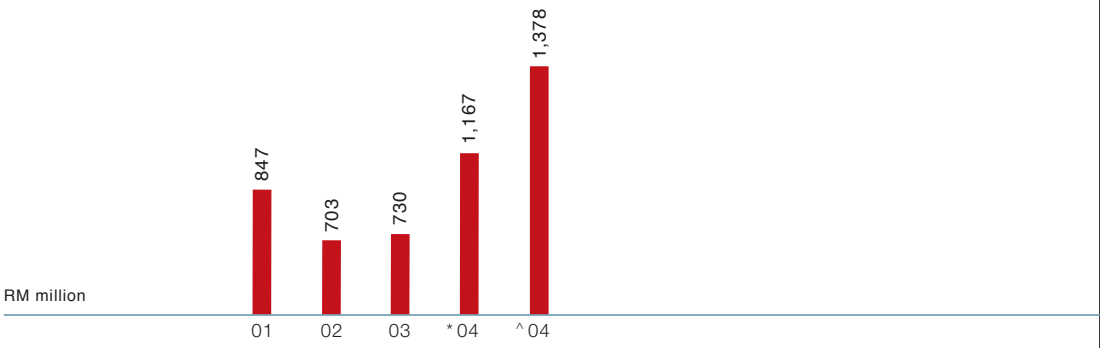
Several years ago,

we made a decision to become a leader in three high growth industries, and build a company that would deliver value for our shareholders.

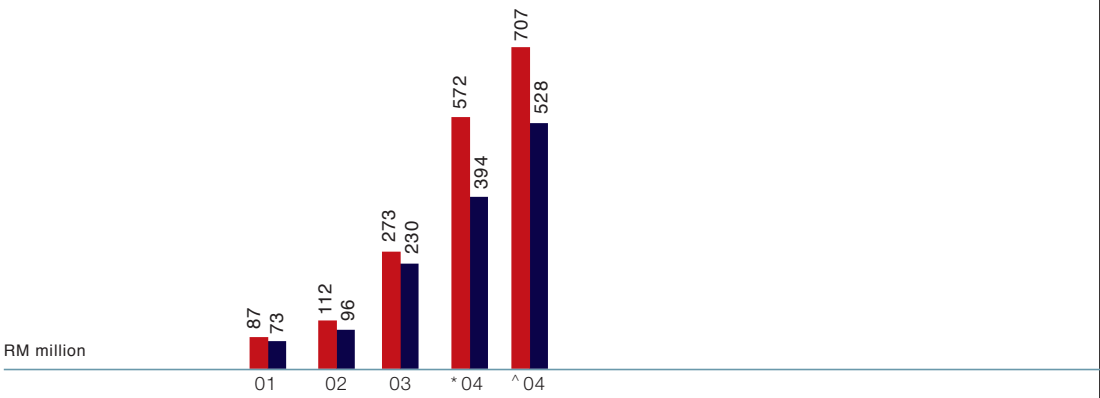
Today, we own a diverse portfolio of leading businesses. We are completely focused on creating sustainable growth and committed to our vision to be

a premier Utilities & Infrastructure Group.

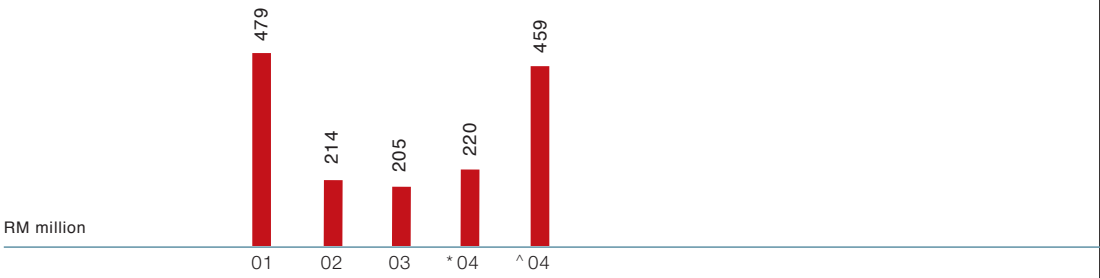
revenue



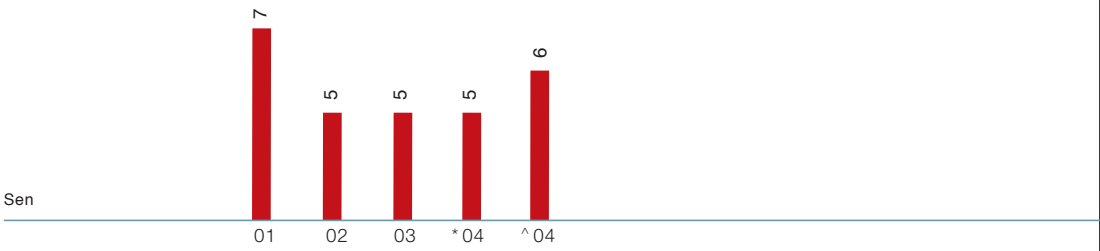
EBITDA / EBIT



profit before tax



dividend per share



five-year financial highlights

	2004 ^	2004 *	2003	2002	2001
Profit before tax	**459**	220	205	214	479
Profit after tax and minority interest	**291**	116	110	165	400
Gross assets	**7,485**	7,294	7,018	2,977	2,967
Shareholders' funds	**3,336**	3,104	3,009	2,044	1,904
Market value of quoted investments	**2,478**	2,240	1,761	1,671	1,593
Pre-tax return on shareholders' funds (%)	**13.8**	7.1	6.8	10.5	25.2
Earnings per share (sen)	**25.8**	10.3	12.9	19.8	47.8
Dividend per share (sen)	**6**	5	5	5	7
Net asset per share (sen)	**296**	275	268	244	228

RM million, unless otherwise stated

^ financial period ended 31 December * financial year ended 31 January

contents

Board of directors

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Chairman

Dato' Ismail Shahudin
Group Chief Executive

Tan Sri Dato' Thong Yaw Hong

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

Dato' Hilmi bin Mohd. Noor

Dato' Abdullah bin Mohd. Yusof

Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin

Encik Halim bin Haji Din

Datuk Mohd Sidik Shaik Osman

Encik Feizal Ali

corporate information

Company secretary
Elina Mohamed

Registered office
10th Floor, Block B, HP Towers
No 12, Jalan Gelenggang
Bukit Damansara, 50490 Kuala Lumpur
Tel: 603 2092 5588
Fax: 603 2093 9917
Email: cosec@mmc.com.my

Auditors
PricewaterhouseCoopers
Chartered Accountants

Share registrar
Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 603 2721 2222
Fax: 603 2721 2530

Principal banker
Bumiputra-Commerce Bank Berhad

Stock exchange listing
Main Board
Bursa Malaysia Securities Berhad

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, 66, was appointed non-independent Chairman of the Company on 7 July 2000. Dato' Wira Syed Abdul Jabbar also chairs the Nomination, Remuneration and Executive Committees of the Board.

Dato' Wira Syed Abdul Jabbar was the Chief Executive Officer of the Kuala Lumpur Commodity Exchange from 1980 to 1996, the Executive Chairman of the Malaysia Monetary Exchange from 1996 to 1998 and the Executive Chairman of the Commodity and Monetary Exchange of Malaysia from 1998 to 2000.

Dato' Wira Syed Abdul Jabbar is a Malaysian citizen and holds a Bachelor of Economics degree and a Masters of Science degree in Marketing. He is also the Chairman of Integrated Rubber Corporation Berhad and MARDEC Berhad and a Board member of Star Publications (Malaysia) Berhad and Malaysia Smelting Corporation Berhad.

profile of directors

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Chairman

Dato' Ismail Shahudin, 54, was appointed Group Chief Executive and Executive Director of the Company on 1 August 2002. He is also a member of the Executive Committee of the Board.

Upon his graduation in 1974, Dato' Ismail joined ESSO Malaysia Berhad and served for five years in its Finance division. He joined Citibank Malaysia in 1979 and served at the bank's headquarters in New York in 1984 as part of the team in the Asia Pacific division. Upon his return to Malaysia, he was promoted to the position of Vice President & Group Head of the Public Sector and Financial Institutions Group in Citibank Malaysia. In 1988, he served United Asian Bank Berhad as Deputy General Manager until 1992 when the bank was taken over by the Bank of Commerce. Subsequently, he joined Maybank as General Manager of Corporate Banking and in 1997, was appointed Executive Director of Maybank. He left Maybank in July 2002 to assume his current position at MMC.

Dato' Ismail is a Malaysian citizen and holds a Bachelor of Economics (Honours) degree from Universiti Malaya, majoring in Business Administration. He is the Chairman of Bank Muamalat Malaysia Berhad and also sits on the Boards of Malakoff Berhad, Tronoh Consolidated Malaysia Berhad, Malaysia Smelting Corporation Berhad, Kramat Tin Dredging Berhad and IJM Corporation Berhad.

Dato' Ismail Shahudin
Group Chief Executive

Tan Sri Dato' Thong Yaw Hong, 75, joined the Board on 27 October 1986 and is an independent Director. He is also a member of the Audit, Nomination and Remuneration Committees and is the Senior Independent Director of the Board.

Tan Sri Dato' Thong served in the Economic Planning Unit in the Prime Minister's Department since 1957 and became its Director General from 1971 to 1978. He was the Secretary General of the Ministry of Finance from 1979 until his retirement in 1986.

Tan Sri Dato' Thong Yaw Hong is a Malaysian citizen and graduated with a Bachelor of Arts (Honours) degree in Economics from Universiti Malaya and a Masters degree in Public Administration from Harvard University. He also attended the Advanced Management Programme at Harvard University and is a member of the Institute of Bankers (Malaysia).

Tan Sri Dato' Thong Yaw Hong is the Co-Chairman of Public Bank Berhad and the Public Bank Group of companies. He is also a Board member of Batu Kawan Berhad, Berjaya Land Berhad, Gleanealy Plantations (M) Berhad, Kuala Lumpur Kepong Berhad, Public Merchant Bank Berhad, HHB Holdings Berhad and Berjaya Sports Toto Berhad.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob, 64, joined the Board on 26 August 1999 as a non-independent Director.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman served in the Public Works Department since 1964 and became its Director General from 1990 until his retirement in 1996.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is a Malaysian citizen and holds a Diploma in Civil & Structural Engineering from the Brighton College of Technology, United Kingdom and is a Fellow of the following institutions: Chartered Institute of Buildings (U.K.), Institute of Highways & Transportation (U.K.), Institute of Civil Engineers (UK), Institute of Engineers Malaysia and Academy of Sciences, Malaysia.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is also the Chairman of IJM Corporation Berhad, Lingkaran Trans Kota Holdings Berhad and Lysaght Galvanised Steel Berhad, and a Board member of Malaysian Industrial Development Finance Berhad, Saujana Consolidated Berhad, Sime UEP Properties Berhad, Northport Corporation Berhad and Bank of America Malaysia Berhad.

Dato' Abdullah bin Mohd. Yusof, 66, joined the Board on 31 October 2001 as an independent Director. He is also a member of the Audit and Nomination Committees of the Board.

Dato' Abdullah is a partner in the legal firm of Abdullah & Zainuddin. He is also the Chairman of Aeon Co. (M) Berhad, and a Board member of Tradewinds Corporation Berhad, Tronoh Consolidated Malaysia Berhad and IJM Corporation Berhad.

Dato' Abdullah is a Malaysian citizen and holds a LLB (Honours) degree from the University of Singapore.

Dato' Hilmi bin Mohd Noor, 63, joined the Board on 10 October 2000 as a non-independent Director. Dato' Hilmi is also a member of the Remuneration and Executive Committees of the Board.

Dato' Hilmi was a former Secretary General of the Ministry of Energy & Multimedia. He is also the Chairman of Kramat Tin Dredging Berhad and a Board member of CN Asia Corporation Berhad, Johor Port Berhad and Crimson Land Berhad.

Dato' Hilmi is a Malaysian citizen and holds a Masters degree in Business Administration from Marshall University, U.S.A. and is a member of the Chartered Institute of Purchasing and Supply.

Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin, 62, was appointed a Board member on 1 August 2002 and is an independent Director. He is also a member of the Audit Committee of the Board.

Datuk Ir. (Dr.) Haji Ahmad Zaidee served in the National Electricity Board since 1967 and became its Director of Management Services and Development in 1998 and Deputy General Manager, Corporate Services from 1990 to 1993. He was made a Director of ITM in 1994 and became its first Rector in 1996. He was appointed the first Vice Chancellor of UiTM in 1999.

Datuk Ir. (Dr.) Haji Ahmad Zaidee is also a Board member of Edaran Otomobil Nasional Berhad.

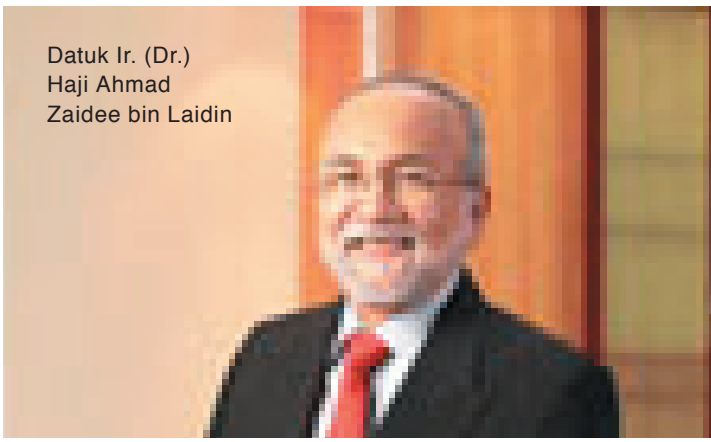
Datuk Ir. (Dr.) Haji Ahmad Zaidee is a Malaysian citizen and holds a Diploma (Professional) in Electrical Engineering from Brighton College of Technology (now known as University of Brighton) and a Masters of Science degree in Technological Economics from University of Stirling. He was made a Doctor of University by University of Stirling and was conferred an Honorary Doctor of Technology by Oxford Brookes University, an Honorary Doctor of Letters by Manchester Metropolitan University and an Honorary Professorship by Napier University. He is a Fellow of the Institute of Engineers, Malaysia and the Academy of Sciences, Malaysia.

Encik Halim bin Haji Din, 58, was appointed to the Board as an independent Director on 10 September 2002. He is also the Chairman of the Audit Committee of the Board.

Encik Halim is a Chartered Accountant who spent more than 30 years working for multinational corporations and international consulting firms. He accumulated 18 years of experience working in the oil & gas industry (Caltex) before switching to the consulting business.

Encik Halim was influential in building and expanding the Ernst & Young Consulting practice in Malaysia when he was the Managing Partner of the firm's Consulting Division. He later became the Vice President of Cap Gemini Ernst & Young Consulting when Cap Gemini of France's management team took over the firm's consulting business in Malaysia in January 2003, and renamed it Innovation Associates. He is also a Board member of Wah Seong Corporation Berhad, Boustead Properties Berhad and Kris Components Berhad.

Encik Halim is a Malaysian citizen and a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.



Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin

Encik Halim bin Haji Din

Datuk Mohd Sidik Shaik Osman, 56, was appointed to the Board as a non-independent Director on 23 January 2003.

Datuk Mohd Sidik was a former Deputy Director General in the Prime Minister's Department and the current Chief Executive Officer of Pelabuhan Tanjung Pelepas Sdn Bhd. He is also a Board member of Johor Port Berhad.

Datuk Mohd Sidik is a Malaysian Citizen and holds a Master of Science (Maritime) degree from World Maritime University, Sweden and a Bachelor of Science (Honours) (Econs) degree from University of Science, Malaysia.

Encik Feizal Ali, 43, was appointed to the Board on 24 March 2004.

Encik Feizal Ali joined the Company as the Special Advisor to the Chairman in September 2001 and in December 2001 assumed the post of Group Chief Financial Officer. He is currently the Group Chief Operating Officer of MMC. Prior to joining MMC, he was the Vice President-Finance of Commerce Dot Com Sdn Bhd (1999-2001), Chief Financial Officer / General Manager, Finance of Pelabuhan Tanjung Pelepas Sdn Bhd (1996-1999) and General Manager-Finance of Prolink Development Sdn Bhd (1994-1996).

Encik Feizal started his carrer in Accounting and Finance in the US banking industry (1985-1989) and subsequently worked in the Middle East for five years (1989-1994).

Encik Feizal is a permanent resident of Malaysia. He holds a Bachelor of Science degree in Business Administration (Accounting) from Menlo College, USA, a Bachelor of Commerce degree from the University of Kerala and a Masters degree in Business Administration (Finance) from the University of Santa Clara, California.

Datuk Mohd Sidik Shaik Osman

Encik Feizal Ali

third from left

Dato' Ismail Shahudin
Group Chief Executive

fourth from left

Feizal Ali
Group Chief Operating Officer

management team

from left to right

Annuar Mohamad
General Manager, Special Projects
& Business Development

Elina Mohamed
Group Company Secretary & Legal Advisor

Ir. Wan Azman Wan Salleh
Head of Engineering & Construction

Azlan Shahrim
General Manager, Corporate
Communications & Investor Relations

Mabel Lee Khuan Eoi
General Manager, Corporate Planning

Azhar Ahmad
General Manager, Special Projects

chairman's letter to shareholders

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Chairman

Dear Shareholders,

We turned in a strong performance in 2004, with record revenue and higher earnings driven by strong earnings growth from all divisions. Over the years, MMC has grown through strategic acquisitions and organic growth to develop a strong portfolio of assets and leading market positions. We will continue with efforts to build and draw value from our businesses.

Our Businesses are Industry Leaders

Our businesses continue to be the best in what they do. We have exceeded our expectations through record performance and continue to change the face of the industries in which we compete.

The Port of Tanjung Pelepas Sdn Bhd (PTP) handled a new throughput record of over 4 million TEUs in 2004, an increase of 15% over the previous year, retaining its position as Malaysia's largest container terminal. Its throughput growth rates, operational efficiency and world-class infrastructure contributed to the port being recognised as "Container Terminal of the Year 2004" at the Asia Logistics Awards, an impressive achievement for the four-year old port.

Malakoff Berhad continued to record a commendable performance, and we derived great value from our investment in the company, through strong capital appreciation and good dividends. Firmly established as the largest independent power producer in the country, Malakoff will reinforce this position once phase 1 of the 2,100 MW Tanjung Bin power plant becomes operational next year. Malakoff is expected to perform better this year, with the full-year contribution from its recently acquired Kapar power plant.

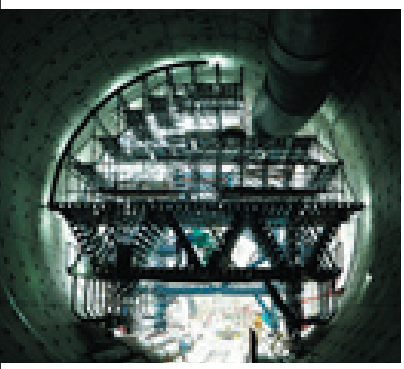
Gas Malaysia Sdn Bhd delivered sustained progress in 2004, with continued high oil prices driving industrial customers to switch to natural gas. The company is investing into the future by aggressively expanding its distribution network to meet with the increased demand and anticipated demand from potential customers. This supply-driven policy has worked well for Gas Malaysia.

Our Engineering & Construction unit continues to pursue opportunities locally and abroad. Last July, a consortium led by MMC secured an engineering, procurement, construction & commissioning contract for the export pipeline for the Melut Basin Development project in Sudan. The RM2 billion Stormwater Management & Road Tunnel (SMART) project, an innovative flood mitigation project for Kuala Lumpur city undertaken by the MMC-Gamuda JV, is now 43% completed. We will continue the momentum to build our order book based on successes such as these and through strategic partnerships with leading companies in the future.

Tronoh Consolidated Malaysia Berhad, our associate, has seen a sharp improvement in its results, with the completion of the acquisition of the entire stake in Zelan Holdings (M) Sdn Bhd and 20% of IJM Corporation Berhad. Tronoh will register better results this year with the full-year consolidation of Zelan's results and share of profit of IJM.

Strong Financial Results

The Group's revenue increased by 18% to a record RM1.4 billion in 2004. Excluding the gain from the sale of Sime Darby shares, our profit before tax grew by 60% to RM351 million, principally attributed by improved contributions from all divisions. Profit after tax and minority interest increased by 58% to RM183 million and earnings per share were 16 sen per share, 57% higher than the previous year.



The Board has recommended a final dividend of 5 sen per share and a special dividend of 1 sen per share less tax, higher than last year's distribution. This marks the sixth consecutive fiscal year of consistent dividend payments.

You will find further discussion on our results and other important aspects of our business in the financial reports and the Management's Discussion & Analysis further along in this annual report.

Our Commitment to Corporate Governance

Our financial performance is an important measure by which we are judged, but it is not the only measure. We subscribe to practicing the highest standards of corporate governance, and we are committed to it in the long-term interests of our stakeholders.

We are pleased that we emerged as one of the top five Malaysian companies that have the best corporate governance disclosure record in a joint study conducted by Standard & Poor's and the National University of Singapore Business School's Corporate Governance and Financial Reporting Centre in 2004. This recognition urges us to strive even harder to ensure sufficient disclosure so that investors and others can assess our performance and governance practices, and can respond in an informed manner.

We will be implementing a Corporate Disclosure Policy as recommended by the Best Practices in Corporate Disclosure launched by Bursa Malaysia last August. This will ensure that we deliver accurate, timely and consistent information to the market. As has been the case with prior years, we intend to adhere to rigorous standards and practices in this increasingly important area.

Corporate Social Responsibility

Our culture extends beyond business, and we recognise that part of being a good corporate citizen is being socially responsible.

In response to the tsunami tragedy last December, MMC and our staff responded through donations in cash and kind of almost RM200,000 to relief organisations involved in aid work here and abroad. These include Tabung Bencana Tsunami Utusan, the Malaysian Red Crescent Society and Mercy Malaysia. You will find an overview of other activities in this area in our Corporate Social Responsibility report.

The Future

While much has been accomplished, we still need to focus on the future. Growing our business is a key priority and we will carry on drawing value from our businesses to further enhance value for our shareholders.

We will continue to pursue business opportunities both locally and abroad. We are mindful however that we will expand overseas only in areas where we have a core competence, and a track record to demonstrate our capabilities. Given the Group's experience and leading industry position, we believe we are reasonably well placed to plan and respond accordingly.

We realise that our main asset is our people, and we will continue to attract, develop and retain the most talented people available to ensure our business objectives are met. We are conducting a review to ensure that our employee compensation plan is fair, and that those who meet their targets are rewarded accordingly.

MMC has come a long way since its mining days. Today, our vision is to be a premier Utilities and Infrastructure Group. With the shift in focus, it is fitting that MMC adopts a new logo to reflect the changes that have taken place and the progress the Group has achieved. It is therefore with great pleasure that we unveil the new MMC logo in this annual report. We believe the new logo is a strong reflection of the growing businesses we represent and projects the Group's dynamism for the future.

Appreciation

I would like to express my sincere thanks to our shareholders for their continued support; to our business partners, financiers and clients, for their confidence and trust; and to my colleagues on the Board for their leadership and counsel.

Most of all, my thanks to our employees, who have worked hard to ensure the success of our Company and its vision. With you, we remain focused on the future and the many exciting opportunities that lie ahead.

Sincerely,

Dato' Wira Syed Abdul Jabbar bin Syed Hassan
Chairman

MD&A

management's
discussion
& analysis

Dato' Ismail Shahudin
Group Chief Executive

Overview

2004 has been an exciting and defining year for MMC. We extended our leadership in our three core businesses to secure a strong performance, with record revenue and higher profits driven by double-digit earnings growth from all three divisions. Today, we are completely focused on creating sustainable growth and firmly moving towards our vision to be a premier Utilities & Infrastructure Group.

Listed Company

Non-Listed Company

% (Percentage figure denotes Group's interest), except in the case of IJM and Zelan

MMC

Transport & Logistics

	%
Pelabuhan Tanjung Pelepas [container port and logistics hub]	50.1
Konsortium Lebuh Raya Butterworth-Kulim [toll road operator]	100
MMC Metal Industries [transport engineering]	75.8

Energy & Utilities

	%
Malakoff [power generation]	22.3
Gas Malaysia [natural gas distribution]	41.8
Recycle Energy [waste management, recycling and renewable energy]	45.6

Oil & Gas

MMC Oil & Gas [design engineering services]	99.9
Tepat Teknik [steel fabrication works]	69.9

Engineering & Construction

	%
Tronoh [investment holding]	39.2
Zelan [power plant construction]	100
IJM [major infrastructure works]	20
MMC Engineering & Construction [engineering services]	99.9

Others

	%
Malaysia Smelting Corporation [tin mining & smelting]	38.2
Integrated Rubber Corporation [manufacturing and trading of rubber gloves]	20.1
Kramat Tin Dredging [refocusing business]	52.9
Seginiaga Rubber Industries [weather strip manufacturing]	75.6
MMC Defence [defence contracting]	30

Consolidated operations

We posted a profit before tax of RM459 million for 2004, an increase of 108% over the previous year. Excluding the gain from the sale of Sime Darby shares, our profit before tax grew by 60% to RM351 million, net profit after tax and minority interests increased by 58% to RM183 million and earnings per share increased by 57% to 16 sen. The results for the period under review were based on 11 months pursuant to a change in year-end from 31 January to 31 December.

Our revenue grew to a record RM1.4 billion, up 18% from the previous year, driven by a 36% growth in the Energy & Utilities division and a 13% growth in the Transport & Logistics division. Revenue from the Engineering & Construction division remained relatively flat due to the softening in the construction sector.

Our total gross assets stand at RM7.5 billion and total shareholders' funds increased by 8% to RM3.3 billion. Our net tangible assets increased by 37% to 87 sen per share.

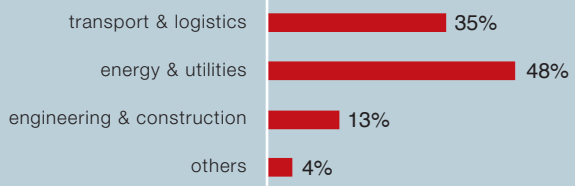
Liquidity

The Group ended the year with RM362 million in cash and deposits, an increase of 44% over the previous financial year. We have sufficient cash flow to comfortably cover our debt service requirements and undertake projects in hand. Individual companies within the Group have sufficient internally-generated cash to sustain their operations and develop future businesses, without having to seek recourse to the holding company.

Borrowings

We have taken definitive measures to reduce our debt from the proceeds of sale of non-core assets. With the sale of 32 million Sime Darby shares during the period under review, the Group's borrowings stood at RM3.2 billion as at 31 December 2004. We sold a further 50 million Sime Darby shares and 6.1 million Malaysia Smelting Corporation shares during the current financial year, and with these disposals, the

Revenue contribution by division



Group's borrowings have been reduced to RM3 billion and our debt-to-equity ratio to 0.9 times.

Out of the total debt, RM2 billion is PTP's debt which is project financing and RM300 million was taken by Gas Malaysia to fund their pipeline expansion programme, both of which are non-recourse to the holding company. The balance of RM700 million in debt emanates principally from the debt at the holding company.

Goodwill

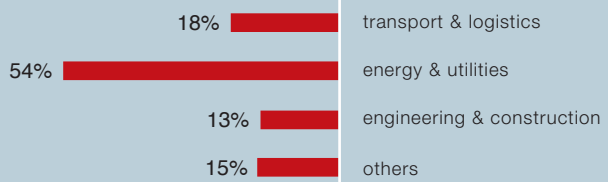
The Group continued with its policy of amortising goodwill from the acquisition of subsidiaries using a straight-line method over its useful life. In respect of associates, the goodwill on acquisition is included in the amount of investments in associates and impairment loss is recognised only when there is a diminution in their value, which is other than temporary.

Goodwill arising from the acquisition of PTP is being amortised, resulting in an annual charge of RM34.9 million in the Income Statement.

Prospects

Our strong performance further strengthens our confidence in our outlook for continuing growth this year. PTP will continue to experience strong growth, driven by the current upturn in the world economy and the increase in world containerisation and trade. The Energy & Utilities division will continue to contribute strong cash flows and earnings, with Malakoff continuing to be the major earnings contributor in the immediate future, while Gas Malaysia is expected to deliver sustained progress arising from new customer acquisitions. Our Engineering & Construction division will focus on securing projects based on their engineering, procurement and construction capabilities with a focus on power plants, and major infrastructure and civil works, both locally and abroad.

Profit contribution by division

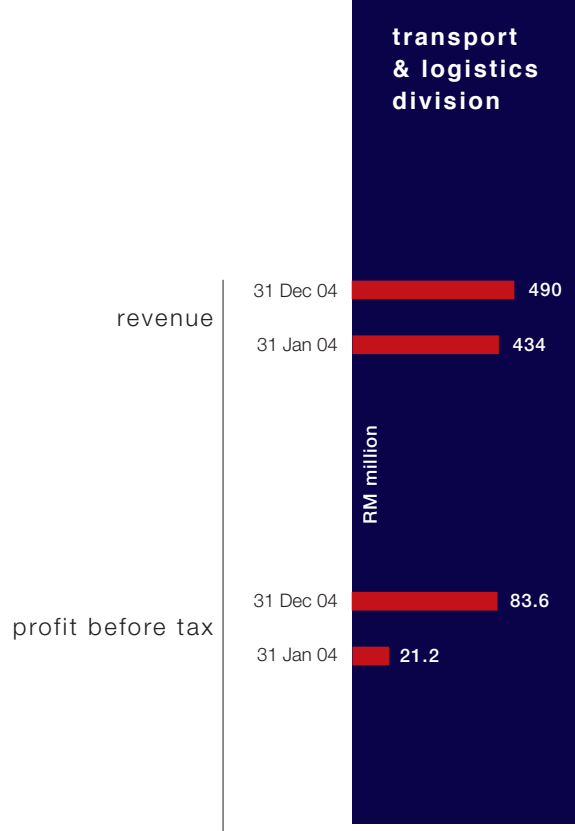


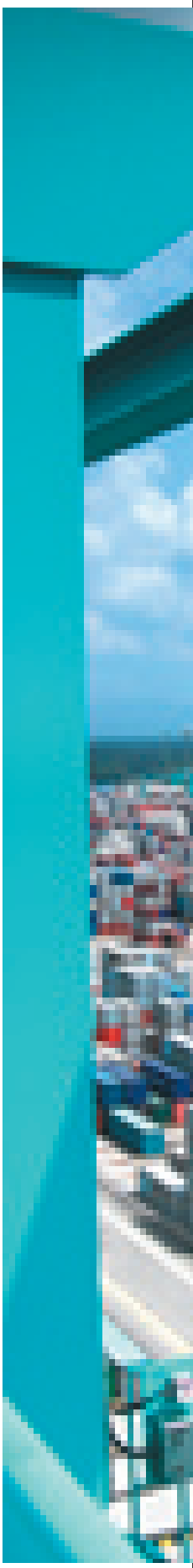
Note: The main contributor to the Energy & Utilities division was Malakoff which, being an associate, does not contribute to the Group's revenue

segment operations

transport & logistics

The Transport & Logistics division contributed RM490 million to Group revenue, a 13% increase over the previous year, attributed principally by a 15% increase in PTP's throughput growth. This division's profit before tax grew threefold to RM83.6 million, driven by PTP's better performance.

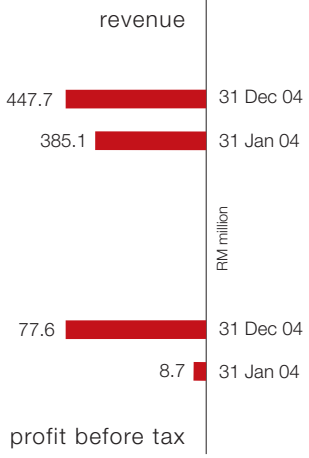




Malaysia's No. 1 container terminal sets world productivity record

PTP set a world gross berth productivity record of 340 gross berth moves per hour last year on the vessel A.P. Moeller, shifting more than 4,000 containers in less than 13 hours. The port maintained its position as Malaysia's No. 1 container terminal with a new throughput record of over 4 million TEUs in 2004 and was recognised as "Container Terminal of the Year 2004" at the Asia Logistics Awards.

PTP



PTP's revenue grew by 16% to RM447.7 million, driven by a 15% increase in throughput handled. Profit before tax grew to RM77.6 million from RM8.7 million, principally attributed by the increase in revenue.

PTP continued to deliver world-class service to main line operators. In 2004, the port recorded an impressive average of 34.6 gross moves per hour, and achieved a world gross berth productivity record of 340 gross moves per hour, breaking its own previous world productivity record. These high levels of efficiency and reliability were crucial in allowing PTP to achieve a new throughput record of more than four million TEUs in 2004, solidifying its position as Malaysia's top container terminal.

Last year saw the completion of the construction of the first two berths of PTP's second phase development programme. These new berths (berths 7 and 8) are designed to accommodate future generation container vessels with up to 250,000 tonnes displacement and increase the port's handling capacity to over 6 million TEUs. PTP is also expanding its container yard capacity which will add an additional 40% to current yard capacity, bringing the storage capacity to 154,000 TEUs from 110,000 TEUs.

With its world-class infrastructure and efficiency, excellent connectivity and competitive rates, PTP is fast being recognised as the premier transhipment hub in Southeast Asia. The outlook is promising and with the increase in world containerisation and trade, we expect the port to extend its leadership position and drive the Group's long-term earnings growth.

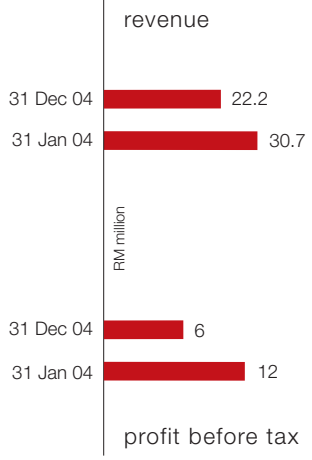
port operations

KLBK

Traffic volume on the Butterworth-Kulim Expressway grew by 8% to an average of 52,000 vehicles per day, recording steady growth over the previous year.

KLBK recognised a net toll compensation of RM1.9 million during the period under review for not increasing toll rates in 2003, as provided for in the Concession Agreement. During the previous financial period, KLBK had recognised a net toll compensation of RM8.6 million for not increasing toll rates in 2001 and 2002.

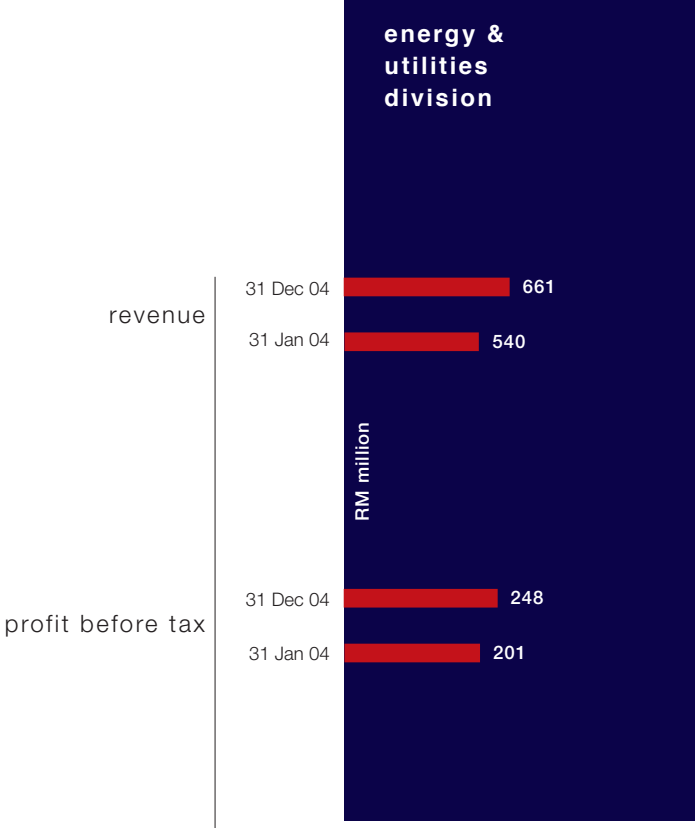
Excluding the impact of toll compensations, profit before tax grew by 19% to RM4.1 million from RM3.4 million, principally attributed by traffic growth. The company is continuing negotiations with the Government on the balance compensation claims for not increasing toll rates from 2004 onwards, as provided for in the Concession Agreement.



toll road operations

energy & utilities

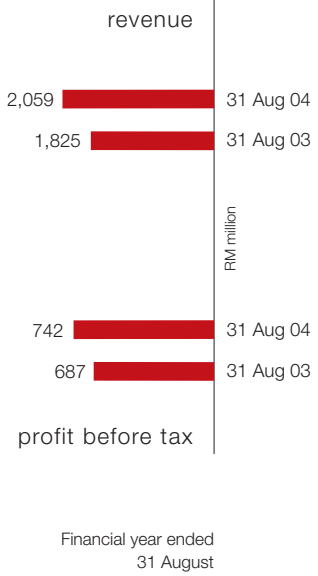
Our Energy & Utilities division continued to deliver solid returns to the Group, contributing RM661 million to Group revenue, a 36% increase over the previous year. This is principally due to a marked increase in the sale of natural gas by Gas Malaysia arising from a record number of new customer acquisitions. This division's profit before tax increased by 23% to RM248 million, and we expect this division to continue contributing strong cash flows and earnings to the Group.



Malaysia's leading independent power producer expands for growth

We derived great value from our investment in Malakoff, through strong capital appreciation and good dividends. The company's expansion plans are well underway. Malakoff will supply 25% of the nation's installed capacity once its 2,100MW Tanjung Bin power plant is fully commissioned in 2007.

Malakoff



Malakoff continued to be the main contributor to our earnings, accounting for 47% of the Group's profit (excluding the gain from the sale of Sime Darby shares). The company's profit before tax grew by 8% to RM742 million. With its strong performance, Malakoff declared a full-year dividend of 28 sen per share less 28% tax, 3 sen higher than the previous year.

With the completion of its acquisition of an additional 5% stake in Port Dickson Power and a 40% stake in the Kapar power plant, Malakoff has increased its effective generation capacity to 2,885MW, which is approximately 18% of the power generated in Peninsular Malaysia. Malakoff will have an effective generation capacity of over 5,000MW, equivalent to 25% of the nation's installed capacity, once the 2,100MW Tanjung Bin power plant is fully commissioned in 2007.

Malakoff not only generates a stable income for MMC but also has the potential for a quantum leap once the expanded capacity is operational. With increasing demand for electricity, Malakoff should continue to experience sustainable growth, and provide us with a steady income stream in the coming years.

power generation

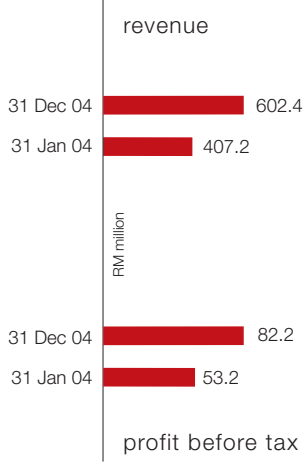
Gas Malaysia

Gas Malaysia's revenue grew by 48% to RM602.4 million, driven by a 49% increase in sales volume, attributed by a record 50% increase in new industrial customers during the last year. Profit before tax grew by 54% to RM82.2 million.

The company's supply-driven approach - proactively building pipelines into areas where there is anticipated demand – and high oil prices throughout 2004 have resulted in 126 new industrial customers last year. These new customers contributed 15% to the company's sales volume for the period under review.

Gas Malaysia continued its aggressive pipeline expansion plan and added 255 km of new pipelines to its network last year, and now operates 1,099 km of pipelines. The company is investing RM130 million annually as part of this expansion plan.

With natural gas positioned as a more affordable energy solution compared to competing fuels, Gas Malaysia will continue to implement its aggressive expansion plan, and is expected to experience continuing growth in the coming years.



natural gas distribution

Design Engineering in Oil & Gas

MMC Oil & Gas Engineering Sdn Bhd recorded a 34% increase in revenue to RM39.6 million, principally attributed by revenue from overseas contracts, like the Melut Basin development project in Sudan, Resalat Offshore Complex Reconstruction in Iran, Topside Upgrade for Qatar Petroleum and the Ruby A Gaslift project in Vietnam.

Locally, the company continues to reinforce its position as the country's leading oil & gas design engineering company, working with clients like Sarawak Shell, Petronas Carigali, ExxonMobil, Murphy Oil and Talisman. MMC Oil & Gas will continue to expand its engineering design capability both locally and overseas, particularly to South East Asia and the Middle East.

Waste Management, Recycling and Renewable Energy

We are acquiring a 51% stake in Recycle Energy Sdn Bhd, a company that was set up to commercialise a new technology to convert municipal solid waste ("MSW") into energy. This private sector initiative utilises home-grown technology which was developed by Core Competencies Sdn Bhd in collaboration with the Malaysian Institute for Nuclear Technology Research and Universiti Putra Malaysia.

Recycle Energy has secured a concession for processing MSW for the Kajang Municipal Council, and is building a recycling centre and a Refuse-Derived Fuel waste-to-energy plant that will be able to process 700 tons of MSW per day. The plant will have the capacity to produce 5MW of electricity that will be supplied to the national grid, once completed in 2006. This investment marks the start of a new venture in the larger waste management business.

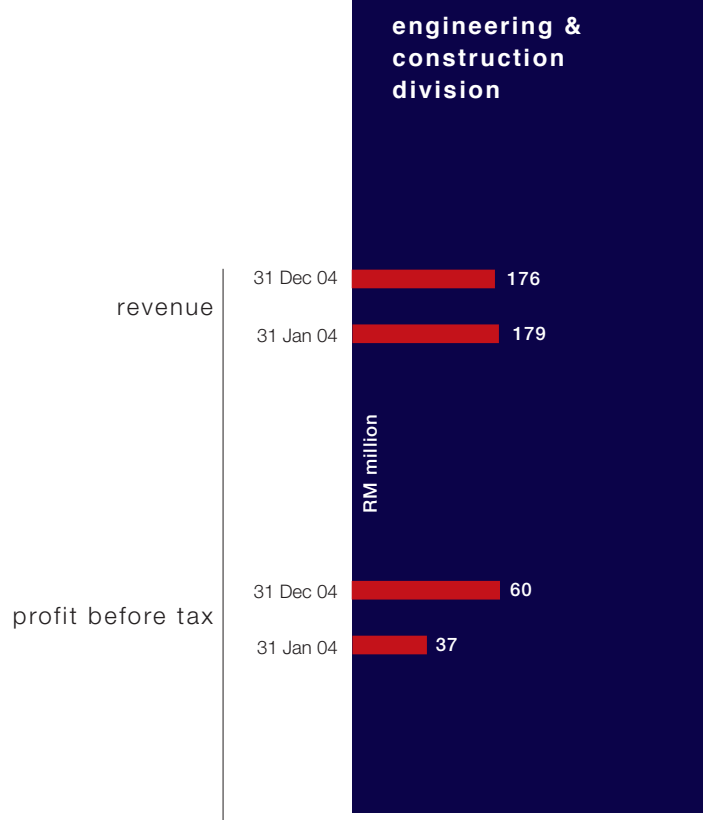
Steel Fabrication

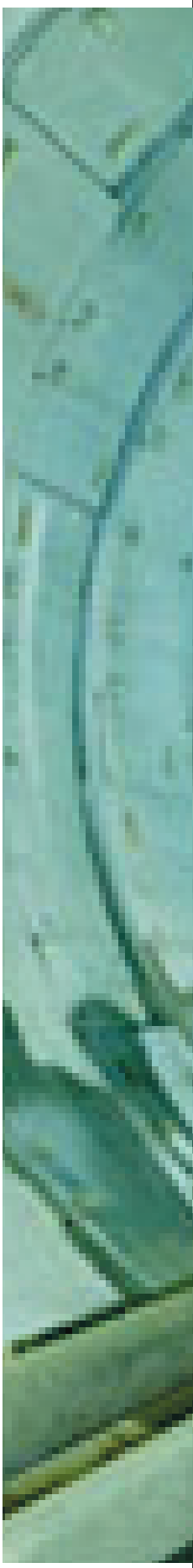
Tepat Teknik Sdn Bhd faced another challenging year, as revenue declined by 31% to RM34.5 million from the previous year as a result of lower orders. The company recorded a loss before tax of RM1.2 million from the impact of escalating raw material prices and fierce competition.

Revenue was generated mainly by the oil & gas, power generation and petrochemicals sectors. These include the fabrication of the exhaust duct system for the Dah Tarn project in Taiwan and the fabrication of the circulating water piping system for the Tanjung Bin power plant. Tepat Teknik is reinventing itself in the face of increasing competition and is looking at forming strategic business alliances with foreign technology-based partners to develop new businesses and provide higher-value products.

engineering & construction

The Engineering & Construction division recorded a 62% increase in profit before tax to RM60 million, attributed by Tronoh's better results, mainly due to the consolidation of Zelan's results and share of IJM's profits. The division's revenue remained relatively flat at RM176 million, reflecting the softening of the construction sector.

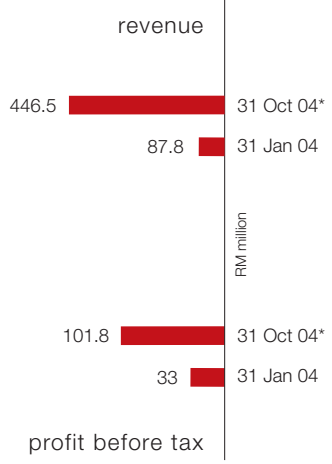




SMART's grand vision for a new future for Kuala Lumpur is becoming an imminent reality

This ambitious engineering project reached a new milestone last December. Tuah, one of the project's two tunnel boring machines, broke through the north junction box in Jalan Cochrane, after drilling under the streets of Kuala Lumpur for five months. The two machines will bore 9.7 km under the city to create a stormwater tunnel that will divert flood water away from and bypass the city centre.

Tronoh



* Results for the three quarters ending 31 October 2004

Tronoh recorded a profit before tax of RM101.8 million for the three quarters ending 31 October 2004 mainly due to the consolidation of Zelan's results of RM47.2 million, share of profit of IJM of RM30.9 million and gains on disposal of investments of RM28.5 million.

Zelan is a turnkey 'design & build' civil contractor for power plants and is currently undertaking the engineering, procurement and construction ("EPC") contract for the 2,100MW Tanjung Bin power plant together with Sumitomo Corporation. The company has participated in the construction of 14 power plants in Malaysia and Singapore and is looking to export its expertise to the rest of Asia and the Middle East to build on its order book of RM1 billion.

IJM continues to reinforce its position as one of Malaysia's leading construction companies. The company has been very successful overseas, recently securing a RM480 million highway project in Rajasthan, India and was part of a consortium that won a RM263 million contract to construct a building at the Dubai International Airport. With an order book of RM2.6 billion, we expect IJM to continue performing well and contribute positively to the Group, via Tronoh.

Tronoh is expected to register better results this year with the full year consolidation of Zelan's results and share of profit of IJM.

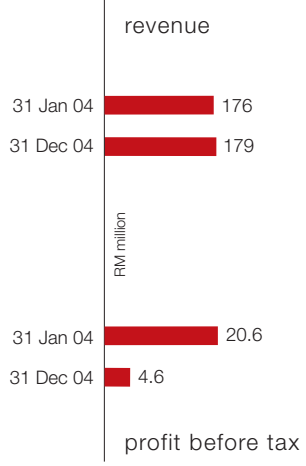
power plant & infrastructure

MMC Engineering & Construction

Within MMC, our Engineering & Construction unit's revenue remained relatively flat at RM176 million. The unit registered a profit before tax of RM20.6 million, principally attributed by profit from the SMART project. Work on the SMART project is on schedule and is expected to be completed by December 2006. The project is currently 43% complete.

This unit has also played a crucial supporting role in building the infrastructure required for other divisions. The unit was involved in the construction of PTP's two new berths and the engineering, procurement, construction and commissioning ("EPCC") of the natural gas distribution system contract for Gas Malaysia.

Last July, a consortium led by MMC was awarded an EPCC contract for the export pipeline for the Melut Basin Development project in Sudan. This division will leverage on successes such as these to secure more projects, both locally and abroad.



engineering services & construction

other businesses

The main contribution came from Malaysia Smelting Corporation Bhd ("MSC"), which recorded a profit before tax of RM130.8 million, driven by higher tin prices. We sold part of our stake in MSC to capitalise on the company's good run. Moving forward, MSC is expected to continue to post good earnings with expectations of continuing high tin prices.

Seginiaga Rubber Industries Sdn Bhd recorded a relatively flat revenue of RM25.2 million, reflecting the increasingly competitive market that the local automotive players are going through with the increasingly liberalised environment. The company is diversifying into other related areas to minimise its dependence on the automotive market.

Integrated Rubber Corporation Bhd completed its restructuring scheme in July 2004 which regularised its position under PN4 and PN10 of the listing requirements and transformed the company into a manufacturer of natural rubber latex ("NRL") gloves. The company is optimistic about its growth prospects in view of the expected increase in global demand for NRL medical examination gloves.

Kramat Tin Dredging Bhd entered into a restructuring arrangement in April 2004 that will regularise its position under PN10 of the listing requirements and transform the company into a property development company. Kramat is working with its advisors to secure the necessary regulatory approvals to implement this scheme.

Embracing the future

We will focus on drawing value from our business and continue to extend our leadership position in the core businesses that we operate. Our diversified portfolio of leading businesses offers investors an attractive mix of stable earnings and strong growth potential. We will continue our focus to drive sustainable growth, and create more value for our shareholders.

Dato' Ismail Shahudin
Group Chief Executive

highlights of the year 2004

Jan 19

Ground-breaking ceremony of Tanjung Bin Power Plant

The Menteri Besar of Johor, YAB Dato' Haji Abdul Ghani bin Othman, officiated the ground-breaking ceremony of the 2,100MW Tanjung Bin Power Plant. When comissioned, the plant will offer low-cost base load energy to the nation. The plant is also expected to play a key role in realising the Government's plans for transforming South-West Johor into a new growth area.

Feb 12

Prime Minister visits PTP

The Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi, visited PTP for the first time on 12 February 2004. The Prime Minister challenged the port to grow and become the best in the region. "You are improving and moving in the right direction. Now you have to achieve the vision of becoming the best in the region," he said when launching PTP's port community portal. The portal enables port users to exchange information real-time and forms part of PTP's initiative to continuously improve the port's productivity.

Apr 24

Restructuring of Kramat

Kramat Tin Dredging entered into a restructuring arrangement to regularise its position under the Listing Requirements and transform into a property development company.

Apr 30

MMC acquires Recycle Energy

MMC entered into an agreement to acquire 51% of Recycle Energy Sdn Bhd, a company that was set up to commercialise a new technology to convert waste into energy. In June 2004, Recycle Energy signed a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad to supply 5MW of electricity to the national grid.

May 28

MMC AGM & Analyst Briefing

MMC held its 28th AGM at the Kuala Lumpur Golf & Country Club. The Company also held an analyst briefing to provide the investment community with an update on the Group's results and prospects.

June 2

SMART signs Concession Agreement with the Government of Malaysia

Syarikat Mengurus Air Banjir & Terowong Sdn Bhd ("SMART Sdn Bhd"), a 50% associate company of MMC, signed a Construction cum Concession Agreement with the Government of Malaysia for the implementation of the SMART Project.

June 4

Change of Name

The Company changed its name from Malaysia Mining Corporation Berhad to MMC Corporation Berhad to better reflect its core businesses and the change in the Company's focus.

Jul 26

MMC-led consortium wins US$65.5 million Sudan project

A consortium led by MMC was awarded an EPCC contract for the export pipeline measuring 490 kilometres for the Melut Basin Development project in Sudan.

Aug 12

Gas Malaysia issues RM700m Islamic bonds

Gas Malaysia signed an agreement for a RM700 million Islamic Private Debt Securities (IPDS) Issuance Programme.

This is Gas Malaysia's first fund-raising exercise via IPDS and the proceeds will be used to part finance the construction and expansion of the company's natural gas pipelines as well as for its working capital requirements.

Sept 23

Recycle Energy receives Joint-Research Innovation Award

Recycle Energy received the "Joint-Research Innovation Award between the Public & Private Sector" for its collaboration with the Malaysian Institute for Nuclear Technology Research and Universiti Putra Malaysia for the development of a Solid Waste Disposal Technology and the Production of Refuse-Derived Fuel.

Oct 9

PTP wins prestigious "Container Terminal of the Year 2004" Award

The year 2004 marked a new chapter for Malaysia's port industry when PTP was recognised as "Container Terminal of the Year 2004" at the Asia Logistics Awards.

Datuk Mohd Sidik Shaik Osman, PTP CEO, said "The port is deeply honoured to have won this prestigious award, especially in view of the highly competitive field in this category. Being nominated together with two of the world's leading ports was an honour in itself." Co-nominees for the award were PSA Singapore, Hong Kong Port and Westport.

Dec 11

SMART celebrates a new milestone

Perhaps the first of its kind in the world, this ambitious engineering project, a stormwater channel and a three-km motorway passage built into a single tunnel, reached a new milestone recently.

Tuah, one of the project's two tunnel boring machines, which started drilling work northbound in July 2004, broke through the North Junction Box (where the stormwater tunnel and motorway converge/diverge) in Jalan Cochrane on 11 December 2004; marking the end of its 734 m drive.

The project is 43% ready and is expected to be completed in December 2006.

audit committee report

Meetings

Meetings are scheduled at least four times a year, and will normally be attended by the Group Chief Executive, Group Chief Operating Officer, Senior Internal Auditor and upon invitation, the external or internal audit consultants. Other Board members may also attend meetings upon the invitation of the Audit Committee. At least once a year the Audit Committee shall meet with the external auditors without any executive officer of the Group being present. The Auditors, both internal and external, may request a meeting if they consider that one is necessary.

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

The Audit Committee had five meetings during the last financial year. The external auditors attended four of these meetings. The internal audit consultants, Ernst & Young, tabled to the Audit Committee operational audit reports, which they carried out during the year.

Authority

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

- The authority to investigate any matters within its terms of reference;
- The authority to utilise the resources which are required to perform its duties;

The Audit Committee comprises the following members, all of whom are independent Directors:

third from left:

Encik Halim bin Haji Din
Chairman

from left:

Dato' Abdullah bin Mohd. Yusof

Tan Sri Dato' Thong Yaw Hong

Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin
(appointed on 16 February 2005)

- Full, free and unrestricted access to any information, records, properties and personnel of any company within the Group;
- Direct communication channels with the external and internal auditors;
- The ability to obtain independent, professional or any other advice; and
- The ability to convene meetings with the external and internal auditors.

Duties and Terms of Reference

i) Consider the appointment of the external and internal auditors, the audit fees and any questions of resignation or dismissal, and inquire into staffing and competence of the external and internal auditors in performing their work.

ii) Discuss the nature and scope of the audit in general terms and any significant problems that may be foreseen with the external and internal auditors before the audit commences and ensure that adequate tests to verify the accounts and procedures of the Group are performed.

iii) Discuss the impact of any changes in accounting principles or standards on financial statements.

iv) Review the results of the operational audit reports and monitor the implementation of any recommendations made therein.

v) Review the quarterly results and annual financial statements before submission to the Board, focusing particularly on:
   - any changes in accounting policies and practices;
   - major judgmental areas;
   - significant adjustments resulting from the audit;
   - the going concern assumptions;
   - compliance with accounting standards; and
   - compliance with the regulatory requirements.

vi) Discuss problems and reservations arising from the interim and final audits, and any other matters the external auditors may wish to discuss (in the absence of management, where necessary).

vii) Ensure that the Internal Audit function is adequately resourced and has appropriate standing within the Company.

viii) Review the internal audit programme, consider the major findings of Internal Audit investigations and management's response and ensure co-ordination between the internal and external auditors.

ix) Keep under review the effectiveness of internal control systems and, in particular, review the external auditor's management letter and management's response.

x) Review any related party transactions that may arise within then Group to ensure that they are carried out at arm's length.

xi) Carry out such other assignments as required by the Board.

xii) Report promptly to Bursa Malaysia on any matters reported by Bursa Malaysia to the Board of Directors which have not been satisfactorily resolved resulting in a breach of the Listing Requirements.

xiii) Review audit reports of subsidiaries together with the Audit Committee or Board of Directors of those subsidiaries.

xiv) To review arrangements established by management for compliance with any regulatory or other external reporting requirements, by-laws and regulations related to the Group's operations.

Internal Audit Function

The internal audit function is carried out by Ernst & Young, to whom the function has been outsourced for a three-year period ending January 2007.

The Internal Audit department overlooks the overall Group internal audit function and coordinates communication between the Group and Ernst & Young, and is tasked to ensure that the consultant carries out its duties diligently in accordance with the agreed terms between the parties.

This Department also assists the Board in monitoring and managing risks and internal controls and provides independent assessment for adequate, efficient and effective internal control systems in anticipating potential risk exposures over key business processes.

The Audit Committee approves the internal audit plan submitted by Ernst & Young prior to the commencement of a new financial year. The scope of internal audit covers the audits of all business units and operations, including head office functions.

The Group practices a risk-based approach to the implementation and monitoring of controls. The monitoring process also forms the basis for continually improving the risk management culture within the Group, which assists in achieving the Group's overall goals.

Throughout the last financial year, audit assignments and follow-up reviews were carried out on units of operations and subsidiaries, in accordance with the annual audit plan or as special ad-hoc audits at management's request. The resulting reports of the audits undertaken were presented to the Audit Committee and forwarded to the parties concerned for their attention and necessary action.

The management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required timeframe. The management is also responsible for ensuring a status report of action plans taken on audit findings is sent to the internal auditor for review and subsequent presentation to the Audit Committee.

Internal Audit Activities

A summary of the Group's internal audit function during the financial year is as follows:

- Examine the controls over all significant Group operations and systems to ascertain whether they provide reasonable assurance that the Group's objectives and goals will be met efficiently and economically;
- Prepare the annual audit plan for deliberation by the Audit Committee;
- Act on suggestions made by external auditors and/or senior management on concerns over operations or control;
- Carry out operational audits and make recommendations for improvement, where weaknesses exist.
- Report on whether corrective actions have been taken and are achieving the desired results.

Summary of Activities

The main activities performed by the Audit Committee during the financial period ended 31 December 2004 were as follows:

- Reviewed and approved the internal audit plan for the financial year ending 31 December 2005. In its review, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group and Ernst & Young's basis of assessment and risk rating of the proposed audit areas.
- Reviewed the audit strategy and scope for statutory audits of the Group accounts with the external auditors.
- Reviewed the unaudited quarterly financial statements and the audited accounts of the Company and the Group and recommended the same to the Board.
- Reviewed the findings of the external auditors and follow-up on the recommendations.
- Reviewed the internal audit reports and made the appropriate recommendations.
- Reviewed and appraised the adequacy and effectiveness of management response in resolving the audit issues reported.
- Met with the external auditors without the presence of the management team to ensure the independence of the audit by the external auditors.
- Reviewed the audit processes and investigations undertaken by the internal auditor, the audit findings and risk analysis on each audit assignment and emphasised on follow-up audits to ensure that appropriate corrective actions are taken and audit recommendations are implemented.

Other issues discussed by the Audit Committee were as follows:

- The proposal to establish an Audit Committee at Pelabuhan Tanjung Pelepas;
- Internal Control Statement and Audit Committee Report for inclusion in the Annual Report;
- The Quality Assurance and ISO audit reports carried out on the SMART Project;
- The reorganisation of the Finance Department.

statement on corporate governance

Our financial performance is an important measure by which we are judged, but it is not the only measure. We subscribe to practicing the highest standards of corporate governance, and we are committed to it in the long-term interest of our stakeholders.

We are pleased that we emerged as one of the top five Malaysian companies that have the best corporate governance disclosure record in a joint study conducted by Standard & Poor's and the National University of Singapore Business School's Corporate Governance and Financial Reporting Centre in 2004. This recognition urges us to strive even harder to ensure sufficient disclosure so that investors and others can assess our performance and governance practices, and can respond in an informed manner.

STANDARD & POOR'S

Corporate Governance & Financial Reporting Centre

A. DIRECTORS

Aa. The Board

The Company is controlled and led by a Board of Directors who are responsible to the shareholders for the management of the Company. The Board is responsible for the Company's overall strategy and objectives, its acquisition and divestment policies, major capital expenditure 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 in relation to these budgets. During the period ended 31 December 2004, a total of six board meetings were held. All Directors attended more than 50% of these meetings in compliance with the Listing Requirements.

The roles of the Chairman and Group Chief Executive do not vest in the same person. In fact, specific terms of reference are set out for both key positions to ensure that their roles are clearly distinguished.

In fully embracing the spirit of corporate governance and to facilitate the discharge of the Board's stewardship responsibilities, the Board has adopted six specific responsibilities as prescribed by the Best Practices of the Malaysian Code on Corporate Governance.

Ab. Board Balance

The Board comprises two executive Directors and eight non-executive Directors, four of whom are independent. This composition demonstrates the range of experiences necessary for applying independent judgment on issues of strategy, performance, resource utilisation and standards of conduct, all of which are vital to the Company. The mixture of technical, entrepreneurial, financial and business skills of the Directors also enhances the effectiveness of the Board.

The Board is structured so that one third consists of independent Directors with expertise and skills from various fields. The interest of major shareholders are fairly reflected by the representation of their nominees on the Board. To further promote the active participation of Board members, the Chairman encourages healthy debate on important issues. The Board has also appointed Tan Sri Dato' Thong Yaw Hong as its senior independent Director, to whom the concerns of fellow members may be conveyed.

The non-executive Directors monitor the Company and the management. The Board plays a significant role in the development of Group policy and form a number of Board committees, which consist exclusively of non-executive Directors. There is an adequate degree of independence and a practice in place to allow Directors to meet and actively exchange views to ensure that the Board can effectively assess the direction of the Company and the performance of its management.

Ac. Supply of Information

The Board has a formal schedule of matters reserved specifically for its decision. It meets at least five times a year, and as and when necessary for any matters arising between regular Board meetings. The Board is supplied with information in a timely fashion and appropriate quality to enable them to discharge their duties and due notice is given to Directors with regard to issues to be discussed. All resolutions are recorded and thereafter circulated to the Directors for comments before minutes of proceedings are finalised and confirmed.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. Towards this end, there is an agreed procedure in place for Directors to acquire independent professional advice to ensure the Board functions effectively. All Directors have access to the advice and services of a company secretary whose appointment and removal is a matter for the Board as a whole. The company secretary is responsible for ensuring that Board procedures are met and advises the Board on compliance issues.

Board visit to Gas Malaysia in March 2004

Board visit to PTP in January 2005

Ad. Appointments to the Board

As an integral element of the process of appointing new Directors, the Company has an orientation and education programme for incoming Directors to help them familiarise themselves with the Company's businesses, strategic plans and objectives. Regular training sessions are thereafter continuously held to ensure that Directors are kept abreast of the latest development and changes in the law and commercial practices and risks.

In line with the Best Practices of the Code, the Board has established a Nomination Committee, composed exclusively of non-executive Directors, the majority of whom are independent. Their function is to propose new nominees to the Board and Board committees, and to assess Directors within the Group on an ongoing basis. To ensure that the Board and their committees are effective, the Nomination Committee has developed and implemented an annual evaluation process to assess the effectiveness of the Board, the committees and each individual Director.

The Board, through the Nomination Committee, also reviews its size and overall composition, to ensure that the Board has the required mix of skills and experience to effectively discharge its duties. The company secretary has the obligation to ensure that all appointments are properly made in accordance with the regulatory requirements.

Ae. Re-election

All Directors are required to submit themselves for re-election by shareholders at least once every three years in accordance with the Company's Articles of Association. However, under the Articles, retiring Directors are eligible for re-election. In addition, pursuant to the Companies Act, 1965, Directors who are over the age of seventy years are required to retire from office at every general meeting and shall be eligible for re-appointment to hold office until the next AGM.

B. DIRECTORS' REMUNERATION

Ba. The Level and Make-up of Remuneration

The Board, through its Remuneration Committee annually reviews the performance of the executive Directors as a prelude to determining their annual remuneration, bonus and other benefits / incentive awards. The Board also, as a whole, reviews the level of remuneration to ensure that it is sufficient to attract and retain Directors needed to run the Company successfully. Naturally, individual Directors are not allowed to deliberate on their own remuneration.

Bb. Procedure

The Remuneration Committee has the responsibility to recommend to the Board, the compensation and benefits of the executive Directors. In discharging this duty, the Remuneration Committee will evaluate the executive Directors' performance against the goals and objectives set by the Board. Towards this end, the Company has in place a formal and transparent evaluation procedure to ensure that the remuneration packages of Executive Directors are competitive and attractive.

The remuneration of non-executive Directors is reviewed by the Board as a whole from time to time to ensure that it is aligned to their duties and responsibilities. Every year, a questionnaire is sent to each Director for the Director to assess the effectiveness of the full Board and the committee(s) which the Director serves. In principle, the questionnaire will ask the Directors to evaluate the quality of information and analysis presented to them. It will also solicit their comments on the effectiveness of the Board or committee's discussions as well as their suggestions for improving the function of the Board and the relevant committees. The Directors would be asked to provide their responses to the Chairman of the Board who is also the Chairman of the Nomination Committee.

Bc. Disclosure

The fees payable to non-executive Directors are approved by shareholders at the AGM based on the recommendation of the Board. The fees payable to each of the non-executive Directors are determined by the Board as a whole. The Company reimburses reasonable expenses incurred by the Directors in the course of their duties as Directors.

The aggregate remuneration of the Directors categorised into the appropriate components are as follows:

Category	Fees (RM)	Salaries RM'000	Meeting and other allowances (RM)	Benefits in kind (RM)
Executive Directors	-	1,390	-	46,002
Non-Executive Directors	429,228	-	169,000	17,508

The remuneration paid to the Directors within the following bands are as follows:

Amount of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
Less than RM50,000	-	5
RM50,000 to RM100,000	-	3
RM100,000 to RM150,000	-	1
RM350,000 to RM400,000	1	-
RM950,000 to RM1,000,000	1	-

The disclosure of Directors' remuneration is made in accordance with Appendix 9C, Part A, item 10 of Bursa Malaysia's Listing Requirements. The Board of Directors is of the opinion that separate disclosure would not add significantly to the understanding of shareholders and other interested persons in this area.

Analyst briefing in May 2004

C. SHAREHOLDERS

Ca. Dialogue between the Company and Investors

The Company views investor relations as encompassing three vital and inter-related components:

1 Communications

Our objective is to give investors the best information possible so that they can accurately apply it to evaluate the Company. As we report new developments and financial results, investors assess how each piece of information fits into the Company's overall strategy. Information creates insights that help investors make informed decisions about the fundamental strengths and prospects of the Company.

2 Building mutually beneficial relationships with investors

Relationships are built on integrity, qualitative and timely information and management's ability to deliver on its promises.

3 Providing feedback to management on how the market views the Company

We seek to understand the current attitudes of investors towards the Company, our strategies and key initiatives. This requires having a strong sense of how the market will react to strategies and gaining insight into actions investors will favour. The Company communicates with investors through the following means:

1 Printed material: annual reports, press releases, and fact sheets;

2 Electronic means: quarterly reports, website and email; and

3 Oral communication: general meetings, one-on-one meetings and group analyst meetings.

Our Corporate Communications & Investor Relations department is tasked among others, to develop and implement an investor relations programme for the Company and the Group, and to take charge of all corporate communications initiatives. This department also organises meetings between top management and research analysts and fund managers, and participates in road shows and investor conferences. Feedback from these meetings are analysed and relayed to management for any follow up action.

Cb. The AGM

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 businesses. Each item of special businesses included in the notice is accompanied by a full explanation of the effects of the proposed resolution. During the annual and other general meetings, shareholders have direct access to Board members who are on hand to answer their questions, either on specific resolutions or on the Company generally. The Chairman ensures that a reasonable time is provided to the shareholders for discussion at the meeting before each resolution is proposed.

D. ACCOUNTABILITY AND AUDIT

Da. 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 operation and prospects each time it releases its quarterly and annual financial statement to shareholders.

Db. Internal Control

The Board is responsible to review the adequacy and integrity of the Company's internal control system. The Board has appointed experts, both internal and external, to ensure that the Company maintains a sound system of internal control to safeguard the shareholders' investment and the Company's assets. The Board reviews the effectiveness of the system of internal control by the work of the internal auditors, the Audit Committee which oversees the work of the internal audit Division and comments made by the external auditors in their management letter and other reports.

Dc. Relationship with Auditors

The Board on its own and through the Audit Committee, has a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors. The Audit Committee seeks regular assurance on the effectiveness of the internal control system through independent appraisal by the auditors. Liaison and unrestricted communication exists between the Audit Committee and the external auditors.

E. BOARD COMMITTEES

The Board has established four standing committees, each operating within defined terms of reference, to assist the Board in discharging its responsibilities. The committees are the Audit Committee, the Executive Committee, the Nomination Committee and the Remuneration Committee. The minutes of proceedings of each committee meeting are circulated to all Board members so that each Director is aware of the deliberations and resolutions made.

Additionally, where applicable, the committee shall report its decisions to the Board and present their recommendations to the Board for approval.

The **Audit Committee** comprises four independent Directors and is chaired by Encik Halim bin Haji Din. The committee meets routinely four times a year with additional meetings held where necessary. The Group Chief Executive, the Group Chief Operating Officer and the internal and external auditors attend such meetings by invitation and provide reports as required by the committee. At least one meeting is held each year with the external auditors in private, in the absence of management.

The **Executive Committee** comprises one executive Director and two non-executive Directors. The committee is responsible towards strategic and operational plans which fall within their levels of authority. Meetings are scheduled four times a year in between Board meetings. This will allow matters that fall within the committee's limit or terms of reference to be deliberated and decided by the committee, thus reducing the Board's agenda.

The committee also reviews proposals especially in relation to proposed participations in tender bids and new business ventures, before they are considered by the Board. Where appropriate, recommendations are made to the Board on decisions reserved to the Board.

The **Nomination Committee** comprises three non-executive Directors, two of whom are independent. The committee makes recommendations to the Board on new Board appointments, taking into account the balance and structure of the Board.

Additionally, the committee oversees and evaluates the Board's effectiveness and suggests opportunities for improvement. The committee solicits comments from each Board member, via a prescribed evaluation form, on how the Board, the Board's committees and each individual Director's performance can be improved. Comments are treated in strict confidence and are addressed directly to the Chairman of the Board who is also the Chairman of the Nomination Committee. The committee reviews the appropriate skills, experience and characteristics required of Board and its committees' members, considering their current makeup. They assess issues such as international experience, independence and skills such as understanding of finance, legal and technical issues.

The committee also considers the succession planning framework for the Group and reviews whether they are in order and whether adequate training programmes are being developed to address any competency gaps.

The **Remuneration Committee** comprises three non-executive Directors, two of whom are independent. The committee considers the remuneration of executive Directors.

Annually the committee meets privately to discuss the executive directors' current year performance against the performance objectives approved by the Board earlier in the year. Once the executive directors' performance are evaluated and compensation determined, the committee considers the Group's proposed bonus and increment for the year and makes the necessary recommendations to the Board concerning the appropriate compensation for the Company's officers.

The committee also reviews the non-executive directors' remuneration and compares them to compensation at peer companies. Where required, the committee recommends the appointment of external consultants to undertake the review.

internal control statement

Introduction

The Board of Directors recognises the importance of sound internal control and risk management practices and its responsibility for the Group's system of internal controls and risk management, and for reviewing the adequacy and integrity of those systems. It is acknowledged that such systems can only manage rather than eliminate risks and that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

Our four associate companies, Malakoff Berhad, Tronoh Consolidated Malaysia Berhad, Integrated Rubber Corporation Berhad and Malaysia Smelting Corporation Berhad, have not been included as part of the Group for the purpose of this Internal Control Statement as they are listed on Bursa Malaysia and would have to individually comply with this reporting requirement.

Group Risk Management Framework

The Group Risk Management Framework implemented since June 2003 is regularly reviewed to ensure risks and controls are updated to reflect current situations and ensure relevance at any given time. Steps are taken to identify outdated and irrelevant risks and new risks are identified, for which new controls must be introduced. Management, in keeping with good corporate governance practice, takes a serious view of ensuring that the Group is always on alert for any situation that might adversely affect its assets, income and ultimately, profits.

Risk Assessment Tool System (RATS)

The risk ratings and corrective actions are updated monthly by the risk owners via the Risk Assessment Tool System (RATS). The data contained in RATS, accessible anytime, will then be checked and reviewed by the management of individual subsidiaries, the ultimate risk owners.

To ensure continuous improvement, RATS is continuously updated to accommodate the revised risk database submitted by subsidiaries and head office units. This is to derive maximum advantage from the system in monitoring and controlling risks within the Group.

The Internal Audit Department extracts from RATS risks that are rated 'high', reviews the corrective measures and presents the information to the Group Chief Operating Officer and the Group Chief Executive for their review. This information is presented to the Board quarterly so that the Board is aware of major risks within the Group and also ensures prompt action by the management.

Business Continuity Plan (BCP)

MMC's Business Continuity Plan (BCP) is a pro-active crisis management programme that addresses how the organisation should react to unexpected business interruptions. BCP identifies the critical elements which are required to enable the Company to function during unexpected interruptions to ensure that essential business functions can continue in the event of unforeseen or difficult circumstances.

MMC is committed to employ appropriate strategies for anticipating and controlling crisis situations and to establish an emergency response team, who would execute the plan to assure minimal additional disruptions.

MMC also believes in continuous training and has sent staff for Crisis Management courses.

The Company also has a tested IT Disaster Recovery Plan directing the computer system recovery process. The plan focuses on the requirements necessary to restore the processing of critical business system applications at an alternate facility for an interim period following the loss of the computer system.

Other Key Elements of Internal Control

The other key elements of the Group's internal control system are described below:

- Clearly defined responsibilities and limits of the management and Board Committees.
- Where appropriate, certain companies have ISO 9001: 2000 and ISO 14001 accreditation for their operational processes.
- Review of all proposals for material capital and investment acquisitions by the Executive Committee before review and approval by the Board.
- Review of annual budgets by the Executive Committee and the Board.
- Monthly Performance Reports, benchmarked against budgets and objectives, are regularly provided to Directors and discussed at the Executive Committee and/or Board meetings.
- Monitoring of performance, including discussion of any significant issues at regular meetings with heads of business units.
- Board representation in companies in which we have a material interest, to facilitate the performance review of these companies.
- Periodic reviews by the internal auditors, providing an independent assurance on the effectiveness of the Group's system on internal control and advising management on areas for further improvement.
- Review of internal control processes by the audit committee, which reports its conclusion to the Board.
- The Risk Management Framework of the Group is in place together with RATS to assist in the Group's risk management process.
- The implementation of an Enterprise Resource Planning System (ERP) for the Group has also increased the quality of controls over the general operations of the Company. It will further assist in ensuring that work processes are more efficient and timely.

The Board believes that the development of the system of internal controls is an ongoing process and continues to take steps to improve the internal control system.

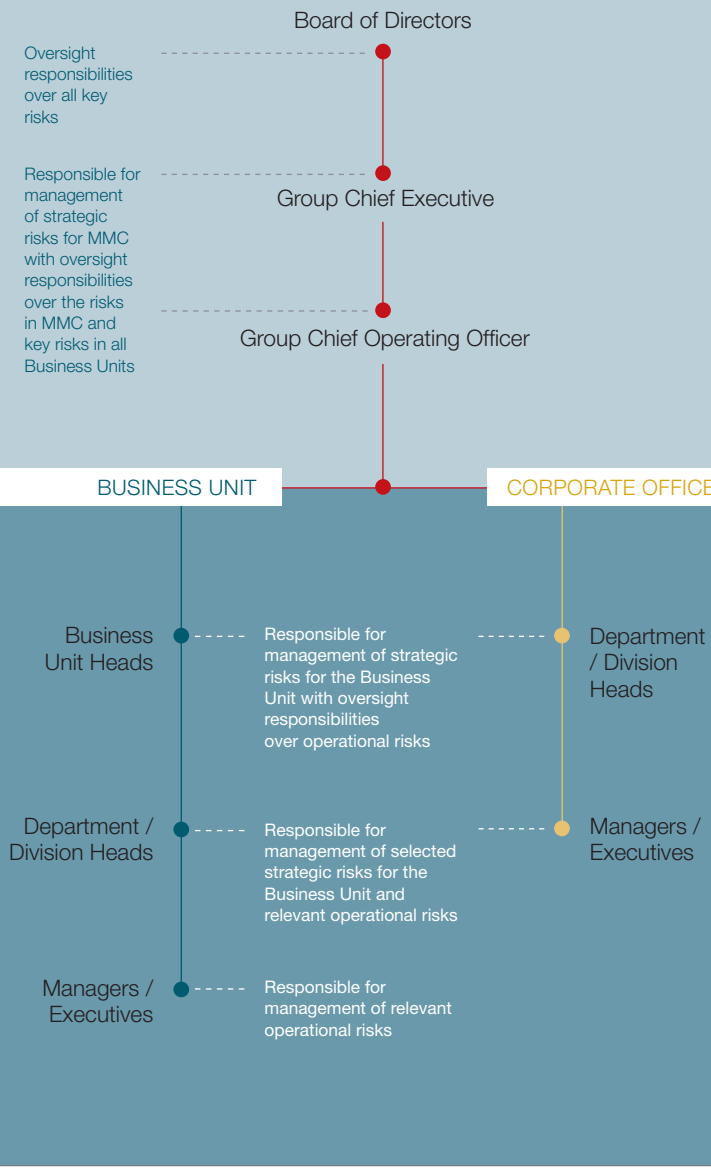
A number of minor internal control weaknesses were identified during the period, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in this annual report.

risk management report

The management of risks is an integral part of the Group's management process. The process for managing risks is therefore embedded into the operational processes of the Group.

In pursuing our vision, we recognise that we will face risks associated with our business strategy, operations and our people, assets and reputation. The effective management of the entire spectrum of these risks is the purpose of the Group Risk Management Policy.

Structure and Roles



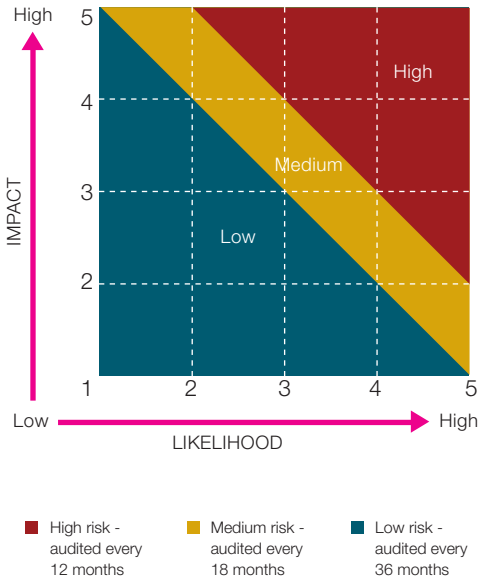
Group Risk Management Policy

The Group's policy is to adopt a common Risk Management Framework which creates an instinctive and consistent consideration for risk and reward in day-to-day planning, execution and monitoring of the strategy and achievement of corporate goals.

Risk Identification Process and Analysis

The Group defines risk as any event which may impact upon its objectives, including economic, reputation and compliance objectives. It is measured in terms of likelihood and consequences (impact). Business risks arise as much from the likelihood of loss opportunities as it does from uncertainties and hazards. Our policy is to identify, evaluate and respond appropriately to risks identified so as to protect the Group from loss, uncertainty and lost opportunity.

Risk Map / Profile



Monitoring and Report Process

Monitoring and reporting is an essential stage in managing risks as few risks remain static. An overview of the Group's monitoring and reporting process is provided in the diagram below:

Board of Directors

Group Chief Executive

Group Chief Operating Officer

- Perform monthly compliance and assessment in RATS and review assessments done in the Group
- Review for exceptions: non-compliance with controls, changes in applicability of risks and controls, and delays in the implementation of action plans for the Group
- Present risk management report to the Board quarterly

Business Unit Heads

- Perform monthly compliance and assessment in RATS and review assessments done in the business unit
- Review for exceptions: non-compliance with controls, changes in applicability of risks and controls, and delays in the implementation of action plans for the business unit
- Submit risk management report for the Business Unit to the corporate office quarterly

Department Heads

- Perform monthly compliance and assessment in RATS
- Review for exceptions: non-compliance with controls, changes in applicability of risks and controls, and delays in the implementation of action plans for the department

Managers/ Executives

- Perform monthly compliance and assessment in RATS and review primary and secondary risks

additional compliance information

Conflict of Interest

None of the Directors have any interest in contracts entered into by the Company.

Convictions for Offences

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

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants of Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Impositions of Sanctions / Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-audit fees

The non-audit fees paid to the external auditors by the Company for the year amounted to RM250,000.

Profit Estimate, Forecast or Projection

The Company did not make any release on the profit estimate, forecast or projection for the financial year.

Profit Guarantee

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

Material Contracts

There were no material contracts between the Company and its subsidiaries involving Directors' and major shareholders' interests.

Contracts Relating to Loan

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

Revaluation of Landed properties

The Company does not have a revaluation policy on landed properties.

corporate social responsibility report

Our culture extends beyond business, and we recognise that part of being a good corporate citizen is being socially responsible.

Corporate social responsibility is about our commitment to behave ethically and contribute towards the well being of society at large. We believe that corporate social responsibility and business excellence are mutually collaborative; being financially healthy allows us to contribute to society, and operating responsibly contributes to our financial success.

Dato' Ismail presenting a mock cheque for Tabung Bencana Tsunami Utusan to Encik Mohamad Nasir Ali, Group Executive Director of Utusan Malaysia.

Social & humanitarian

In response to the tsunami tragedy last December, the Company and our staff responded through donations in cash and kind to various relief organisations involved in aid work here and abroad. The Company made a cash contribution of RM100,000 to Tabung Bencana Tsunami Utusan to help disaster victims in Malaysia. We also sponsored reverse-osmosis water machines for use in Acheh, the province worst hit by the tsunami, as part of relief efforts organised by the Malaysian Red Crescent Society. Our staff also organised a donation drive and made a cash contribution towards this cause through Mercy Malaysia.

Financial support from caring organisations and individuals allows the School to continue offering Outward Bound courses at very affordable rates. More than 100,000 trainees from all walks of life have experienced the Outward Bound journey since the School was founded in 1954.

Youth & education

We continued our strong support for Outward Bound Malaysia, Lumut, a non-profit educational organisation that aims to inspire young people to fulfil their potential through challenging outdoor activities. We helped organise events to raise funds for the 50-year old School's new facilities in addition to making cash contributions to that cause. Our Group Chief Executive serves as the organisation's President.

Environment

Our socially and environmentally-responsible business practice is echoed in our recent investment in recycling. We will contribute to a better environment by recycling municipal solid waste into electricity, through our associate, Recycle Energy Sdn Bhd. Electricity generated from the waste will be exported to the national grid. So recycling not only makes sense from an environmental standpoint, but also makes good financial sense.

code of ethics

Our Code of Ethics demonstrates our commitment to doing business responsibly and ethically. By articulating the principles by which we conduct ourselves in business, the Code allows our employees to work and make decisions confidently and in a manner that supports our vision and values. The Code reminds us that while getting results is important, so too is the manner in which we conduct ourselves in achieving those results. The Code helps us achieve the right things in the right manner at all times.

financial statement

directors' report

for the eleven months period ended
31 December 2004

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and Company for the financial period ended 31 December 2004.

PRINCIPAL ACTIVITIES

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

The principal activities of the Group consist of investment holding, construction, supply and distribution of natural and liquefied gas, manufacturing, civil and specialised engineering, construction and operation of privatised highway, port operations, fabrication, property and mine management, erection of power transmission lines, power generation and design and construction of public light rail system.

There has been no significant change in the nature of these activities during the financial period, except for the Group's involvement in conversion of municipal solid waste to energy following the acquisition of a 45.6% equity interest in Recycle Energy Sdn Bhd.

CHANGE OF NAME

The Company has changed its name from Malaysia Mining Corporation Berhad to MMC Corporation Berhad with effect from 4 June 2004.

CHANGE IN REPORTING PERIOD

The Company changed its financial year end from 31 January to 31 December during the financial period to rationalise the reporting period for the Company and its subsidiaries.

FINANCIAL RESULTS

	Group	**Company**
	RM'000	RM'000
Profit after taxation	361,304	59,202
Minority interest	(70,499)	-
Net profit for the financial period	290,805	59,202

DIVIDENDS

The dividends paid or declared by the Company since 31 January 2004 were as follows:

	RM'000
In respect of the financial year ended 31 January 2004, as shown in the Directors' report of that financial year, a final gross dividend of 3.0 sen per share, less 28% income tax and 2.0 sen per share, tax exempt on 1,126,613,046 ordinary shares, paid on 29 June 2004.	46,867

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ordinary shares, paid on 29 June 2004. 46,867

DIVIDENDS (CONTINUED)

The Directors recommend the payment of a final gross dividend comprising 5 sen per share, less 28% income tax and a special dividend of 1 sen per share, less 28% income tax on 1,126,613,046 ordinary shares amounting to RM48,669,684 which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 27 May 2005 to shareholders registered on the Company's Register of Members at the close of business on 5 May 2005.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Dato' Wira Syed Abdul Jabbar bin Syed Hassan, Chairman
Dato' Ismail Shahudin
Tan Sri Dato' Thong Yaw Hong
Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob
Dato' Hilmi bin Mohd. Noor
Dato' Abdullah bin Mohd. Yusof
Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin
Encik Halim bin Haji Din
Datuk Mohd Sidik Shaik Osman
Encik Feizal Ali
Tan Sri Dato' Dr. Abdul Khalid Sahan (resigned on 28 May 2004)

In accordance with Article 77 of the Company's Articles of Association, Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin, Encik Halim bin Haji Din and Datuk Mohd Sidik Shaik Osman, retire by rotation and, being eligible, offer themselves for re-election.

Tan Sri Dato' Thong Yaw Hong, having attained the age of seventy years, retires in accordance with Section 129 of the Companies Act 1965 and offers himself for re-appointment in accordance with Section 129(6) of the said Act, to hold office until the conclusion of the next Annual General Meeting of the Company.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; 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 Company had been written down to an amount which they might be expected so to realise.

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

a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and 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 Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and 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 period which, in the opinion of the Directors, will or may affect the ability of the Group or 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 Company which has arisen since the end of the financial period which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial period.

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 Company's operations during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature except for the gain on disposal of an investment of RM108.018 million as disclosed in Note 39(a) to the financial statements; and

(b) there has not arisen in the interval between the end of the financial period 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 Company for the financial period in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

Significant events during the financial period are disclosed in Note 39 to the financial statements.

SIGNIFICANT POST BALANCE SHEET EVENTS

Significant post balance sheet events are disclosed in Note 40 to the financial statements.

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 24 February 2005.

DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN
Chairman

DATO' ISMAIL SHAHUDIN
Director

Kuala Lumpur

statement by directors

pursuant to section 169(15) of the
companies act 1965

We, Dato' Wira Syed Abdul Jabbar bin Syed Hassan and Dato' Ismail Shahudin, two of the Directors of MMC Corporation Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 69 to 153 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 December 2004 and of the results and cash flows of the Group and Company for the 11 months financial period ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 February 2005.

DATO' WIRA SYED ABDUL JABBAR BIN SYED HASSAN
Chairman

DATO' ISMAIL SHAHUDIN
Director

Kuala Lumpur

statutory declaration

pursuant to section 169(16) of the
companies act 1965

I, Mohamed Sophie bin Mohamed Rashidi, 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 69 to 153 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.

MOHAMED SOPHIE BIN MOHAMED RASHIDI

Subscribed and solemnly declared by the abovenamed Mohamed Sophie bin Mohamed Rashidi
At: Kuala Lumpur
On: 24 February 2005
Before me:

PESURUHJAYA SUMPAH
W 178
ABAS BIN HASAN
MALAYSIA

COMMISSIONER FOR OATHS

1st Floor Putra Flatlet
101, Jalan Putra
50350 Kuala Lumpur

report of the auditors

to the members of MMC Corporation Berhad
(formerly knowns as Malaysia Mining Corporation Berhad)

We have audited the financial statements set out on pages 69 to 153. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
   (i) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
   (ii) the state of affairs of the Group and Company as at 31 December 2004 and of the results and cash flows of the Group and Company for the 11 months financial period ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 38 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/06 (J))
Partner of the firm

Kuala Lumpur
24 February 2005

income statements

for the eleven months period
ended 31 December 2004

	Note	Group 11 months ended 31.12.2004 RM'000	Group Financial year ended 31.1.2004 RM'000	Company 11 months ended 31.12.2004 RM'000	Company Financial year ended 31.1.2004 RM'000
Revenue	3	**1,378,475**	1,167,598	**291,433**	251,361
Cost of sales	4	**(886,820)**	(733,538)	**(138,444)**	(133,920)
Gross profit		**491,655**	434,060	**152,989**	117,441
Distribution costs		**(955)**	(724)	**-**	-
Administrative expenses		**(188,346)**	(203,599)	**(19,557)**	(18,056)
Operating expenses		**(69,565)**	(57,767)	**(5,650)**	(1,640)
Other operating income					
Gain on disposal of investment		**108,018**	-	**-**	-
Others		**42,257**	63,345	**1,166**	10,909
Profit from operations	6	**383,064**	235,315	**128,948**	108,654
Finance costs	7	**(176,947)**	(184,318)	**(42,488)**	(48,589)
Share of results of:					
- associates		**248,244**	169,341	**-**	-
- jointly controlled entities	14	**4,549**	129	**-**	-
Profit before taxation		**458,910**	220,467	**86,460**	60,065
Tax expense:					
- Company and subsidiaries	8	**(22,111)**	(25,721)	**(27,258)**	(18,495)
- Associates	8	**(75,495)**	(49,372)	**-**	-
		(97,606)	(75,093)	**(27,258)**	(18,495)

	Note	Group **11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000	Company **11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Profit after taxation		**361,304**	145,374	**59,202**	41,570
Less: Minority interest		**(70,499)**	(29,223)	**-**	-
Net profit for the financial period/year		**290,805**	116,151	**59,202**	41,570
Earnings per ordinary share (sen)					
- Basic	9	**25.8**	10.3		
- Dilluted	9	**25.8**	10.3		
Dividends per ordinary share (sen):					
- Proposed final	10	**6.0**	5.0	**6.0**	5.0

balance sheets

as at 31 December 2004

	Note	Group		Company	
		31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
		RM'000	RM'000	**RM'000**	RM'000
NON CURRENT ASSETS					
Property, plant and equipment	11	**3,258,386**	3,164,924	**8,817**	11,471
Investments in subsidiaries	12	**-**	-	**2,536,270**	2,529,603
Investments in associates	13	**1,426,599**	1,299,290	**206,244**	184,675
Investments in jointly controlled entities	14	**1,098**	4,188	**-**	-
Other investments	15	**-**	260,633	**-**	-
Amount due from subsidiaries	16	**-**	-	**540,274**	538,700
Amount due from associates	17	**5,000**	5,000	**5,000**	5,000
Other assets	18	**-**	-	**-**	-
Intellectual property	19	**8,000**	-	**-**	-
Goodwill	20	**1,765,487**	1,800,993	**-**	-
Deferred tax assets	21	**12,607**	16,394	**227**	2,689
		6,477,177	6,551,422	**3,296,832**	3,272,138
CURRENT ASSETS					
Inventories	22	**32,019**	24,086	**-**	-
Trade and other receivables	23	**399,916**	446,456	**110,280**	187,050
Tax recoverable		**24,881**	20,512	**14,716**	-
Marketable securities	24	**188,863**	-	**-**	-
Deposits, bank and cash balances	25	**362,444**	251,530	**40,670**	28,865
		1,008,123	742,584	**165,666**	215,915
CURRENT LIABILITIES					
Borrowings	26	**391,082**	301,097	**65,000**	50,000
Trade and other payables	27	**349,101**	346,680	**25,887**	101,781
Taxation		**10,066**	7,856	**-**	-
		750,249	655,633	**90,887**	151,781
NET CURRENT ASSETS		**257,874**	86,951	**74,779**	64,134
		6,735,051	6,638,373	**3,371,611**	3,336,272

	Note	Group		Company	
		31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
		RM'000	RM'000	**RM'000**	RM'000
FINANCED BY:					
CAPITAL AND RESERVES					
Share capital	28	**112,661**	112,661	**112,661**	112,661
Reserves	29	3,223,050	2,984,460	**1,947,725**	1,936,724
Shareholders' equity		**3,335,711**	3,097,121	**2,060,386**	2,049,385
Minority interests	30	**168,934**	101,954	**-**	-
		3,504,645	3,199,075	**2,060,386**	2,049,385
NON-CURRENT LIABILITIES					
Amounts due to subsidiaries	16	**-**	-	**526,538**	324,897
Deferred tax liabilities	21	**93,086**	77,083	**-**	-
Borrowings	26	**2,873,232**	3,097,934	**784,687**	961,990
Provision for retirement benefits	27	**691**	884	**-**	-
Redeemable convertible subordinated loans	31	**263,397**	263,397	**-**	-
		3,230,406	3,439,298	**1,311,225**	1,286,887
		6,735,051	6,638,373	**3,371,611**	3,336,272

consolidated statement of changes in equity

for the eleven months period ended 31 December 2004

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	**Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000
		Non-distributable					Distributable		
At 1 February 2004									
- as previously reported		112,661	1,324,298	(51,493)	28,120	311,101	923,234	455,962	3,103,883
- prior year adjustments	37	-	-	-	-	-	-	(6,762)	(6,762)
- as restated		112,661	1,324,298	(51,493)	28,120	311,101	923,234	449,200	3,097,121
Net profit for the financial period		-	-	-	-	-	-	290,805	290,805
Currency translation differences		-	-	(6,229)	-	-	-	-	(6,229)
Increase in equity interest in an existing subsidiary		-	-	-	-	881	-	-	881
Net (loss)/gain not recognised in income statement		-	-	(6,229)	-	881	-	-	(5,348)
Dividend for financial year ended:									
- 31 January 2004 (final)	10	-	-	-	-	-	-	(46,867)	(46,867)
At 31 December 2004		**112,661**	**1,324,298**	**(57,722)**	**28,120**	**311,982**	**923,234**	**693,138**	**3,335,711**

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

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

	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Revaluation reserve RM'000	**Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000
		Non-distributable					Distributable		
At 1 February 2003									
- as previously reported		112,141	1,314,412	(52,030)	28,120	311,101	919,988	375,036	3,008,768
- prior year adjustments	37	-	-	-	-	-	-	(6,762)	(6,762)
- as restated		112,141	1,314,412	(52,030)	28,120	311,101	919,988	368,274	3,002,006
Net profit for the financial year		-	-	-	-	-	-	116,151	116,151
Currency translation differences		-	-	869	-	-	-	-	869
Gain on deemed disposal of a subsidiary		-	-	-	-	-	3,246	-	3,246
Gain on deconsolidation of a subsidiary		-	-	(332)	-	-	-	332	-
Net gain not recognised in income statement		-	-	537	-	-	3,246	332	4,115
Issues of shares:									
- increase in equity interest in existing subsidiaries		520	10,668	-	-	-	-	-	11,188
- share issue expenses		-	(782)	-	-	-	-	-	(782)
Dividend for financial year ended:									
- 31 January 2003 (final)	10	-	-	-	-	-	-	(35,557)	(35,557)
At 31 January 2004		112,661	1,324,298	(51,493)	28,120	311,101	923,234	449,200	3,097,121

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

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

company statement of changes in equity

for the eleven months period ended 31 December 2004

		Non-distributable				Distributable		
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	**Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2004		112,661	1,324,298	(60,565)	211,963	243,074	217,954	2,049,385
Net profit for the financial period		-	-	-	-	-	59,202	59,202
Currency translation differences		-	-	(1,334)	-	-	-	(1,334)
Net loss not recognised in income statement		-	-	(1,334)	-	-	-	(1,334)
Dividend for the financial year ended - 31 January 2004 (final)	10	-	-	-	-	-	(46,867)	(46,867)
At 31 December 2004		**112,661**	**1,324,298**	**(61,899)**	**211,963**	**243,074**	**230,289**	**2,060,386**

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

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

		Non-distributable				Distributable		
	Note	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	**Capital reserves RM'000	*Capital reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 February 2003		112,141	1,314,412	(20,560)	211,963	243,074	211,941	2,072,971
Net profit for the financial year		-	-	-	-	-	41,570	41,570
Currency translation differences		-	-	(40,005)	-	-	-	(40,005)
Net loss not recognised in income statement		-	-	(40,005)	-	-	-	(40,005)
Issue of shares:								
- increase in equity interest in existing subsidiaries		520	10,668	-	-	-	-	11,188
- share issue expenses		-	(782)	-	-	-	-	(782)
Dividend for the financial year ended								
- 31 January 2003 (final)	10	-	-	-	-	-	(35,557)	(35,557)
At 31 January 2004		112,661	1,324,298	(60,565)	211,963	243,074	217,954	2,049,385

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

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

cash flow statements

for the eleven months period
ended 31 December 2004

	Note	Group 11 months ended 31.12.2004 RM'000	Group Financial year ended 31.1.2004 RM'000	Company 11 months ended 31.12.2004 RM'000	Company Financial year ended 31.1.2004 RM'000
OPERATING ACTIVITIES					
Profit before taxation		**458,910**	220,467	**86,460**	60,065
Adjustments for:					
Depreciation		**141,098**	144,513	**3,201**	2,753
Dividend income		**(23,681)**	(30,964)	**(131,207)**	(93,129)
Impairment in costs of investment in:					
- subsidiary		**-**	-	**111**	-
- associates		**3,626**	-	**431**	1,608
- other investment		**5,345**	-	**-**	-
Write back of closure costs of mining land		**-**	(1,140)	**-**	-
Amortisation of goodwill	20	**32,899**	36,102	**-**	-
Goodwill written off	20	**5,375**	-	**-**	-
Allowance for doubtful debts for amount due from subsidiaries		**-**	-	**7**	32
Recoveries from a subsidiary under receivership		**-**	(7,801)	**-**	-
Gain on dissolution of subsidiaries		**(836)**	-	**-**	-
Write-off of project cost		**5,101**	-	**5,101**	-
Loss/(gain) on disposal of a subsidiary	12(iv)	**239**	(394)	**-**	-
Gain on disposal of investment		**(108,018)**	-	**-**	-
Gain on sale of shares in an associate		**-**	(3,194)	**-**	(3,569)
Gain on disposal of property, plant and equipment		**(16,994)**	(1,420)	**-**	(86)
Property, plant and equipment written off		**92**	202	**-**	-
Impairment loss of property, plant and equipment		**8,296**	1,311	**-**	-
Write back of allowance for doubtful debts		**(5,866)**	(10,949)	**-**	-
Bad debts recovered		**(1,050)**	(1,559)	**-**	-
Allowance for doubtful debts		**23,010**	9,976	**-**	-
Inventories written off		**11**	219	**-**	-
Allowance for slow moving inventories		**149**	144	**-**	-
Allowance for claims and foreseeable losses		**-**	900	**-**	-
Reversal of allowance for claims and foreseeable losses		**-**	(661)	**-**	-
Reversal of allowance for slow moving inventories		**(15)**	(16)	**-**	-
Interest income		**(8,096)**	(16,275)	**(1,016)**	(4,112)
Interest expense		**176,947**	184,318	**42,488**	48,589
Share of results in:					
- associates		**(248,244)**	(169,341)	**-**	-
- jointly controlled entities		**(4,549)**	(129)	**-**	-
Allowance for mining exploration expenditure		**162**	69	**162**	69
Unrealised (gain)/loss on foreign exchange		**(273)**	(577)	**38**	-
Provision for retirement benefit		**109**	104	**-**	-
		443,747	353,905	**5,776**	12,220

	Note	Group 11 months ended 31.12.2004 RM'000	Group Financial year ended 31.1.2004 RM'000	Company 11 months ended 31.12.2004 RM'000	Company Financial year ended 31.1.2004 RM'000
Changes in working capital:					
Inventories		**(8,354)**	(4,125)	**-**	-
Trade and other receivables		**25,032**	(140,857)	**54,732**	(109,768)
Trade and other payables		**(3,438)**	(17,665)	**(81,003)**	46,387
Designated accounts		**(3,879)**	444	**-**	-
Cash generated from/(used in) operations		**453,108**	191,702	**(20,495)**	(51,161)
Income taxes paid		**(5,298)**	(23,494)	**(4,264)**	(9,784)
Mining exploration expenditure		**(162)**	(69)	**(162)**	(69)
Retirement benefits paid		**(146)**	(132)	**-**	-
Net cash flow generated from/ (used in) operating activities		**447,502**	168,007	**(24,921)**	(61,014)
INVESTING ACTIVITIES					
Acquisition of subsidiaries	12	**(8,123)**	(16,975)	**(6,777)**	(22,822)
Net cash inflow on disposals of a subsidiary	12	**1,126**	388	**-**	-
Dividends received from:					
- subsidiaries		**-**	-	**85,675**	78,292
- associates		**64,536**	36,182	**10,284**	5,054
- jointly controlled entities		**7,639**	-	-	-
- others		**23,681**	30,964	**-**	-
Interest received		**8,096**	16,275	**1,016**	4,112
Proceeds from sale of shares in associate		**-**	7,167	**-**	7,167
Proceeds from sale of investments		**174,443**	-	**-**	-
Proceeds from sale of property, plant and equipment		**29,340**	2,484	**-**	86
Purchase of investment in associates		**-**	(383,353)	**-**	-
Proceeds on right issues by minority shareholders in subsidiary		**-**	73,746	**-**	-
Subscription of right issues in subsidiary		**-**	-	**-**	(80,991)
Purchase of investments		**-**	(712)	**-**	-
Purchase of property, plant and equipment		**(270,945)**	(296,595)	**(547)**	(2,928)
Capital contributions received		**-**	48	**-**	-
Pledged deposits		**-**	704	**-**	-
Net cash flow generated from/(used in) investing activities		**29,793**	(529,677)	**89,651**	(12,030)

	Note	Group 11 months ended 31.12.2004 RM'000	Group Financial year ended 31.1.2004 RM'000	Company 11 months ended 31.12.2004 RM'000	Company Financial year ended 31.1.2004 RM'000
FINANCING ACTIVITIES					
Dividends paid		**(46,867)**	(35,557)	**(46,867)**	(35,557)
Dividends paid to minority interests of subsidiaries		**(5,500)**	(11,262)	**-**	-
Interest paid		**(176,947)**	(160,294)	**(42,488)**	(37,555)
Amounts due from:					
- subsidiaries		**-**	-	**(1,574)**	(17,493)
- associates		**-**	(5,000)	**-**	(5,000)
Amounts due to:					
- subsidiaries		**-**	-	**201,641**	(33,778)
Borrowings					
- new drawdown		**225,103**	499,742	**15,000**	211,990
- repayment		**(358,026)**	(175,000)	**(177,303)**	-
Repayment of lease financing		**-**	(2,343)	**-**	-
Net cash flow (used in)/generated from financing activities		**(362,237)**	110,286	**(51,591)**	82,607
Net increase/(decrease) in cash and cash equivalents		**115,058**	(251,384)	**13,139**	9,563
Foreign exchange differences		**(6,229)**	869	**(1,334)**	-
Cash and cash equivalents at beginning of financial period/year		**249,484**	499,999	**28,865**	19,302
Cash and cash equivalents at end of financial period/year		**358,313**	249,484	**40,670**	28,865
Cash and cash equivalents comprise:					
Cash and bank balances		**38,724**	12,308	**198**	611
Deposits		**323,720**	239,222	**40,472**	28,254
Bank overdrafts		**-**	(1,794)	**-**	-
		362,444	249,736	**40,670**	28,865
Less:					
Designated accounts (Note 26)		**(4,109)**	(230)	**-**	-
Deposits pledged for banking facilities		**(22)**	(22)	**-**	-
		358,313	249,484	**40,670**	28,865

Included in the deposits of the Group is:

(a) an amount of RM4,109,000 (31.1.2004: RM230,000) being assigned as Designated Accounts for the loans as disclosed in Note 26; and

(b) deposits of RM22,000 (31.1.2004: RM22,000) which are pledged for certain bank facilities.

summary of significant accounting policies

for the eleven months period ended 31 December 2004

The following accounting policies are adopted by the Group and Company and are consistent with those adopted in previous financial years, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies, and are in compliance with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia.

The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the financial period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

(b) Basis of consolidation

The consolidated financial statements made up to 31 December 2004 include the financial statements of the Company and all its subsidiaries.

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill or negative goodwill. Negative goodwill is carried as a reserve on consolidation and is recognised in the income statement over the estimated useful life of the related asset. Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(b) Basis of consolidation (continued)

When control of a subsidiary is achieved in stages of successive purchases of shares, the fair value adjustment attributable to previously held equity interests is accounted for as post acquisition revaluation.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are enterprises in which the Group exercises significant influence, but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of associates and its share of post acquisition movements within reserves in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition (net of accumulated impairment). Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

(d) Jointly controlled entities

Jointly controlled entities are corporations, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties. The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of the post acquisition results of jointly controlled entities and its share of post acquisition movements within reserves in reserves.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with those of the Group.

(e) Property, plant and equipment

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

Revaluation of certain properties in 1988 was carried out primarily as a one-off exercise and was not intended to effect a change in the accounting policy to one of revaluation of properties. The Directors have applied the transitional provisions of the International Accounting Standard No. 16 (Revised) Property, Plant and Equipment, an extant standard adopted by the Malaysian Accounting Standards Board, which allows those properties to be stated at their 1988 valuation. Accordingly, these valuations have not been updated.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement.

At each balance sheet date, 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 accounting policy Note (g) on impairment of assets.

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

Repairs and maintenance are charged to the income statement during the period/year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Depreciation

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

Depreciation and depletion on mining assets is calculated by reference to the assets' expected output so as to write off the cost of these assets, less estimated residual value, over the estimated life of the ore reserves, which will be extracted on before the expiry of the respective leases.

(f) Depreciation (continued)

Expressway development expenditure comprises development and upgrading expenditure (including interest charges relating to financing of the development prior to its completion) incurred in connection with a privatised highway project. The cumulative actual expenditure incurred is amortised at each balance sheet date until the end of the concession period on 27 June 2026.

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

Leasehold land	20 to 101 years
Buildings	50 years
Plant, machinery, dredges and other mining equipment	3 to 10 years
Pipelines system	20 years

The estimated useful life of pipelines system has been revised from 30 years to 20 years to be in line with the industry rate. The effect of the change in estimated useful life on the Group's financial statements is not material.

(g) Impairment of assets

Property, plant and equipment and other non-current assets (except amount 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. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately indentifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation which cases it is charge to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(h) Investments

Investments in subsidiaries, jointly controlled entities 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 accounting policy Note (g) on impairment of assets.

(h) Investments (continued)

Investments in other non-current investments are stated at cost and an impairment loss is recognised where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Marketable securities within current assets are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Decreases in the carrying amount of marketable securities are charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/ credited to the income statement.

(i) Mining exploration expenditure

Expenditure on exploration and evaluation of mining areas of interest is charged to the income statement as incurred until such time as an area of interest reaches the stage where such expenditure is considered to be capable of being recouped through development or sale.

Where a mining area of interest is expected to proceed to commercial development or where its value is capable of recoupment through sale, the deferred expenditure relating to the expenditure incurred is credited to the income statement to the extent it reflects the present estimate of the recoverable value of the area of interest concerned. The accumulated expenditure attributable to an area of interest that is no longer considered to have any commercial value is written off against the deferred expenditure.

(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.

(j) Construction, engineering and fabrication contracts (continued)

When the outcome of such a 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 is 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) Goodwill

Goodwill arising on an acquisition represents the excess of the cost of acquisition of subsidiaries and associates 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 amortisation and accumulated impairment losses and is amortised using the straight line method over its estimated useful life of between 20 to 52 years. At each balance sheet date, 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 accounting policy Note (g) on impairment of assets.

Goodwill on acquisition of associates is stated at cost less accumulated impairment losses. The goodwill is subject to an annual impairment test to assess whether the carrying amount of the goodwill is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

(l) Intellectual Property

The intellectual property represents the cost of acquiring Refuse-Derived Fuel technology comprises business knowledge, business process and design. This expenditure is capitalised as it is able to generate future economic benefits to the Group and is amortised over the estimated useful life of the related asset of 30 years. The intellectual property is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognized for the amount by which the carrying amount of the related asset exceeds its recoverable amount.

(m) 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 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 costs of completion and selling expenses.

(n) Trade receivables

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the period end. The allowance is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount. Bad debts are written off when identified.

(o) 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 cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(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, associate or joint ventures 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.

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

(p) Taxation (continued)

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.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(r) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses, non monetary benefits, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Post employment benefits

Defined contribution plans

A defined contribution plan is a plan under which the Group pays fixed contributions into Employees Provident Fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee services in the current and prior periods.

The Group's contributions to Employees Provident Fund are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability in respect of defined benefit plan is the present value of the defined benefit obligations at the balance sheet date. The scheme is applicable to unionised employees of a subsidiary and extended to other full time employees of that subsidiary. The benefits payable on retirement are based on last drawn monthly basic salary and length of service. The cost of providing retirement benefits is charged to income statement so as to spread the regular cost over the service life of employees in accordance with the advice of qualified actuaries. The Group determines the present value of the defined benefit obligation such that the amounts recognised in the financial statements do not differ materially from the amount that would be determined at the balance sheet date.

(r) Employee benefits (continued)

(ii) Post employment benefits (continued)

Defined benefit plans (continued)

The defined benefit obligation, calculated using the projected unit credit method, is determined by independent actuaries, considering the estimated future cash outflows using market yields at balance sheet date of government securities which have currency and terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. The amount of net actuarial gains and losses recognised in the income statement is determined by the corridor method in accordance with MASB 29 and is charged or credited to income over the average remaining service life of the related employees participating in the defined benefit plan.

Retirement benefits were last valued on 31 January 2004 by an independent qualified actuary using the projected unit credit method.

(s) Revenue recognition

(i) Sales of goods and services

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

(ii) Construction contracts

(a) Fixed price contracts

Revenue from fixed price contracts where a fixed contract price is agreed upon are 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.

(c) Profit guarantee contracts

Revenue from profit guarantee contracts are recognised based on fixed percentage on the billings made by the main contractor to the client.

(iii) 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.

(iv) Sales of gas

Revenue from sale of gas represents gas consumption by customers and is measured at the net value invoiced to customers during the period.

(s) Revenue recognition (continued)

(v) Toll collections

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

(vi) Dividend income

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

(vii) Interest income

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

(viii) Rental income

Rental income is recognised based on accruals basis.

(t) Finance costs

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note (y), are expensed as incurred.

(u) Foreign currencies

(i) Foreign entities

The Group's foreign entities are those entities with operations that are not an integral part of the operations of the Group. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the financial year and the balance sheets are translated at exchange rates ruling at the balance sheet date. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity. On deemed disposal of the foreign entity, foreign currency translation differences are recognised in the income statement as part of the gain or loss on disposal.

(ii) Foreign currency transactions and balances

Foreign currency transactions in the Group are accounted for at exchange rates prevailing at the transaction dates, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

(u) Foreign currencies (continued)

(iii) Closing rates

The principal closing rates used in translation of foreign currency amounts and monetary assets and liabilities in the financial statements of foreign entities are as follows:

	31.12.2004	31.1.2004
	RM	RM
1 US Dollar	3.80	3.80
1 Australian Dollar	2.88	2.93
1 Euro Dollar	5.04	4.75
1 Singapore Dollar	2.31	2.24
1 Pound Sterling	7.34	6.91
100 Japanese Yen	3.63	3.59

(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 another 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) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy notes associated with each item.

(iii) Financial instruments not recognised on the balance sheet

<u>Foreign currency forward contract</u>

The Group enters into foreign currency forward contracts to limit its exposure on movements in foreign currency exchange rates as disclosed in Note 41.

Exchange gains and losses arising on forward contracts are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

(v) Financial instruments (continued)

(iv) Fair value estimation for disclosure purposes

The face values, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The fair values for financial assets and liabilities with a maturity of more than one year are estimated using a variety of methods and assumptions that are based on market conditions existing at each balance sheet date including estimated discounted value of future cash flows, quoted market price or dealer quotes.

(w) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment.

(x) Borrowings

Borrowings are stated at cost after deducting transaction costs.

Borrowing costs incurred to finance the construction contracts are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs will cease when the asset is ready for its intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing cost applicable to the Group's borrowings that are outstanding during the financial period, other than borrowings made specifically for the purpose of financing the construction contracts, in which case the actual borrowing cost incurred on the borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

(y) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in 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. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

1 CORPORATE INFORMATION

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

The principal activities of the Group consist of property and investment holding, construction, supply and distribution of natural and liquefied gas, manufacturing, civil and specialised engineering, construction and operation of privatised highway, port operations, fabrication, property and mine management, erection of power transmission lines, power generation and design and construction of public light rail system.

There have been no significant change in the nature of these activities during the financial period, except for the Group involvement in conversion of municipal solid waste to energy following the acquisition of 45.6% equity interest in Recycle Energy Sdn Bhd.

The number of employees in the Group and Company as at 31 December 2004 was 2,885 (31.1.2004: 2,798) and 109 (31.1.2004: 137) respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at 10th Floor, Block B, HP Towers, No.12, Jalan Gelenggang, Bukit Damansara, 50490 Kuala Lumpur.

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

The financial year end of the Company was changed from 31 January to 31 December during the financial period to rationalise the reporting period for the Company and its subsidiaries. Accordingly, comparative amounts for the income statement, changes in equity, cash flows and related notes to the financial statements are not comparable.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

(a) 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 an offshore licensed bank account to fund any potential future cash outflows arising from its business operations in foreign countries.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure 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.

(c) Market risk

The Group's operations are subject to market risk factors inherent within the industries which include ability to procure new projects and to maintain its existing market share in the future. These are prevalent for all economic entities and any change in these will adversely affect the overall performance of Group's business. For major purchases of materials for projects, the Group establishes floating and fixed price levels in accordance with a budget that the Group considers acceptable and enters into a physical supply agreement, where necessary, to achieve these levels.

(d) 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 and credit history.

(e) 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.

3 REVENUE

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Revenue:				
- contract revenue	**227,986**	250,329	**160,226**	158,232
- sale of goods and gas	**628,561**	440,965	**-**	-
- services	**32,882**	37,281	**-**	-
- port operations	**443,581**	377,744	**-**	-
- toll collections	**21,784**	30,315	**-**	-
- dividends (Note 6(ii))	**23,681**	30,964	**131,207**	93,129
	1,378,475	1,167,598	**291,433**	251,361

4 COST OF SALES

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Contract cost recognised as an expense	**(195,119)**	(207,298)	**(138,444)**	(133,920)
Cost of goods and gas sold	**(519,515)**	(358,979)	**-**	-
Cost of services	**(20,926)**	(24,324)	**-**	-
Cost of port operations	**(144,498)**	(132,958)	**-**	-
Cost of toll collections	**(6,762)**	(9,979)	**-**	-
	(886,820)	(733,538)	**(138,444)**	(133,920)

5 CONTINUING, DISCONTINUING OPERATIONS AND DILUTION OF INTEREST

CURRENT FINANCIAL PERIOD ENDED 31 DECEMBER 2004

(a) Continuing operations

(i) On 17 August 2004, Amalan Rantau Sdn Bhd, a wholly owned subsidiary, acquired additional 1,192,250 ordinary shares of RM1 each, representing 9.5% equity interest in an existing subsidiary, Seginiaga Rubber Industries Sdn Bhd ("SRI"), for a total cash consideration of RM1.55 million. Following the acquisition, the Group's effective interest in SRI is now 75.6% (31.1.2004: 66.1%).

The effect of the acquisition of the additional stake in SRI on the financial results of the Group for the financial period is as follows:

			31.12.2004	31.1.2004
	As a 66.1% subsidiary RM'000	As a 75.6% subsidiary RM'000	**Total RM'000**	Total RM'000
(Loss)/profit attributable to shareholders	(1,025)	(40)	**(1,065)**	901
Less: Group's share of net profit/(loss) had the Group not acquired the additional 9.5% interest	1,025	(61)	**964**	
Decrease in the Group's net profit at the end of the financial period	-	(101)	**(101**)	

(ii) During the financial period ended 31 December 2004, the Company acquired 6,777,000 ordinary shares of RM1 each in Recycle Energy Sdn Bhd ("RESB") on a piecemeal basis, representing 45.6% of its equity interests, for a total cash consideration of RM6.777 million.

Following the acquisition, the Group has obtained control to govern the financial and operating policies of RESB and therefore has accounted its investment in RESB as an investment in a subsidiary. The Group will continue to increase its interest in RESB until it reaches 51% shareholding.

The effect of the acquisition of RESB on the financial results of the Group for the financial period is not material.

(b) Discontinuing operations

On 13 September 2004, MMC Japan Limited, a wholly owned subsidiary which has been dormant since 1994, received confirmation from the Registrar of Tokyo Legal Affairs Bureau for the dissolution of the company.

The effect of the dissolution of the subsidiary on the financial results of the Group is not material.

5 CONTINUING, DISCONTINUING OPERATIONS AND DILUTION OF INTEREST (CONTINUED)

CURRENT FINANCIAL PERIOD ENDED 31 DECEMBER 2004 (CONTINUED)

(b) Discontinuing operations (continued)

(i) On 7 October 2004, D.V. Research Sdn Bhd, a wholly owned subsidiary of the Company, having an issued and paid-up share capital of RM2.00, was dissolved pursuant to Section 272(5) of the Companies Act 1965.

The effect of the dissolution of the subsidiary on the financial results of the Group is not material.

(ii) On 26 November 2004, MMC Engineering Group Bhd, a 99.9% owned subsidiary, disposed off 70% equity interest in MMC Defence Sdn Bhd ("MMCD"), now a 30% associate, for a cash consideration of RM2.835 million. MMCD which became an associate of the Group is involved in specialised defence engineering works and operates principally in Malaysia.

The effect of the disposal of interest on the financial results of the Group is not material.

(iii) On 27 November 2004, London Tin (Malaysia) Bhd, a wholly owned subsidiary of the Company, having an issued and paid-up share capital of RM2.00, was dissolved pursuant to Section 272(5) of the Companies Act 1965.

The effect of the dissolution of the subsidiary on the financial results of the Group is not material.

(c) Dilution of interest in an associate

On 22 July 2004, Integrated Rubber Corporation Berhad ("IRCB"), (formerly known as Berjuntai Tin Dredging Berhad), a 28.6% associated company, completed its restructuring exercise on its capital reduction and reconstruction, debt conversion and acquisition of Comfort Rubber Gloves Industries Sdn Bhd. Following the restructuring exercise, the Group's effective interest in IRCB was reduced to 20.1%.

The effect of the dilution of interest in IRCB on the financial results of the Group is not material.

PREVIOUS FINANCIAL YEAR ENDED 31 JANUARY 2004

(a) Continuing operations

(i) In the previous financial year, a subsidiary, MMC Engineering Group Bhd ("MMCEG") completed its acquisition of the remaining 50% equity interest in MMC-GTM Bina Sama Sdn Bhd, representing 2,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM3.167 million, making it a wholly owned subsidiary of MMCEG.

The effect of the acquisition of MMC-GTM Bina Sama Sdn Bhd on the financial results of the Group for the previous financial year was not material.

(ii) The effect of the acquisition of the remaining 25.00% equity interest in MMC Engineering Group Berhad ("MMCEG") during the previous financial year, pursuant to the Voluntary General Offer on the remaining 7,910,268 ordinary shares of RM1.00 each, for a total consideration of RM34.010 million satisfied by the issuance of 5,203,836 ordinary shares of RM0.10 each at RM2.15 per share of the Company amounting to RM11.188 million and cash consideration of RM22.822 million was as follows:

5 CONTINUING, DISCONTINUING OPERATIONS AND DILUTION OF INTEREST (CONTINUED)

PREVIOUS FINANCIAL YEAR ENDED 31 JANUARY 2004 (CONTINUED)

(a) Continuing operations (continued)

	As a 74.99% subsidiary RM'000	As a 99.99% subsidiary RM'000	**31.1.2004 Total RM'000**	31.1.2003 Total RM'000
(Loss)/profit attributable to shareholders	(1,405)	4,881	**3,476**	6,247
Less: Group's share of net profit/(loss) had the Group not acquired the additional 25% interest	1,405	(3,661)	**(2,256)**	
Increase in the Group's net profit at the end of the previous financial year	-	1,220	**1,220**	

(b) Discontinuing operations

(i) During the previous financial year, the Group deconsolidated the results of a subsidiary, MMCAK Sdn Bhd ("MMCAK") following confirmation that the High Court of Malaya has granted an order to wind-up MMCAK. The company is involved in civil construction works and operates principally in Malaysia.

(ii) On 9 May 2003, the Group disposed off the entire equity interest in Kilang Papan Bukit Indah Sdn Bhd for a cash consideration of RM388,888. The company is involved in rental of sawmill and operates principally in Malaysia.

(iii) Pursuant to the Government Gazette, Electronic Edition dated 11 December 2003, the Group's 75.8% owned subsidiary, Singapore Steel Private Limited was struck off from the Register of Companies pursuant to Subsection(4) of Section 344 of the Companies Act of Singapore, effective 21 November 2003.

(c) Dilution of interest in subsidiaries to that of associates

In the previous financial year, on 12 December 2003, a 52.3% owned subsidiary, Tronoh Consolidated Malaysia Berhad ("TCMB"), acquired the entire issued and paid up share capital of Zelan Holdings (M) Sdn Bhd, comprising 5,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM140,000,000. Following the acquisition, the Group's effective equity interest in TCMB was reduced to 39.2%. The Group has since considered TCMB and its subsidiaries, to be associated companies.

5 CONTINUING, DISCONTINUING OPERATIONS AND DILUTION OF INTEREST (CONTINUED)

PREVIOUS FINANCIAL YEAR ENDED 31 JANUARY 2004 (CONTINUED)

(c) Dilution of interest in subsidiaries to that of associates (continued)

The effect of the dilution of interest in TCMB, Golden Solitaire (Australia) B.V. (a subsidiary of TCMB) and Associated Mines (Malaya) Sdn Bhd (a subsidiary of TCMB) up to 12 December 2003 was as follows:

			31.1.2004	31.1.2003
	As a subsidiary RM'000	As an associate RM'000	**Total RM'000**	As a subsidiary RM'000
Revenue	139	-	**139**	26
Operating costs	(1,436)	-	**(1,436)**	(9,350)
Loss from operations	(1,297)	-	**(1,297)**	(9,324)
Other income	12,645	-	**12,645**	8,734
Finance costs	(1,380)	-	**(1,380)**	-
Share of results of associates	-	8,264	**8,264**	16,583
Profit before tax	9,968	8,264	**18,232**	15,993
Taxation	(1,147)	(1,516)	**(2,663)**	(2,098)
Profit after tax	8,821	6,748	**15,569**	13,895
Minority interest	(4,208)	-	**(4,208)**	
Less: Group's share of net profit had there not been a dilution of interest	(4,613)	(6,364)	**(10,977)**	
Increase in the Group's net profit at the end of the previous financial year	-	384	**384**	

The effects of acquisitions and disposals of associates and subsidiaries on the financial position of the Group and Company are further disclosed in Note 12 to the financial statements.

6 PROFIT FROM OPERATIONS

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
(i) Profit from operations is stated after charging:				
Allowance for mining exploration expenditure	**162**	69	**162**	69
Auditors' remuneration:				
- Malaysia	**515**	510	**61**	65
- Overseas	**-**	15	**-**	-

6 PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Directors' remuneration (Note 6 (iii))	**3,197**	3,103	**2,052**	1,691
Depreciation	**141,098**	144,513	**3,201**	2,753
Write-off of project cost	**5,101**	-	**5,101**	-
Allowance for doubtful debts	**23,010**	9,976	**-**	-
Allowance for slow moving inventories	**149**	144	**-**	-
Realised loss on foreign exchange	**108**	-	**63**	-
Unrealised loss on foreign exchange	**38**	-	**38**	-
Impairment losses of property, plant and equipment	**8,296**	1,311	**-**	-
Property, plant and equipment written off	**92**	202	**-**	-
Provision for retirement benefit	**109**	104	**-**	-
Inventories written off	**11**	219	**-**	-
Hire of plant and machinery	**20,544**	17,321	**-**	-
Rent of land and buildings	**7,186**	7,931	**1,142**	1,506
Impairment in costs of investment in:				
- subsidiary	**-**	-	**111**	-
- associates	**3,626**	-	**431**	1,608
- other investment	**5,345**	-	**-**	-
Amortisation of goodwill	**32,899**	36,102	**-**	-
Goodwill written off	**5,375**	-	**-**	-
Allowance for doubtful debts for amount due from subsidiaries	**-**	-	**7**	32
Loss on disposal of a subsidiary	**239**	-	**-**	-
and crediting:				
Realised gain on foreign exchange	**354**	2,065	**-**	2,783
Unrealised gain on foreign exchange	**311**	577	**-**	-
Writeback of allowance for slow moving inventories	**15**	16	**-**	-
Gain on disposal of property, plant and equipment	**16,994**	1,420	**-**	86
Rental income	**813**	612	**55**	41
Write back of allowance for doubtful debts	**5,866**	10,949	**-**	-
Bad debts recovered	**1,050**	1,559	**-**	-
Interest income	**8,096**	16,275	**1,016**	4,112
Write back of closure costs of mining land	**-**	1,140	**-**	-
Recoveries from a subsidiary under receivership	**-**	7,801	**-**	-
Gain on dissolution of subsidiaries	**836**	-	**-**	-
Gain on disposal of subsidiary	**-**	394	**-**	-
Gain on sale of shares in an associate	**-**	3,194	**-**	3,569

6 PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
(ii) Gross dividend income is from:				
Associates:				
Quoted in Malaysia	**-**	-	**12,564**	5,054
Subsidiaries:				
Quoted in Malaysia	**-**	-	**-**	2,592
Unquoted in Malaysia	**-**	-	**118,643**	85,483
Other investments quoted in Malaysia	**23,681**	30,964	**-**	-
	23,681	30,964	**131,207**	93,129

(iii) Directors' remuneration:

The aggregate amount of emoluments received by Directors of the Company during the financial period was as follows:

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Directors of the Company				
Non-executive directors:				
- fees	**622**	786	**429**	495
- other emoluments	**248**	367	**169**	209
- estimated money value of benefits-in-kind	**37**	40	**18**	19
Executive directors:				
- salaries and other emoluments	**1,953**	1,580	**1,203**	740
- defined contribution plan	**277**	216	**187**	126
- estimated money value of benefits-in-kind	**60**	114	**46**	102
	3,197	3,103	**2,052**	1,691

6 PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
(iv) Staff costs				
Wages, salaries and bonus	**105,682**	100,543	**6,739**	5,804
Defined contribution plan	**9,425**	9,177	**838**	634
Defined benefit plan	**109**	104	**-**	-
Other employee benefits	**1,041**	1,891	**86**	386
	116,257	111,715	**7,663**	6,824

7 FINANCE COST

Interest on term loans	**165,482**	179,410	**39,825**	47,732
Revolving credits	**9,299**	4,834	**2,663**	857
Others	**2,166**	74	**-**	-
	176,947	184,318	**42,488**	48,589

8 TAX EXPENSE

Current tax:				
- Current period/year Malaysian tax	**3,651**	14,200	**26,317**	-
- (Over)/under accrual in prior years (net)	**(1,330)**	(6,950)	**(1,521)**	18,495
	2,321	7,250	**24,796**	18,495
Deferred tax (Note 21):				
- Origination and reversal of temporary differences	**19,790**	18,471	**2,462**	-
	22,111	25,721	**27,258**	18,495
Tax expense on share of profit of associates	**75,495**	49,372	**-**	-
	97,606	75,093	**27,258**	18,495

8 TAX EXPENSE (CONTINUED)

The explanation of the relationship between tax expense and profit before taxation is as follows:

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**458,910**	220,467	**86,460**	60,065
Tax calculated at the Malaysia tax rate of 28% (31.1.2004 : 28%)	**128,495**	61,731	**24,209**	16,818
Tax effects of:				
- expenses not deductible for tax purposes	**24,782**	22,750	**6,060**	2,051
- income exempted from tax	**(5,479)**	(798)	**(1,490)**	(17,090)
- income not subject to tax	**(33,625)**	(3,919)	**-**	(1,779)
- difference in SME tax rate of 20% and corporate tax rate of 28%	**(149)**	(49)	**-**	-
- expenses eligible for further deductions	**(9)**	(280)	**-**	-
- deferred tax not recognised	**(15,049)**	1,016	**-**	-
- others	**(30)**	1,592	**-**	-
(Over)/under accrual in prior years (net)	**(1,330)**	(6,950)	**(1,521)**	18,495
Tax expense	**97,606**	75,093	**27,258**	18,495

9 EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per share is calculated by dividing the net profit for the financial period/year by the weighted average number of ordinary shares in issue during the financial period/year.

		Group
	31.12.2004	31.1.2004
Net profit for the financial period/year (RM'000)	**290,805**	116,151
Weighted average number of ordinary shares in issue ('000)	**1,126,613**	1,123,711
Basic earnings per share (sen)	**25.8**	10.3
Diluted earnings per share (sen)	**25.8**	10.3

The Redeemable Convertible Subordinated Loans ("RCSL") issued by a subsidiary company as referred to in Note 31 do not have any dilutive effect on the Group's earnings per share.

10 DIVIDENDS

		Group and Company
	31.12.2004	31.1.2004
	RM'000	RM'000
Ordinary:		
Final proposed:		
5 sen per share, less 28% tax (31.1.2004 - 3.0 sen per share, less 28% tax)	**40,558**	24,335
Nil sen per share, tax exempt (31.1.2004 - 2.0 sen per share, tax exempt)	**-**	22,532
Special proposed:		
1 sen per share, less 28% tax (31.1.2004 - nil sen per share, less 28% tax)	**8,112**	-
	48,670	46,867

At the forthcoming Annual General Meeting, a final dividend in respect of the financial period ended 31 December 2004 of 5 sen per share less 28% income tax and a special dividend of 1 sen per share, less 28% income tax on 1,126,613,046 ordinary shares, amounting to a dividend payable of RM48,669,684 will be proposed for shareholders' approval. The financial statements for the current financial period 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 profits in the financial year ending 31 December 2005.

11 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties RM'000	Long term leasehold properties RM'000	Short term leasehold properties RM'000	Mining leases properties RM'000	Plant machinery, dredges and other mining equipment RM'000	Expressway development expenditure RM'000	Pipeline RM'000	Capital work in progress RM'000	Total RM'000
Net book value									
At 1 February 2004									
- As previously reported	48,923	1,454,706	6,792	683	734,525	279,484	370,386	241,786	3,137,285
- Prior year adjustment (Note 37)	-	-	-	-	-	-	27,639	-	27,639
As restated	48,923	1,454,706	6,792	683	734,525	279,484	398,025	241,786	3,164,924
Acquisition of subsidiary	-	-	-	-	5,291	-	-	-	5,291
Additions	396	14,620	-	-	7,934	-	27,685	220,310	270,945
Disposals	(11,200)	(45)	(117)	-	(127)	-	(837)	-	(12,346)
Reclassification (Note 23)	(7,473)	90,352	-	-	11,337	-	214,436	(326,849)	(18,197)
Write off	-	-	-	-	(92)	-	-	-	(92)
Depreciation (Note 6)	(517)	(32,666)	(448)	-	(77,479)	(3,871)	(26,117)	-	(141,098)
Disposal of subsidiary	-	(2,433)	-	-	(312)	-	-	-	(2,745)
Impairment loss	-	(7,802)	-	-	(494)	-	-	-	(8,296)
At 31 December 2004	**30,109**	**1,516,732**	**6,227**	**683**	**680,583**	**275,613**	**613,192**	**135,247**	**3,258,386**

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties RM'000	Long term leasehold properties RM'000	Short term leasehold properties RM'000	Mining leases properties RM'000	Plant machinery, dredges and other mining equipment RM'000	Expressway development expenditure RM'000	Pipeline RM'000	Capital work in progress RM'000	Total RM'000
At 31 December 2004									
Cost	**19,692**	**1,600,656**	**10,274**	**683**	**991,594**	**306,050**	**696,996**	**135,247**	**3,761,192**
Valuation	**25,610**	**1,726**	**500**	**-**	**-**	**-**	**-**	**-**	**27,836**
Accumulated depreciation	**(15,193)**	**(76,247)**	**(4,547)**	**-**	**(310,517)**	**(30,437)**	**(83,804)**	**-**	**(520,745)**
Accumulated impairment losses	**-**	**(9,403)**	**-**	**-**	**(494)**	**-**	**-**	**-**	**(9,897)**
Net book value	**30,109**	**1,516,732**	**6,227**	**683**	**680,583**	**275,613**	**613,192**	**135,247**	**3,258,386**
At 31 January 2004									
Cost	26,769	1,489,284	10,274	683	968,566	306,050	454,923	241,786	3,498,335
Valuation	25,610	1,726	500	-	-	-	-	-	27,836
Accumulated depreciation	(3,456)	(34,751)	(3,982)	-	(234,041)	(26,566)	(56,850)	-	(359,646)
Accumulated impairment losses	-	(1,601)	-	-	-	-	-	-	(1,601)
Net book value	48,923	1,454,658	6,792	683	734,525	279,484	398,073	241,786	3,164,924

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold properties RM'000	Long term leasehold properties RM'000	Mining leases, properties and building RM'000	Plant, machinery and equipment RM'000	Total RM'000
Company					
Net book value					
At 1 February 2004	826	4,834	347	5,464	11,471
Additions	-	-	-	547	547
Depreciation (Note 6)	-	-	-	(3,201)	(3,201)
At 31 December 2004	**826**	**4,834**	**347**	**2,810**	**8,817**
At 31 December 2004					
Cost	**826**	**4,115**	**347**	**16,549**	**21,837**
Valuation	**-**	**1,506**	**-**	**-**	**1,506**
Accumulated depreciation	**-**	**(787)**	**-**	**(13,739)**	**(14,526)**
Net book value	**826**	**4,834**	**347**	**2,810**	**8,817**
At 31 January 2004					
Cost	826	4,115	347	16,002	21,290
Valuation	-	1,506	-	-	1,506
Accumulated depreciation	-	(787)	-	(10,538)	(11,325)
Net book value	826	4,834	347	5,464	11,471

Certain of the Group's properties and the Company's leasehold properties in Malaysia are stated based on a professional valuation conducted in February 1988 using the open market basis. The valuation was a one-off exercise and was not intended to effect a change in the accounting policy to one of revaluation of properties.

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Had the revalued properties been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the financial period would be as follows:

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Freehold properties	**672**	672	**-**	-
Long term leasehold properties	**1,465**	1,465	**1,465**	1,465
Short term leasehold properties	**56**	56	**-**	-
	2,193	2,193	**1,465**	1,465
Net book values of assets pledged as security for borrowings (Note 26)	**3,158,255**	2,434,961	**-**	-

12 INVESTMENTS IN SUBSIDIARIES

	Company	
	31.12.2004 RM'000	31.1.2004 RM'000
Shares quoted in Malaysia	**2,094**	2,094
Unquoted shares	**2,546,560**	2,539,783
	2,548,654	2,541,877
Less: Accumulated impairment losses of unquoted shares	**(12,384)**	(12,274)
	2,536,270	2,529,603
Market value of quoted investments:		
Quoted in Malaysia	**20,525**	18,850

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

CURRENT FINANCIAL PERIOD ENDED 31 DECEMBER 2004

(a) Acquisition of subsidiaries

(i) On 17 August 2004, Amalan Rantau Sdn Bhd, a wholly owned subsidiary, acquired additional 1,192,250 ordinary shares of RM1 each, representing 9.5% equity interest in an existing subsidiary, Seginiaga Rubber Industries Sdn Bhd ("SRI"), for a total cash consideration of RM1.550 million. Following to the acquisition, the Group's effective interest in SRI is now 75.6%. (31.1.2004: 66.1%)

(ii) During the financial period ended 31 December 2004, the Company acquired 6,777,000 ordinary shares of RM1 each in Recycle Energy Sdn Bhd ("RESB") on a piecemeal basis, representing 45.6% of its equity interest, for a total cash consideration of RM6.777 million.

Following the acquisition, the Group has obtained control to govern the financial and operating policies of RESB and therefore has accounted for its investment in RESB as an investment in a subsidiary. The Group will continue to increase its interest in RESB until it reaches 51% shareholding.

The summary of the effects of the above acquisitions on the financial position of the Group is as follows:

	As at 31.12.2004
	RM'000
Non current assets	**7,720**
Goodwill on acquisition	**2,768**
Current assets	**1,672**
Current liabilties	**(2,904)**
Non current liabilties	**(929)**
Minority interest	**(2,431)**
Group's share of net assets	**5,896**

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The fair value of the net assets acquired, goodwill and cash flow arising from the above acquisitions is as follows:-

	As at date of acquisitions RM'000
Non current assets	**7,720**
Current assets	**1,672**
Current liabilities	**(2,904)**
Non current liabilities	**(929)**
Group share of fair value of net assets	**5,559**
Goodwill on acquisition (Note 20)	**2,768**
Total consideration	**8,327**
Net cash outflow arising on acquisition:	
Cash consideration	**8,327**
Cash and cash equivalents of subsidiaries acquired	**(204)**
Cash outflow of the Group on acquisition of subsidiaries	**8,123**
Cash outflow of the Company on acquisition of subsidiaries	**6,777**

The Directors have assessed the fair value of net assets acquired to approximate the net book value and were of the opinion that the calculation of the goodwill on acquisition was fairly stated.

(b) Deconsolidation and disposal of subsidiaries:

(i) On 13 September 2004, MMC Japan Limited, a wholly owned subsidiary which has been dormant since 1994, received confirmation from The Registrar of Tokyo Legal Affairs Bureau for the dissolution of the company.

(ii) On 7 October 2004, D.V. Research Sdn Bhd, a wholly owned subsidiary, having an issued and paid-up share capital of RM2.00, was dissolved pursuant to Section 272(5) of the Companies Act 1965.

(iii) On 27 November 2004, London Tin (Malaysia) Bhd, a wholly owned subsidiary, having an issued and paid-up share capital of RM2.00, was dissolved pursuant to Section 272(5) of the Companies Act 1965.

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The effect of the deconsolidation on the above dissolved subsidiary on the financial position of the Group was as follows:

	At date of loss of control RM'000
Current liabilities	(2,836)
Net liabilities	(2,836)
Allowance from amount due from subsidiaries	2,000
Gain on deconsolidation of subsidiaries	(836)

(iv) On 26 November 2004, MMC Engineering Group Berhad, a 99.9% owned subsidiary, disposed off 70% equity interest in MMC Defence Sdn Bhd ("MMCD"), now a 30% associate, for a cash consideration of RM2.835 million.

The net assets of subsidiary disposed were as follows:

	As at date of disposal RM'000
Non current assets	1,922
Current assets	2,710
Current liabilities	(1,535)
Non current liabilities	(23)
Group's share of net assets	3,074
Loss on disposal	(239)
Total consideration	2,835
Net cash outflow arising on disposal:	
Cash consideration	2,835
Cash and cash equivalents of subsidiary disposed	(1,709)
Cash inflow of the Group on disposal of subsidiary	1,126

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

PREVIOUS FINANCIAL YEAR ENDED 31 JANUARY 2004

(a) Acquisition of subsidiaries:

(i) In the previous financial year, a subsidiary, MMC Engineering Group Berhad ("MMCEG"), completed its acquisition of the remaining 50% equity interest in MMC-GTM Bina Sama Sdn Bhd, representing 2,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM3.167 million, making it a wholly owned subsidiary of MMCEG.

(ii) During the previous financial year, pursuant to the Voluntary General Offer, the Company acquired 7,910,268 ordinary shares of RM1.00 each in MMCEG representing approximately 25% of the issued and fully paid-up share capital of MMCEG for a total consideration of RM34.010 million satisfied by the issuance of 5,203,836 ordinary shares of RM0.10 each at RM2.15 per share of the Company amounting to RM11.188 million and cash consideration of RM22.822 million. On completion of the Voluntary General Offer, the Company, as at previous financial year end held approximately 99.99% of the issued and fully paid-up share capital of MMCEG.

The summary of the effects of the acquisitions of both MMC-GTM Bina Sama Sdn Bhd and MMCEG on the financial position of the Group was as follows:

	As at 31 January 2004 RM'000
Non current assets	38,933
Current assets	59,411
Current liabilities	(42,390)
Non current liabilities	(3,186)
Net assets acquired	52,768
Minority interest	(5)
Group's share of net assets	52,763
Less: Amount previously recognised prior to additional acquisition of shares in subsidiary	(28,633)
Less: Amount accounted for as an associate	(3,461)
Less: Group's share of profit had the Group not acquired the additional shares	(1,552)
Goodwill on acquisition net of amortisation	19,612
Increase in Group's net assets	38,729

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The fair value of the net assets acquired, goodwill and cash flow arising from the acquisition of both MMC-GTM Bina Sama Sdn Bhd and MMCEG were as follows:

Net assets acquired:	
	As at date of acquisitions
	RM'000
Non current assets	15,921
Current assets	44,392
Current liabilities	(33,257)
Non current liabilities	(3,057)
Group share of fair value of net assets	23,999
Less: Amount accounted for as an associate	(3,461)
Less: Minority interest	(3,484)
Goodwill on acquisition	20,123
Total consideration	37,177
Satisfied by:	
Cash	25,989
Shares issued	11,188
Total consideration	37,177
Net cash outflow arising on acquisition:	
Cash consideration	25,989
Cash and cash equivalents of subsidiaries acquired	(9,014)
Cash outflow of the Group on acquisition of subsidiaries	16,975
Cash outflow of the Company on acquisition of a subsidiary	22,822

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Disposal and deconsolidation of subsidiaries:

(i) During the previous financial year, the Group deconsolidated the results of a subsidiary, MMCAK Sdn Bhd ("MMCAK") following confirmation that the High Court of Malaya has granted an order to wind-up MMCAK.

(ii) On 9 May 2003, the Company's wholly owned subsidiary, MMC Marketing Sdn Bhd, disposed off the entire equity interest in Kilang Papan Bukit Indah Sdn Bhd for a cash consideration of RM388,888.

The net assets of the subsidiary disposed were as follows:

Net assets disposed:	As at date of disposal RM'000
Property, plant and equipment	198
Current liabilities	(204)
Net liabilities at disposal date	(6)
Gain on disposal	394
Total consideration	388
Net cash inflow arising on disposal:	
Cash consideration	388

(iii) During the previous financial year, pursuant to the Government Gazette, Electronic Edition dated 11 December 2003, the Group's 75.8% owned subsidiary, Singapore Steel Private Limited was struck off from the Register of Companies pursuant to subsection(4) of Section 344 of the Companies Act of Singapore, effective 21 November 2003.

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Dilution of interest in subsidiaries to that of associates

In the previous financial year on 12 December 2003, a 52.3% owned subsidiary, Tronoh Consolidated Malaysia Berhad ("TCMB"), acquired the entire issued and paid-up share capital of Zelan Holdings (M) Sdn Bhd, comprising 5,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM140 million. Following the acquisition, the Group's effective equity interest in TCMB was reduced to 39.2%. The Group has since considered TCMB and its subsidiaries, to be associated companies.

The net assets of the subsidiaries deemed disposed were as follows:

	As at 12 December 2003 RM'000
Property, plant and equipment	738
Associated company	387,961
Current assets	56,013
Current liabilities	(3,047)
Non current liabilities	(25,078)
Minority interest	(190,879)
Net assets of subsidiaries deemed disposed	225,708
Cash and cash equivalents of subsidiaries deemed disposed	(12,493)
	213,215
Share of net assets of subsidiaries deemed disposed now accounted for as associates	(216,461)
Increase in capital reserves on deemed disposal of subsidiaries	(3,246)

13 INVESTMENTS IN ASSOCIATES

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Shares quoted in Malaysia, at cost	**995,802**	973,802	**208,032**	186,031
Unquoted shares, at cost	**59,304**	62,123	**5,027**	5,027
Share of post-acquisition reserves	**423,084**	297,085	**-**	-
	1,478,190	1,333,010	**213,059**	191,058
Less: Accumulated impairment losses	**(51,591)**	(33,720)	**(6,815)**	(6,383)
	1,426,599	1,299,290	**206,244**	184,675
Represented by:				
Group's share of net assets other than goodwill	**846,891**	716,832		
Group's share of goodwill in associates' own consolidated financial statements	**243,514**	246,264		
Goodwill on acquisition	**336,194**	336,194		
	1,426,599	1,299,290		
Market value of quoted associates:				
Shares quoted in Malaysia	**1,927,612**	1,533,267	**499,072**	460,180

Details of the Group's associates are shown in Note 38.

On 22 July 2004, Integrated Rubber Corporation Berhad ("IRCB"), (formerly known as Berjuntai Tin Dredging Berhad), a 28.6% associated company, completed its restructuring exercise on capital reduction and reconstruction, debt conversion and acquisition of Comfort Rubber Glove Industries Sdn Bhd. Following the completion of the restructuring exercise, the Group's effective interest in IRCB was reduced to 20.1%.

14 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

		Group
	31.12.2004	31.1.2004
	RM'000	RM'000
Non current assets	**1,916**	127
Current assets	**146,210**	10,298
Current liabilities	**(147,028)**	(6,237)
Net assets	**1,098**	4,188
Income	**391,312**	612
Expenses	**(386,763)**	(483)
	4,549	129

Details of jointly controlled entities are as follows:

	Name of company	Principal activities	Proportion of ownership interest	
			31.12.2004	31.1.2004
			%	%
+	MMCE-IPCO-Murphy Joint Venture	Procurement, construction and commissioning of the Peninsular Gas Utilisation ("PGU") Loop 2 Gas Pipeline Project	**33.3**	33.3
+	MMCE-Franky Consortium Joint Venture	Construction and completion of Kuantan-Kertih Railway Project Civil Works Package 2	**60.0**	60.0
+	Projek Smart Holdings Sdn Bhd	Investment holding	**50.0**	50.0
+	MMC-Gamuda Joint Venture	Design, engineering, procurement, construction, installation, testing and commissioning of Stormwater Management and Road Tunnel project	**50.0**	50.0
+	Syarikat Mengurus Air Banjir dan Terowong Sdn Bhd (A wholly owned subsidiary of Projek Smart Holdings Sdn Bhd)	To undertake the Stormwater Management and Road Tunnel project	**50.0**	50.0
+	Tepat Teknik - VME Sdn Bhd	Process engineering, detail engineering, procurement, fabrication, startup and commissioning for acid gas removal systems, H25 and mercury removal systems using membrane technology for the oil, gas industries and petro-chemical industries	**34.9**	-

+ Audited by firms other than PricewaterhouseCoopers, Malaysia.

15 OTHER INVESTMENTS

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
At cost:				
Shares quoted in Malaysia	**-**	255,288	**-**	-
Shares quoted outside Malaysia	**31,546**	31,546	**-**	-
Unquoted shares	**2,000**	2,000	**2,000**	2,000
	33,546	288,834	**2,000**	2,000
Less impairment losses:				
- Shares quoted outside Malaysia	**(31,546)**	(26,201)	**-**	-
- Unquoted shares	**(2,000)**	(2,000)	**(2,000)**	(2,000)
	-	260,633	**-**	-

Market value of quoted investments:		
- Shares quoted in Malaysia	**-**	676,951
- Shares quoted outside Malaysia	**4,224**	10,695
	4,224	687,646

The currency exposure profile of the net investments are as follows:		
- Ringgit Malaysia	**-**	255,288
- Australian Dollar	**-**	5,345
	-	260,633

The market value of quoted investment approximates its fair value. A reasonable estimate of fair value for unquoted shares could not be made without incurring excessive costs. Therefore, such investment are valued at cost and are subject to review for impairment annually.

16 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest free and are not repayable during the next twelve months except in so far as such repayment will not adversely affect the ability of the respective subsidiaries to meet their liabilities when due. Included in the amount due from subsidiaries are Redeemable Convertible Subordinated Loans of RM264.5 million (31.1.2004: RM264.5 million). The terms of the Redeemable Convertible Subordinated Loans are as disclosed in Note 31. Included in the amounts due to subsidiaries (non current liabilities) are advances totalling RM274.6 million (31.1.2004: RM242.8 million) which represent part of the net investment in these subsidiaries.

For amounts due from/(to) subsidiaries, which are not repayable during the next twelve months, it is not practicable to determine the fair values of loans that do not have fixed repayment terms beyond the next 12 months and are interest free. However, the carrying amounts recorded are not anticipated to be significantly in excess of their fair values at the balance sheet date.

		Company
	31.12.2004	31.1.2004
	RM'000	RM'000
The currency exposure profile of the amounts due from subsidiaries are as follows:		
- Ringgit Malaysia	**539,366**	537,728
- Australian Dollar	**908**	972
	540,274	538,700
The currency exposure profile of the amounts due to subsidiaries are as follows:		
- Ringgit Malaysia	**348,252**	148,051
- Australian Dollar	**178,286**	176,846
	526,538	324,897

17 AMOUNT DUE FROM ASSOCIATES

The amounts due from associates are all denominated in Ringgit Malaysia, non-trade in nature, unsecured, interest free (except for shareholder's advances of RMNil (31.1.2004: RM22.0 million) to Integrated Rubber Corporation Berhad ("IRCB"), (formerly known as Berjuntai Tin Dredging Berhad) which bears interest at Nil% (31.1.2004: 1.5%) above the base lending rate of Bumiputra Commerce Bank Berhad) and are not repayable during the next twelve months except in so far as such repayments will not adversely affect the ability of the respective associates to meet their liabilities when due.

On 22 July 2004, IRCB completed its restructuring exercise on capital reduction and reconstruction, debt conversion and acquisition of Comfort Rubber Gloves Industries Sdn Bhd. The Scheme entails the repayment of shareholders advances of RM22.0 million from IRCB to the Company, which is to be settled via the issuance of 44,000,000 new ordinary shares of IRCB of RM0.50 each.

For amounts due from associates, which are not repayable during the next twelve months, it is not practicable to determine the fair values of loans that do not have fixed repayment terms beyond the next 12 months and are interest free. However, the carrying amounts recorded are not anticipated to be significantly in excess of their fair values at the balance sheet date.

18 OTHER ASSETS

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Mining exploration expenditure, at cost	**9,746**	9,584	**9,746**	9,584
Impairment losses:				
At 1 February	**9,584**	35,049	**9,584**	32,600
Charge for the period/year	**162**	69	**162**	69
Written off	**-**	(25,534)	**-**	(23,085)
At 31 December/ January	**9,746**	9,584	**9,746**	9,584
Carrying value	**-**	-	**-**	-

19 INTELLECTUAL PROPERTY

		Group
	31.12.2004	31.1.2004
	RM'000	RM'000
At cost	**8,000**	-

The intellectual property represents the cost of acquiring Refuse-Derived Fuel technology which comprises business knowledge, business process and design. This expenditure is capitalised as it is able to generate future economic benefits to the Group and is amortised over the estimated useful life of the related asset of 30 years.

20 GOODWILL ON CONSOLIDATION

		Group
	31.12.2004	31.1.2004
	RM'000	RM'000
Net book value		
At 1 February	**1,800,993**	1,816,972
Acquisition of subsidiary (Note 12)	**2,768**	20,123
Written off	**(5,375)**	-
Amortisation charge	**(32,899)**	(36,102)
At 31 December/ January	**1,765,487**	1,800,993
At 31 December/ January		
Cost	**1,842,770**	1,840,002
Written off	**(5,375)**	-
Accumulated amortisation	**(71,908)**	(39,009)
Net book value	**1,765,487**	1,800,993

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 balance sheet:

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Deferred tax assets	**12,607**	16,394	**227**	2,689
Deferred tax liabilities:				
- subject to income tax	**(92,305)**	(75,064)	**-**	-
- subject to capital gains tax	**(781)**	(2,019)	**-**	-
	(93,086)	(77,083)	**-**	-
	(80,479)	(60,689)	**227**	2,689
At 1 February	**(60,689)**	(40,292)	**2,689**	2,689
(Charged)/credited to income statement (Note 8):				
- property, plant and equipment	**(18,000)**	(13,459)	**382**	170
- receivables	**759**	(5,593)	**-**	-
- payables	**(205)**	17	**-**	-
- tax losses	**(2,359)**	246	**(2,885)**	-
- provisions	**(42)**	(189)	**41**	(316)
- others	**57**	507	**-**	146
	(80,479)	(58,763)	**227**	2,689
Acquisition of a subsidiary	**-**	(1,926)	**-**	-
At 31 December/January	**(80,479)**	(60,689)	**227**	2,689

21 DEFERRED TAXATION (CONTINUED)

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Subject to income tax:				
Deferred tax assets (before offsetting)				
Property, plant and equipment	**96**	893	**-**	-
Receivables	**6,656**	7,156	**-**	-
Payables	**352**	557	**-**	-
Tax losses	**16,683**	19,042	**640**	3,525
Provisions	**560**	602	**181**	140
Others	**14**	3	**-**	-
	24,361	28,253	**821**	3,665
Offsetting	**(11,754)**	(11,859)	**(594)**	(976)
Deferred tax assets (after offsetting)	12,607	**16,394**	227	**2,689**
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(102,174)**	(83,733)	**(594)**	(976)
Receivables	**(1,770)**	(3,029)	**-**	-
Others	**(115)**	(161)	**-**	-
	(104,059)	(86,923)	**(594)**	(976)
Offsetting	**11,754**	11,859	**594**	976
Deferred tax liabilities (after offsetting)	(92,305)	**(75,064)**	-	**-**
Subject to capital gains tax:				
Property, plant and equipment	**(781)**	(2,019)	**-**	-

21 DEFERRED TAXATION (CONTINUED)

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group	
	31.12.2004	31.1.2004
	RM'000	RM'000
Deductible temporary differences	**975,537**	898,877
Tax losses	**322,059**	239,222
	1,297,596	1,138,099

22 INVENTORIES

	Group	
	31.12.2004	31.1.2004
	RM'000	RM'000
At cost:		
Spares, consumables and container repair materials	**18,314**	16,227
Raw materials	**3,397**	2,977
Work-in-progress	**5,887**	1,556
Manufactured inventories	**3,926**	2,086
	31,524	22,846
At net realisable value:		
Raw materials	**-**	166
Manufactured inventories	**495**	1,074
	32,019	24,086

Inventories of the Group of RM17.853 million (31.1.2004: RM15.603 million) comprising spare parts, consumables and container repair materials are pledged as security for borrowings as referred to in Note 26.

23 TRADE AND OTHER RECEIVABLES

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Trade receivables	**222,475**	218,802	**8,555**	-
Less: Allowance for doubtful debts	**(42,553)**	(27,440)	**(8)**	-
	181,922	191,362	**8,547**	-
Other receivables	**87,256**	86,714	**48,840**	48,481
Less: Allowance for doubtful debts	**(1,388)**	(407)	-	-
	85,868	86,307	**48,840**	48,841
Deposits	**8,210**	5,744	**1,558**	1,660
Prepayments	**12,273**	10,716	**195**	167
	106,351	102,767	**50,593**	50,308
Contract advances	**1,361**	-	**-**	-
Amount due from contract customers (Note 32)	**14,483**	8,638	**-**	-
Amounts due from associates (Note 17)	**9,274**	28,947	**988**	22,000
Amounts due from jointly controlled entities	**86,525**	114,742	**50,152**	114,742
	399,916	446,456	**110,280**	187,050

Included in other receivables of the Group are permanent resettlement costs of RM18.197 million which have been reclassified from property, plant and equipment (Note 11). These costs are recoverable from the sale of the permanent resettlement houses.

23 TRADE AND OTHER RECEIVABLES (CONTINUED)

All the above balances except for certain trade receivables, which are shown below, are denominated in Ringgit Malaysia.

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
The currency exposure profile of trade receivables are as follows:				
- Ringgit Malaysia	**174,539**	188,049	**8,547**	-
- US Dollar	**4,864**	637	**-**	-
- Australian Dollar	**2,434**	2,326	**-**	-
- Others	**85**	350	**-**	-
	181,922	191,362	**8,547**	-

Credit terms of trade receivables of the Group and Company vary from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Concentration of credit risk in respect of the receivable balances is limited to the Group's large number of customers, who are nationally dispersed, cover a spectrum of industries with variety end markets. The Group's historical experience shows that the allowances for doubtful debts 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.

The amounts due from jointly controlled entities are unsecured with no fixed terms of repayment and bear no interest.

24 MARKETABLE SECURITIES

	Group	
	31.12.2004	31.1.2004
	RM'000	RM'000
Shares in a corporation quoted in Malaysia	**188,863**	-
Market value:		
- quoted in Malaysia	**546,492**	-

The above investment is denominated in Ringgit Malaysia and part of this investment has subsequently been disposed off as referred to in Note 40(a).

25 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Deposits are placed with:				
Licensed banks	**156,876**	191,779	**26,675**	15,470
Finance companies	**105,378**	15,596	**3,010**	1,008
Other financial institutions	**61,466**	31,847	**10,787**	11,776
	323,720	239,222	**40,472**	28,254
Cash and bank balances	**38,724**	12,308	**198**	611
	362,444	251,530	**40,670**	28,865
The currency exposure profile of the deposits, bank and cash balances are as follows:				
- Ringgit Malaysia	**350,825**	240,166	**29,699**	17,501
- US Dollar	**40**	102	**40**	102
- Australian Dollar	**10,902**	10,644	**10,254**	10,644
- Pound Sterling	**677**	618	**677**	618
	362,444	251,530	**40,670**	28,865

The weighted average interest rates of deposits, bank and cash balances that were effective as at balance sheet date were as follows:

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	% per annum	% per annum	**% per annum**	% per annum
Deposits placed with:				
Licensed banks	**2.80**	2.79	**3.23**	3.00
Finance companies	**2.78**	2.89	**3.00**	3.00
Other financial institutions	**2.46**	2.66	**2.91**	2.88

Deposits of the Group and Company have an average maturity of 30 days (31.1.2004: 39 days). Bank balances are deposits held at call with banks.

26 BORROWINGS (INTEREST BEARING)

		Group		Company	
		31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
		RM'000	RM'000	**RM'000**	RM'000
Current					
US Dollar term loans	- secured	**22,592**	19,365	**-**	-
Al-Murabahah Commercial Paper	- secured	**199,556**	-	**-**	
Overdrafts	- secured	**-**	1,396	**-**	-
	- unsecured	**-**	398	**-**	-
Revolving credits	- secured	**24,000**	71,600	**-**	-
	- unsecured	**109,632**	179,723	**65,000**	50,000
Bankers acceptance	- secured	**3,813**	-	**-**	-
Term loan	- secured	**-**	28,615	**-**	-
Syndicated term loan	- secured	**31,489**	-	**-**	-
		391,082	301,097	**65,000**	50,000
Non-current					
US Dollar term loans	- secured	**45,185**	58,094	**-**	-
Infrastructure support loans	- secured				
Loan 1		**343,385**	343,385	**-**	-
Loan 2		**128,000**	128,000	**-**	-
Refinancing term loans	- secured				
Loan 3		**650,000**	650,000	**-**	-
Loan 4		**600,400**	600,400	**-**	-
Loan 5		**250,000**	250,000	**-**	-
Term loans	- secured	**784,686**	964,990	**784,687**	961,990
Syndicated term loan	- secured	**71,576**	103,065	**-**	-
		2,873,232	3,097,934	**784,687**	961,990
Total		**3,264,314**	3,399,031	**849,687**	1,011,990
The currency exposure profile of the borrowings are as follows:					
- Ringgit Malaysia		**3,196,537**	3,321,572	**849,687**	1,011,990
- US Dollar		**67,777**	77,459	**-**	-
		3,264,314	3,399,031	**849,687**	1,011,990
Fair values of term loans are as follows:					
- US Dollar term loans		**68,568**	78,093	**-**	-
- Term loans		**849,685**	867,779	**849,685**	867,779
- Infrastructure support loans, and refinancing term loans		**1,882,000**	1,894,000	**-**	-

26 BORROWINGS (INTEREST BEARING) (CONTINUED)

(i) The USD long term loan of the Group of USD63 million was arranged with the Japan Bank for International Co-operation and drawndown over nine instalments from 30 July 1993. Repayments are by fourteen half yearly increasing instalments commencing 31 July 2000. The loan is subject to a fixed interest rate of 6.1% (31.1.2004: 6.1%) per annum and is secured by way of a debenture over all assets of a subsidiary company ammounting to approximately RM871 million (31.1.2004: RM708 million).

(ii) The RM200 million Al-Murabahah Commercial Papers/Medium Term Notes Programme and RM500 million Al-Murabahah Medium Term Notes Issuance Programme have tenure up to 7 years and 10 years from the date of first issuance of the programme respectively. The programme shall be secured and supported by a charge over a designated account to be opened by the Group and a negative pledge over the assets of a subsidiary company. These facilities contain covenants which require a subsidiary to maintain minimum debt service coverage and limit debt to capital ratios. As at 31 December 2004, RM200 million has been drawndown.

(iii) Bankers' acceptances, revolving credit and bank overdrafts of a subsidiary are secured by an "all monies" debentures of RM5.3 million (31.1.2004: RM5.3 million) by way of a floating charge over all the subsidiary's inventories, book debts, raw materials, work in progress and finished goods. The net book value of inventories and book debts of the subsidiary charged is approximately RM3.950 million (31.1.2004: RM3.144 million) and RM9.165 million (31.1.2004: RM12.444 million) respectively.

(iv) Interests on the loans are charged at a fixed rate which range from 5% to 6% per annum. Two of the bank loans will be charged at a rate of 1.5% above the effective cost of funds of the lender from November 2010 onwards.

The bank loans are repayable in equal semi-annual instalments ranging from 14 to 26 instalments.

The bank loans are secured by:

(i) a fixed and floating charge by way of debenture over all the assets and undertaking of a subsidiary company amounting to approximately RM2.46 billion (31.1.2004: RM2.40 billion).

(ii) a charge on the specific Designated Accounts and all monies standing to the credit of a subsidiary company.

(iii) assignment of certain rights and benefits of a subsidiary company.

The Employees Provident Fund Board loans are repayable in 13 annual instalments of 2.5% of the principal repayable and a final bullet repayment.

(v) The syndicated term loan is secured by a fixed and floating charge over all assets amounting to RM320.953 million (31.1.2004: RM317.753 million) and assignment of relevant contracts of a subsidiary company.

26 BORROWINGS (INTEREST BEARING) (CONTINUED)

(vi) The term loans of the Company are secured by certain assets of the Company and a subsidiary company. Interests on all the term loans of the Company are charged at floating rates between 1% - 1.75% over cost of funds of lenders and fixed rates of between 6.65% - 6.85% per annum. The tenure of the loans ranges from 4 - 7 years with bullet repayments on maturity from the dates of drawdown. The revolving credit facility of the Company is unsecured and interest is charged at 0.8% above the cost of funds of the lender.

Analysis of repayment schedule:

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Within 1 year	**544,481**	301,097	**65,000**	50,000
From 1 to 2 years	**238,337**	240,323	**-**	-
From 2 to 5 years	**577,061**	629,828	**-**	-
After 5 years	**1,904,435**	2,227,783	**784,687**	961,990
	3,264,314	3,399,031	**849,687**	1,011,990

The weighted average interest rates of borrowings (interest bearing) that was effective as at balance sheet date were as follows:

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	% per annum	% per annum	**% per annum**	% per annum
US Dollar term loan	**6.10**	6.10	**-**	-
Term loans	**5.50**	5.43	**5.50**	5.43
Infrastructure support loans, refinancing and syndicated loans	**5.76**	5.75	**-**	-
Revolving credits	**4.00**	4.73	**3.90**	4.65
Bank overdrafts	**7.75**	7.83	**-**	-
Al-Murabahah Commercial Paper (profit rate)	**2.76**	-	**-**	-

27 TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2004 RM'000	31.1.2004 RM'000	**31.12.2004 RM'000**	31.1.2004 RM'000
Trade payables	**165,483**	216,115	**3,960**	90,431
Other payables	**114,185**	55,677	**20,248**	2,222
Provision for retirement benefits (Note 27 (a))	**326**	170	**-**	-
Accruals	**62,819**	73,146	**1,679**	9,128
Advances received on contracts (Note 32)	**-**	423	**-**	-
Amounts due to contract customers (Note 32)	**6,288**	1,149	**-**	-
	349,101	346,680	**25,887**	101,781
The currency exposure profile of the trade payables are as follows:				
- Ringgit Malaysia	**161,431**	211,905	**3,960**	90,431
- US Dollar	**3,265**	3,578	**-**	-
- Others	**787**	632	**-**	-
	165,483	216,115	**3,960**	90,431

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

(a) Provision for retirement benefits

	Group	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000
At 1 February	**1,054**	1,081
Charged to income statement	**109**	104
Utilised during the period/year	**(146)**	(131)
At 31 December/January	**1,017**	1,054
Analysed as:		
Current	**326**	170
Non-current	**691**	884
	1,017	1,054

27 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Provision for retirement benefits (continued)

	Group	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000
Non current		
Later than 1 year and not later than 2 years	**-**	496
Later than 2 years and not later than 5 years	**-**	-
Later than 5 years	**691**	388
	691	884
Present value of funded obligations	**1,023**	1,048

A subsidiary of the Group operates a defined retirement benefit scheme, applicable to all eligible employees of the Group. This Scheme is valued by an independent actuary using the projected unit credit method. The latest valuation was carried at 31 January 2004.

The amount recognised in the balance sheet is analysed as follows:

	Group	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000
Present value of funded obligations	**1,023**	1,048
Unrecognised transitional asset	**-**	6
Unrealised actuarial losses	**(6)**	-
Net liability recognised in the balance sheet	**1,017**	1,054

The expense recognised in the income statements is analysed as follows:

Current service cost	**40**	53
Interest cost	**69**	51
Net liability recognised in the balance sheet	**109**	104

27 TRADE AND OTHER PAYABLES (CONTINUED)

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

	31.12.2004	31.1.2004
	%	%
Discount rate	**7.0**	5.0
Interest cost	**5.0**	5.0

28 SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	'000	'000	**RM'000**	RM'000
Authorised:				
Ordinary shares of RM0.10 each:				
At 31 December/January	**2,000,000**	2,000,000	**200,000**	200,000
Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At 1 February	**1,126,613**	1,121,409	**112,661**	112,141
Issued during the financial period/year:				
- Increase in equity interest in existing subsidiaries	**-**	5,204	**-**	520
At 31 December/31 January	**1,126,613**	1,126,613	**112,661**	112,661

29 RESERVES

Subject to the agreement of the Inland Revenue Board, the Company has tax credits under Section 108 of the Income Tax Act 1967 of RM22.2 million (31.1.2004: RM53.5 million) and there is no balance in the tax exempt account (31.1.2004: RM12 million) to frank the payment of dividend out of the distributable reserves of the Company as at 31 December 2004. The extent of distributable reserves not covered at that date amounted to RM451.1 million (31.1.2004: RM395.5 million).

30 MINORITY INTERESTS

These consist of minority shareholders' proportion of share capital and reserves of subsidiaries.

31 REDEEMABLE CONVERTIBLE SUBORDINATED LOANS

The Redeemable Convertible Subordinated Loans ("RCSL") are issued by a subsidiary company and issued to the shareholders of the subsidiary, as follows:

		Group
	31.12.2004	31.1.2004
	RM'000	RM'000
Unsecured		
Company (Note 16)	**264,452**	264,452
Other corporate shareholders	**263,397**	263,397
Total RCSL issued	**527,849**	527,849

Terms of Redeemable Convertible Subordinated Loans

(i) The RCSL are subordinated to the prior repayment of the term loans of the subsidiary as referred to in Note 26 (iv) and are due for a lump sum settlement at the end of the tenure on 30 June 2013.

(ii) The holders of the RCSL are entitled to require the subsidiary to allot ordinary shares of the subsidiary commencing from 5 September 1997 (the date of first drawdown) until 30 June 2013 in exchange for and in satisfaction of the amount of the loans at RM1.00 of the loan to the equivalent number of shares of RM1.00 each.

(iii) Interest of 5% per annum on the loans is waived for a period of 48 months commencing from 1 January 2003.

(iv) In the event any interest chargeable is not paid when due to the holders of the RCSL, the interest due and accruing may at the sole discretion of the holders be capitalised and added to the principal sum with interest chargeable on it.

(v) The loan facility limit is RM1.01 billion.

The RCSL is a compound instrument that contains both a liability and an equity element. However, as allowed in the transitional provisions under Paragraph 107 of MASB 24 Financial Instruments: Disclosure and Presentation, the liability and equity elements of the RCSL are not classified separately as it was issued prior to 1 January 2003.

The RSCL is denominated in Ringgit Malaysia.

32 CONSTRUCTION CONTRACTS

		Group
	31.12.2004	31.1.2004
	RM'000	RM'000
Aggregate costs incurred and recognised profits (less losses) to date	**309,375**	225,895
Progress billings	**(301,180)**	(218,406)
	8,195	7,489
Amount due from contract customers (Note 23)	**14,483**	8,638
Amount due to contract customers (Note 27)	**(6,288)**	(1,149)
	8,195	7,489
Advances received on contracts (Note 27)	**-**	423
Retentions on contracts	**9,660**	7,445

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

		Group
	11 months ended	Financial year ended
	31.12.2004	31.1.2004
	RM'000	RM'000
Office rental	**66**	81
Depreciation of property, plant and equipment	**180**	131
Hire of plant and machinery	**750**	756
Staff costs	**7,261**	10,108
Staff costs consist of the following:		
Salaries, wages and bonus	**6,342**	8,770
Defined contribution plan	**710**	948
Other employee benefits	**209**	278
Directors' remuneration		
- Salaries and other emoluments	**-**	100
- Defined contribution plan	**-**	12
	7,261	10,108

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

33 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical 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.

(a) Primary reporting format - business segments:

31.12.2004	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
Revenue					
Total	490,055	676,506	256,433	51,907	1,474,901
Inter segment	-	(15,493)	(80,810)	(123)	(96,426)
External	490,055	661,013	175,623	51,784	1,378,475
Results					
Segment profit	199,593	98,963	16,373	3,770	318,699
Interest income					8,096
Finance costs					(176,947)
Share of results of Associates	-	165,233	39,367	43,644	248,244
Share of results of jointly controlled entities	-	-	4,549	-	4,549
Amortisation of goodwill					(32,899)
Goodwill written off					(5,375)
Non operating items					94,543
Profit before taxation					458,910
Taxation					
- Company and subsidiaries					(22,111)
- Associates					(75,495)
Profit after taxation					361,304
Minority interest					(70,499)
Net profit for the financial period					290,805

33 SEGMENTAL INFORMATION (CONTINUED)

(a) Primary reporting format - business segments: (Continued)

	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
31.12.2004					
Other information					
Segment assets	4,352,145	851,642	19,462	471,911	5,695,160
Associates					1,426,599
Jointly controlled entities					1,098
Unallocated assets					
- Interest bearing instruments					362,444
Total assets					7,485,301
Segment liabilities	124,452	138,074	26,540	60,727	349,793
Unallocated liabilities					
- Interest bearing instruments					3,264,314
- Redeemable convertible subordinated loans					263,397
- Tax liabilities					10,066
- Deferred tax liabilities					93,086
Total liabilities					3,980,656
Other disclosures					
Capital expenditure	120,480	145,779	410	4,276	270,945
Depreciation	96,134	35,985	582	8,397	141,098
Impairment loss	-	-	-	8,296	8,296

33 SEGMENTAL INFORMATION (CONTINUED)

(a) Primary reporting format - business segments: (Continued)

	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
31.1.2004					
Revenue					
Total	434,157	486,697	258,689	123,181	1,302,724
Inter segment	-	-	(79,670)	(55,456)	(135,126)
External	434,157	486,697	179,019	67,725	1,167,598
Results					
Segment profit	138,533	66,798	29,100	9,716	244,147
Interest income					16,275
Finance costs					(184,318)
Share of results of associates	(233)	144,597	8,265	16,712	169,341
Share of results of jointly controlled entities	-	-	-	129	129
Amortisation of goodwill					(36,102)
Non operating items					10,995
Profit before taxation					220,467
Taxation					
- Company and subsidiaries					(25,721)
- Associates					(49,372)
Profit from ordinary					145,374
Minority interest					(29,223)
Net profit for the financial year					116,151

33 SEGMENTAL INFORMATION (CONTINUED)

(a) Primary reporting format - business segments: (Continued)

	Transport and logistics RM'000	Energy and utilities RM'000	Engineering and construction RM'000	Others RM'000	Total RM'000
31.1.2004					
Other information					
Segment assets	4,538,765	722,012	11,270	466,951	5,738,998
Associates	9,711	993,901	219,525	76,153	1,299,290
Jointly controlled entities	-	-	-	4,188	4,188
Unallocated assets					
- Interest bearing instruments					251,530
Total assets					7,294,006
Segment liabilities	107,787	80,668	47,653	111,456	347,564
Unallocated liabilities					
- Interest bearing instruments					3,399,031
- Redeemable convertible subordinated loans					263,397
- Tax liabilities					7,856
- Deferred tax liabilities					77,083
Total liabilities					4,094,931
Other disclosures					
Capital expenditure	110,750	177,132	3,177	5,537	296,596
Depreciation	(106,869)	(23,410)	(612)	(11,317)	(142,208)
Impairment loss	-	-	-	1,311	1,311

(b) Secondary reporting format – geographical location:

The Group's operations are principally based in Malaysia. The foreign based entities' revenue, results, assets and liabilities in comparison with the Group's figures are negligible. Accordingly, no segmental information based on geographical location is disclosed.

34 SIGNIFICANT CONTINGENT LIABILITIES – UNSECURED

(a) In 1999, a joint venture involving MMC Engineering Services Sdn Bhd ("the JV") had instituted an arbitration proceeding against Pantai Bayu Indah Sdn. Bhd. ("Pantai Bayu") to claim an amount of RM24.3 million and HKD37.7 million for loss, expense and damages incurred and suffered as a result of wrongful termination of contract by Pantai Bayu.

Pantai Bayu contended that the termination was lawful and filed a counter claim of RM56.7 million against the JV.

The Directors are of the view, based on the legal advice from their solicitors, that there is a fair chance of success in the arbitration proceedings.

(b) The Australian tax authority has issued notices of assessment to the Company, and certain of its subsidiaries and associates, namely Anglo-Oriental (Nominees) Australia Pty Ltd ("AONA"), Anglo-Oriental (Annuities) Sdn Bhd, Tronoh Consolidated Malaysia Berhad and Golden Solitaire (Australia) B.V., indicating that the Company and its respective subsidiaries and associates are subject to a capital gains tax liability of AUD130,654,897 and a general interest charge liability (as at the date of the notices of assessment) of AUD61,670,379 in aggregate, in respect of the disposal of shares in Australian subsidiaries in 1998, 2000 and 2001. Notices of objection have been filed. In the case of the non-Australian companies, the assessments have been made as a result of the Australian tax authority's interpretation of a tax treaty and/or a change in foreign tax legislation around the time of the relevant disposals. In the case of AONA, the assessment has been made as a result of the Australian tax authority failing to recognise carry forward losses of AONA which offset the capital gain.

The Directors are of the view, based on advise by legal council that no provision needs to be made in the financial statements.

(c) A demand was received by the Company and a subsidiary, Projek Lebuhraya Timur Sdn Bhd, from a consultant in respect of alleged work undertaken. As no legal proceedings have been commenced in Court nor has the claim been referred to arbitration, the Directors are unable to assess the outcome of this demand with any reasonable certainty.

34 SIGNIFICANT CONTINGENT LIABILITIES – UNSECURED (CONTINUED)

(d) At 31 December 2004, the contingent liabilities in respect of guarantees issued are as follows:

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
Bank guarantees issued to third parties for performance by:				
- Subsidiaries	**23,133**	47,449	**4,744**	-

Bank guarantees issued to third parties mainly comprise customers and utilities suppliers. These are mainly in respect of performance bonds and payment guarantee for utility facilities.

(e) The Group and Company have contingent liabilities which are not readily ascertainable in respect of filling and levelling conditions on the Group's and Company's mining leases and relating to the deviation of the Kinta River.

There were no other material contingent liabilities, litigations or guarantees other than those arising in the ordinary course of the business of the Group and 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 Company.

35 COMMITMENTS

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

	Group		Company	
	31.12.2004	31.1.2004	**31.12.2004**	31.1.2004
	RM'000	RM'000	**RM'000**	RM'000
(a) Capital commitments:				
Property, plant and equipment				
Authorised but not contracted for	**443,568**	569,894	**298**	446
Contracted but not provided for in the financial statements	**386,733**	88,102	**-**	-
Total	**830,301**	657,996	298	446

35 COMMITMENTS (CONTINUED)

(b) Non-cancellable operating lease commitments

		Group
	31.12.2004	31.1.2004
	RM'000	RM'000
(i) For computer hardware		
Not later than 1 year	**835**	1,001
Later than 1 year and not later than 5 years	**-**	835
	835	1,836
(ii) For the port area		
Not later than 1 year	**25,701**	2,000
Later than 1 year and not later than 5 years	**107,943**	105,373
Later than 5 years	**552,307**	580,578
	685,951	687,951
(iii) For rental of office building and equipment		
Not later than 1 year	**1,496**	1,955
Later than 1 year and not later than 5 years	**1,288**	1,155
	2,784	3,110
Total	**689,570**	692,897

36 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions and balances other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Transactions				
Substantial shareholder:				
Permodalan Nasional Berhad				
Rental payable to expense	**1,358**	1,577	**-**	-
Subsidiary of Johor Port Berhad, which is a subsidiary of a corporate shareholder, Seaport Terminal (Johore) Sdn Bhd:				
JP Logistics Sdn Bhd				
Rental expense of prime mover	**7,850**	5,394	**-**	-

36 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Group		Company	
	11 months ended 31.12.2004 RM'000	Financial year ended 31.1.2004 RM'000	**11 months ended 31.12.2004 RM'000**	Financial year ended 31.1.2004 RM'000
Balances in respect of non-trade transactions:				
Substantial shareholder:				
Seaport Terminal (Johore) Sdn Bhd				
Others receivables	**15,780**	15,780	**15,780**	15,780
Associates				
Advances due from :				
Integrated Rubber Corporation Berhad	**-**	22,000	**-**	22,000
MMC Metrail Sdn Bhd	**5,000**	5,000	**5,000**	5,000

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

At an Extraordinary General Meeting held on 28 May 2004, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature. The details of recurrent related party transactions eventually entered into during the financial period ended 31 December 2004 pursuant to the shareholders' mandate are disclosed as follows:

Company involved	Related party	Principal activity of the related party	Interested major shareholder	Nature of relationship	Nature of transaction	Value of transactions (RM'000)
MMC Engineering & Construction Sdn Bhd	Pelabuhan Tanjung Pelepas Sdn Bhd ("PTP")	Port operations	Seaport Terminal (Johore) Sdn Bhd ("Seaport")	Seaport has 40.1% and and 19.9% shareholdings in the Company and PTP respectively	Provision of construction and engineering services	62,106

37 PRIOR YEAR ADJUSTMENT

Previously, expenditure incurred in developing pipelines over the five years base period which is considered to give significant future benefits is deferred and considered as prepayment against future revenues and is expensed from 1993/1994 (the first full year of operation) on the basis of thirty years, the estimated useful life of the pipelines system.

The total prepayment expenses amounted to RM64.6 million, of which RM20.8 million has been amortised from 1993/94 to 2003/04, leaving a balance as at 1 February 2004 of RM43.8 million. During the financial period, the Directors of a subsidiary changed its accounting treatment in respect of the prepayments against future revenues whereby expenses incurred for the development of the pipelines system are to be capitalised as property, plant and equipment and expenses incurred for the establishment and development of natural gas business are to be charged to the income statement.

In addition, effects of previously amortised amounts of prepayment against future revenues and depreciation of cost reclassified to property, plant and equipment have been accounted for in the prior year adjustment.

The new accounting treatment has no effect on the Group's net profit for the financial period ended 31 December 2004. The other effects of the change on the Group's financial statements are as follows:

	As previously reported RM'000	Effect of change in RM'000	As restarted RM'000
Group			
As at 31 January 2004			
Balance sheet			
Property, plant and equipment	3,137,285	27,639	3,164,924
Other assets	43,816	(43,816)	-
Retained earnings	455,962	(6,762)	449,200
Minority interest	111,369	(9,415)	101,954
Income statement			
Cost of sales	731,232	2,306	733,538
Administrative expenses	205,905	(2,306)	203,599
As at 31 January 2003			
Balance sheet			
Property, plant and equipment	2,984,132	29,944	3,014,076
Other assets	46,121	(46,121)	-
Retained earnings	375,036	(6,762)	368,274
Minority interest	151,953	(9,415)	142,538

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	Issue and paid-up capital at 31.12.2004	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
Anglo-Oriental (Annuities) Sdn Bhd	Malaysia	572,642,318 shares of RM1 each	100.0	100.0	Investment holding
Anglo-Oriental (Malaya) Sdn Bhd	Malaysia	2,142,857 shares of RM1 each	100.0	100.0	Property and investment holding
Anglo-Oriental (Malaya)Trustees Sdn Bhd	Malaysia	857 shares of RM1 each	100.0	100.0	Trust management
* Anglo-Oriental (Nominees) Australia Pty Limited	Australia	70,400,001 shares and 43,480,000 cumulative redeemable preference shares with no par value	100.0	100.0	Investment holding
Konsortium Lebuh Raya Butterworth - Kulim (KLBK) Sdn Bhd	Malaysia	5,000,000 shares of RM1 each	100.0	100.0	Construction and operation of privatised highway
Labohan Dagang Galian Sdn Bhd	Malaysia	2 shares of RM1 each	100.0	100.0	Investment holding
* Malaysia Mining Corporation Australia Pty Limited	Australia	1,345,002 shares with no par value	100.0	100.0	Australian representation office of MMC
Pernas Charter Management Sdn Bhd	Malaysia	1,000,000 shares of RM1 each	100.0	100.0	Mine management

38 COMPANIES IN THE GROUP

Subsidiaries (continued)

Name of company	Country of incorporation	Issue and paid-up capital at 31.12.2004	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
Pesiaran Properties Sdn Bhd	Malaysia	2 shares of RM1 each	100.0	100.0	Property investment
Timah Dermawan Sdn Bhd	Malaysia	10,000,000 shares of RM1 each	51.8	51.8	Tin mining operations
Timah Securities Berhad	Malaysia	470,000 shares of of RM1 each	100.0	100.0	Property investment
Tronoh Holdings (Selangor) Sdn Bhd	Malaysia	451,000 shares of RM1 each	100.0	100.0	Property investment
MMC Engineering Group Berhad	Malaysia	31,630,893 shares of RM1 each	99.9	99.9	Investment holding in engineering, construction and manufacturing
MMC Engineering & Construction Sdn Bhd	Malaysia	2,000,000 shares of RM1 each	99.9	99.9	Civil engineering construction works
MMC Engineering Services Sdn Bhd	Malaysia	35,000,000 shares of RM1 each	99.9	99.9	Specialised engineering construction works
MMC Oil & Gas Engineering Sdn Bhd	Malaysia	500,002 shares of RM1 each	99.9	99.9	Specialised engineering design services
MMC Power Sdn Bhd	Malaysia	100,000 shares of RM1 each	99.9	99.9	Erection of power transmission lines and installation of electrical and gas system

38 COMPANIES IN THE GROUP

Subsidiaries (continued)

Name of company	Country of incorporation	Issue and paid-up capital at 31.12.2004	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
MMC Transport Engineering Sdn Bhd	Malaysia	2 shares of RM1 each	99.9	99.9	Specialised engineering works
MMC-GTM Bina Sama Sdn Bhd	Malaysia	5,000,000 shares of RM1 each	99.9	99.9	Highway construction
MMC Shapadu (Holdings) Sdn Bhd	Malaysia	25,255,000 shares of RM1 each	76.0	76.0	Investment holding
MMC Metal Industries Sdn Bhd	Malaysia	9,720,000 shares of RM1 each	75.8	75.8	Manufacture and sale of steel castings
Pelepas-Brigantine Container Services Sdn Bhd (a 50.1% owned subsidiary holds 70% of this company)	Malaysia	50,000 shares of RM1 each	35.1	35.1	Repair, prepare and trade of containers, containerisation system and other related works
Tepat Teknik Sdn Bhd	Malaysia	6,645,000 shares of RM1 each	69.9	69.9	Construction and fabrication
Tepat Teknik (Kejuruteraan) Sdn Bhd	Malaysia	100,000 shares of RM1 each	69.9	69.9	Construction and fabrication
Seginiaga Rubber Industries Sdn Bhd	Malaysia	12,550,002 shares of RM1 each	75.6	66.1	Manufacture of weather strips

38 COMPANIES IN THE GROUP

Subsidiaries (continued)

	Name of company	Country of incorporation	Issue and paid-up capital at 31.12.2004	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
++	Kramat Tin Dredging Berhad	Malaysia	3,960,000 shares of RM1 each	52.9	52.9	Tin mining operations (under restructuring)
	MMI Precision Sdn Bhd	Malaysia	500,000 shares of RM1 each	75.7	75.7	Manufacture and sale of precision castings
	Pelabuhan Tanjung Pelepas Sdn Bhd	Malaysia	200,000,000 shares of RM1 each	50.1	50.1	Port operations
	Gas Malaysia Sdn Bhd (a 76% owned subsidiary holds 55% of this company)	Malaysia	42,800 shares of RM1,000 each	41.8	41.8	Construction and operation of natural gas distribution system
	Pelantar Teknik (M) Sdn Bhd (a 76% owned subsidiary holds 55% of this company)	Malaysia	5,000 shares of RM1 each	41.8	41.8	Property holding
	Gas Malaysia (LPG) Sdn Bhd (a 76% owned subsidiary holds 55% of this company)	Malaysia	10,000,000 shares of RM1 each	41.8	41.8	Supply of liquefied petroleum gas via reticulation system
*	Recycle Energy Sdn Bhd (see Note 5(a)(ii))	Malaysia	14,877,000 shares of RM1 each	45.6	-	Conversion of municipal solid waste to energy
	MMC Defence Sdn Bhd (see Note 39(d))	Malaysia	4,598,000 shares of RM1 each	-	99.9	Specialised defence works engineering

38 COMPANIES IN THE GROUP

Subsidiaries (continued)

(i) The keys to the symbols used against the subsidiaries are as follows:

* Audited by firms other than Pricewaterhouse Coopers, Malaysia

++ Quoted companies

Associates

	Name of company	Country of incorporation	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
++ *	Integrated Rubber Corporation Berhad (formerly known as Berjuntai Tin Dredging Berhad)	Malaysia	20.1	28.6	Manufacture and trading of natural rubber latex gloves
++	Malakoff Berhad	Malaysia	22.3	22.6	Power generation
++ *	Malaysia Smelting Corporation Berhad	Malaysia	38.2	38.2	Tin smelting
++	Tronoh Consolidated Malaysia Berhad (formerly known as Tronoh Mines Malaysia Berhad)	Malaysia	39.2	39.2	Investment holding civil engineering and construction of power plant and building
	MMC Metrail Sdn Bhd	Malaysia	20.0	20.0	Design and build public light rail system
*	M.O.S.T. Power JV Sdn Bhd	Malaysia	22.2	22.2	Erection of power transmission lines
* @@	Golden Solitaire (Australia) B.V. (a 39.2% owned associate holds 66.7% and a 100% subsidiary holds 33.3% of this company)	Netherlands	59.5	59.5	Investment holding

38 COMPANIES IN THE GROUP (CONTINUED)

Associates (continued)

Name of company	Country of incorporation	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
MMC Defence Sdn Bhd	Malaysia	30.0	-	Specialised defence engineering works

The keys to the symbols used against the associates are as follows:

* Audited by firms other than PricewaterhouseCoopers, Malaysia

++ Quoted companies

Principal investments (shown as part of other investments)

	Name of company	Country of incorporation	Group's effective interest 31.12.2004 %	31.1.2004 %	Principal activities
++	Sime Darby Berhad	Malaysia	3.8	5.3	Plantations, trading, manufacturing and property development
	City View Energy Corporation Limited	Australia	12.3	12.3	Investment holding with interests in the oil and gas industry
	Suasa Unik (M) Sdn Bhd	Malaysia	19.6	19.6	Manufacture of ductile iron pipes
	Hillgrove Gold NL (a 39.2% owned associate holds 61.9% of this company)	Australia	24.3	24.3	Gold and antimony mining (in receivership)

The keys to the symbols used against the principal investments are as follows:

++ Quoted companies

38 COMPANIES IN THE GROUP (CONTINUED)

Inactive subsidiaries

	Name of company	Country of incorporation	Group's effective interest 31.12.2004 %	31.1.2004 %
	Amalan Rantau (M) Sdn Bhd	Malaysia	100.0	100.0
	Anglo-Oriental Nominees Sdn Bhd	Malaysia	100.0	100.0
*	Anglo-Oriental do Brasil Ltda	Brazil	100.0	100.0
	Bidor Malaya Tin Sdn Bhd	Malaysia	100.0	100.0
	Dana Vision Sdn Bhd	Malaysia	100.0	100.0
@	London Tin (Malaysia) Berhad	Malaysia	-	100.0
*	Malaysia Diamond Manufacturers, Inc	USA	100.0	100.0
	MMC Aviation Sdn Bhd	Malaysia	100.0	100.0
*	MMC Belgium NV (in voluntary liquidation)	Belgium	100.0	100.0
*	MMC Exploration & Production (Thailand) Ltd	Thailand	100.0	100.0
*	MMC Exploration & Production (BV)	Netherlands	100.0	100.0
*	MMC Exploration & Production (Philippines)	Philippines	100.0	100.0
	MMC Frigstad Offshore Sdn Bhd	Malaysia	100.0	100.0
@*	MMC Japan Limited	Japan	-	100.0
	MMC Marketing Sdn Bhd	Malaysia	100.0	100.0
	MMC Ports Sdn Bhd	Malaysia	100.0	100.0
*	MMC (US) Inc	USA	100.0	100.0
	MMC Utilities Berhad	Malaysia	100.0	100.0
	More Furniture Ideas (M) Sdn Bhd	Malaysia	100.0	100.0
	Projek Lebuhraya Timur Sdn Bhd	Malaysia	100.0	100.0
*+	Southern Kinta Consolidated Limited	England	100.0	100.0
	Southern Kinta Consolidated (M) Berhad	Malaysia	100.0	100.0
	Southern Malayan Tin Dredging (M) Berhad	Malaysia	100.0	100.0
	MMC Gamuda Joint Venture Sdn Bhd	Malaysia	100.0	100.0
@	D.V. Research Sdn Bhd	Malaysia	-	100.0
	Alam Dergahayu (Johor) Sdn Bhd	Malaysia	99.9	99.9
	Eastern Waste Management Sdn Bhd	Malaysia	99.9	99.9
*	MMC EG Co. Ltd	Mongolia	90.0	90.0
	MMI Foundry Sdn Bhd	Malaysia	75.7	75.7
	Tepat Teknik (Labuan) Ltd	Malaysia	69.9	69.9
	Tepat Teknik (Sarawak) Sdn Bhd	Malaysia	69.9	69.9
	Wangsa Struktur Sdn Bhd	Malaysia	65.0	65.0
	MMC-LDAH Concrete Sdn Bhd	Malaysia	100.0	100.0

38 COMPANIES IN THE GROUP (CONTINUED)

Inactive associates

Name of company	Country of incorporation	Group's effective interest 31.12.2004 %	31.1.2004 %
* Ajil Minerals Sdn Bhd	Malaysia	49.0	49.0
* PKB-MMC Sdn Bhd	Malaysia	49.0	49.0
* Taldy Bulak Mining Corporation	Kyrgyz Republic	40.0	40.0
* Mining and General Management Company Limited	Thailand	35.0	35.0
MMC Pipe and Fittings Sdn Bhd	Malaysia	50.0	50.0
Kuala Langat Mining Sdn Bhd	Malaysia	32.6	32.6
Associated Mines (Malaya) Sdn Bhd (in voluntary liquidation) (a 39.2% owned associate holds 51.0% and MMC Corporation Berhad holds 49.0% of this company)	Malaysia	68.9	68.9

The key to the symbol used against the subsidiaries and associates are as follows:

* Audited by firms other than PricewaterhouseCoopers, Malaysia

@ Liquidated during the financial period

\+ Under application for de-registration

39 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) On 31 March 2004, Anglo Oriental (Annuities) Sdn Bhd, a wholly-owned subsidiary of the Company, disposed off its marketable securities representing 32,000,000 ordinary shares of RM0.50 each in Sime Darby Berhad, representing 1.38% of the equity interest in Sime Darby Berhad for a total cash consideration of RM177.600 million.

(b) On 22 July 2004, Integrated Rubber Corporation Berhad ("IRCB"), (formerly known as Berjuntai Tin Dredging Berhad), a 28.6% associated company, completed its restructuring exercise on capital reduction and reconstruction, debt conversion and acquisition of Comfort Rubber Glove Industries Sdn Bhd. The Scheme entails the repayment of shareholder's advances of RM22.0 million from IRCB to the Company, which was settled via the issuance of 44,000,000 new ordinary shares of IRCB of RM0.50 each.

(c) On 17 August 2004, Amalan Rantau Sdn Bhd, a wholly owned subsidiary, acquired additional 1,192,250 share capital, representing 9.5% equity stake in Seginiaga Rubber Industries Sdn Bhd, for a total cash consideration of RM1.550 million.

39 SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONTINUED)

d) On 26 November 2006, MMC Engineering Group Bhd, a 99.9% owned subsidiary, disposed off 70% equity interest in MMC Defence Sdn Bhd for a cash consideration of RM2.835 million.

e) During the financial period ended 31 December 2004, the Company acquired 6,777,000 ordinary shares of RM1 each in Recycle Energy Sdn Bhd on a piecemeal basis, representing 45.6% of its equity interests, for a total cash consideration of RM6.777 million.

40 SIGNIFICANT POST BALANCE SHEET EVENTS

a) On 7 January 2005, Anglo Oriental (Annuities) Sdn Bhd, a wholly owned subsidiary, disposed off its marketable securities representing 50,000,000 ordinary shares of RM0.50 each in Sime Darby Berhad, representing 2.16% of the equity interest in Sime Darby Berhad for a total cash consideration of RM285.0 million resulting in a gain of RM178.4 million.

b) On 21 February 2005, the Company and its wholly owned subsidiary, Anglo Oriental (Annuities) Sdn Bhd, disposed off 5,580,000 and 564,000 ordinary shares of RM1 each in a quoted 38.2% associated company, Malaysia Smelting Corporation Berhad ("MSC"), representing a total of 8.2% of the issued and paid-up share capital of MSC for a total cash consideration of RM38.7 million resulting in a gain of RM16.2 million.

41 FINANCIAL INSTRUMENTS

Forward foreign currency exchange contracts

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than their functional currency. The Group enter into forward foreign currency exchange contracts to limit their exposure on foreign currency with a value higher than RM100,000.

As at 31 December 2004, the settlement dates on open forward contracts ranged between 1 and 6 months (31.1.2004: 1 to 6 months). The foreign currency amounts to be received and contractual exchange rates of the Group's outstanding contracts were as follows:

Hedged item	Currency to be received	RM'000 equivalent	Contractual rate
At 31 December 2004			
Trade receivables:			
- USD 97,125	USD	370	1 USD=RM3.8122

40 FINANCIAL INSTRUMENTS (CONTINUED)

Hedged item	Currency to be received	RM'000 equivalent	Contractual rate
Future sales of goods over the following 6 months:			
- USD 317,582	USD	1,209	1 USD=RM3.8082
At 31 January 2004			
Trade receivables:			
- USD 115,263	USD	439	1 USD=RM 3.8062
- AUD 34,061	AUD	95	1 AUD=RM 2.8010
Future sales of goods over the following 6 months:			
- USD 172,895	USD	659	1 USD=RM 3.8124
- AUD 56,768	AUD	159	1 AUD=RM 2.7932

The net unrecognised loss on open contracts which hedge anticipated future foreign currency sales amounted to RM50 (31.1.2004: RM3,947). The net exchange loss is deferred until the related sales is transacted, at which time it is included in the measurement of such transactions.

The fair value of outstanding forward contracts of the Group at the balance sheet date was at a favourable net position of RM3,781 (31.1.2004: RM6,958).

Fair value

The carrying amounts of recognised financial assets and liabilities of the Group and the Company at the balance sheet date approximate their fair values except as disclosed in Notes 15, 16, 17, 26 and 31.

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 24 February 2005.

shareholding statistics

as at 1 March 2005

Class of securities	:	Ordinary Shares of RM0.10 each
Authorised Share Capital	:	RM200,000,000.00
Issued paid-up Capital	:	RM112,661,304.60
Voting rights	:	1 vote for every Ordinary Share
No. of shareholders	:	12,536

Size of Holding	No. of shareholders	% of shareholders	No. of shares held	% of issued capital
Less than 100 shares	222	1.77	6,514	0.01
100 to 1,000	2,989	23.84	2,675,676	0.24
1,001 to 10,000	7,653	61.05	31,367,934	2.78
10,001 to 100,000	1,450	11.57	40,262,764	3.57
100,001 to less than 5% of issued shares	218	1.74	160,574,258	14.25
5% and above of issued shares	4	0.03	891,725,900	79.15
Total	12,536	100.00	1,126,613,046	100.00

substantial shareholders

as at 1 March 2005

	No. of Shares			
	Direct	%	Indirect	%
Amanah Raya Nominees (Tempatan) Sdn Bhd (Skim Amanah Saham Bumiputra)	379,607,200	33.69	-	-
Seaport Terminal (Johore) Sdn Bhd	451,662,000	40.09	-	-
Employees Provident Fund	77,078,500	6.84	-	-
Indra Cita Sdn Bhd	-	-	*451,662,000	40.09
Tan Sri Dato' Syed Mokhtar Shah bin Syed Nor	-	-	^451,662,000	40.09

Notes: * deemed interested through Seaport ^ deemed interested through Indra Cita

thirty largest shareholders

as at 1 March 2005

No.	Name	No. of shares held	% of capital
1	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputra	379,607,200	33.69
2	Seaport Terminal (Johore) Sdn Bhd	306,174,300	27.18
3	Seaport Terminal (Johore) Sdn Bhd	145,487,700	12.91
4	Employees Provident Fund Board	60,456,700	5.37
5	Mayban Nominees (Asing) Sdn Bhd The Straits Trading Company Limited (N14011200404)	15,400,947	1.37
6	Universal Trustee (Malaysia) Berhad Mayban Unit Trust Fund	7,200,000	0.64
7	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	6,396,000	0.57
8	Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja (N14011980810)	5,800,000	0.51
9	Citicorp Nominees (Asing) Sdn Bhd Mellon Bank, N. A. for Investors Pacific International Fund	4,540,000	0.40
10	Citicorp Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	4,488,300	0.40
11	Citicorp Nominees (Asing) Sdn Bhd CBHK PBGSGP for Sunnyvale Holdings Ltd	4,177,000	0.37
12	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Sg for Employees Provident Fund	3,955,800	0.35
13	Cartaban Nominees (Tempatan) Sdn Bhd Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund (JF404)	3,443,500	0.31
14	RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	3,422,500	0.30
15	Universal Trustee (Malaysia) Berhad	3,384,000	0.30

16	Permodalan Nasional Berhad	3,045,432	0.27
17	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Nasional	3,015,300	0.27
18	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	2,420,200	0.21
19	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Ping (REM650)	2,372,600	0.21
20	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	2,227,000	0.20
21	Menteri Kewangan Malaysia Section 29 (SICDA)	2,212,015	0.20
22	Malaysian Assurance Alliance Berhad	2,200,000	0.20
23	Cartaban Nominees (Asing) Sdn Bhd Dexia BQ Intl A Lux for Julius Baer Multistock Pacific Stock Fund	2,100,000	0.19
24	ECM Libra Securities Nominees (Tempatan) Sdn Bhd Petroliam Nasional Berhad	2,048,000	0.18
25	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for Ishares, Inc	2,036,600	0.18
26	OSK Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Lee Kim Tah Private Limited	2,000,000	0.18
27	Chan Wan Moi	1,823,000	0.16
28	Citicorp Nominees (Asing) Sdn Bhd UBS AG	1,804,800	0.16
29	Citicorp Nominees (Asing) Sdn Bhd Mellon Bank, NA for Commonwealth of Massachusetts Pension Reserve Investment Trust	1,593,700	0.14
30	Cartaban Nominees (Asing) Sdn Bhd Dexia BQ Intl A Lux for Oyster-FPP Emerging Markets	1,451,100	0.13
Total		**986,283,694**	**87.54**

list of properties

held by MMC and
its subsidiaries as at
31 December 2004

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Perak Darul Ridzuan							
Lot Nos. 1023, 2447, 2669, 2907, 2951, 2954, 3031, 3064, 3065, 4263 & 6680, Batang Padang, Daerah Batang Padang	Freehold	12.91	Agricultural land/vacant	-	190	-	1968-1973
Lot Nos. 88-90, 980-983, 985, 987, 994, 1385-1389, 1392-1396, 1413, 1912, 2397, 2398, 2410-2415, 2492-2495, 2665 & 2666, Batang Padang, Daerah Batang Padang	Freehold	41.25	Agricultural land/vacant	-	1	-	1980-1992
Lot Nos. 712 & 3501, Bidor, Daerah Batang Padang	Freehold	1.21	Agricultural land/vacant	-	14	-	1968 & 1978
Lot Nos. 5072, 5073 & 5708, Changkat Jong, Daerah Hilir Perak	Freehold	8.51	Agricultural land/vacant	-	99	-	1975
Lot Nos. 1894 & 2136, Chenderiang, Daerah Batang Padang	Freehold	2.82	Agricultural land/vacant	-	28	-	1990
Lot No. 6654, Chenderiang, Daerah Batang Padang	Freehold	5.73	Agricultural land/vacant	-	85	-	1959
Lot Nos. 1257, 1258, 1513-1516, 1682, 1683, 1685, 1687-1689, 1765, 1767-1784, 1786, 1789-1792, 2116-2119, 2448-2450, 2446, 2447, 2451, 2452-2469, 2539, 2573, 2900-2902, 4070-4077, Pasir Panjang Ulu, Daerah Perak Tengah	Freehold	110.68	Agricultural land/vacant	-	629	-	1982-1992
Lot Nos. 3741, 4871, 9472, 18023 & 33334, Kampar, Daerah Kinta	Freehold	3.73	Agricultural land/vacant	-	177	-	1935-1938

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Lot No. 1642, Kampung Gajah, Daerah Perak Tengah	Freehold	1.12	Agricultural land/vacant	-	6	-	1988
Lot Nos. 1007, 74651 & 158405, Sungai Terap, Daerah Kinta	Leasehold	7.29	Office/ workshop	2030-2050	4,077	13-35	1970-1990
Lot Nos. 13524 & 13525, Batang Padang, Daerah Batang Padang	Leasehold	11.91	Mining land	2006	1	-	2003
Lot No. 3436, Kg. Gajah, Daerah Perak Tengah	Leasehold	7.00	Mining land	2008	1	-	1988
Lot No. 35701, Tanjung Tualang, Daerah Kinta	Leasehold	15.35	Industrial land/ campsite	2011	380	-	1991
Lot Nos. 42772 & 155488, Sungai Terap, Daerah Kinta	Leasehold	35.63	Housing development project (individual titles for 99 years being issued)	-	1	-	-
Lot No. 12803, Sungai Terap, Daerah Kinta	Freehold	1.08	Residential building	-	100	48	1934
Lot Nos. 31672, 31673 & 42229, Sungai Terap, Daerah Kinta	Freehold	1.34	Agricultural land/ vacant	-	5	-	1965 & 1966
Lot No. 10318, Sungai Raia, Daerah Kinta	Freehold	1.07	Agricultural land/ vacant	-	4	-	1980
Lot No. 437, Kampar, Daerah Kinta	Leasehold	0.41	Agricultural land/vacant	2885	8	-	1937
Lot Nos. 3906, 5099 & 5010, Chenderiang, Daerah Batang Padang	Freehold	3.44	Agricultural land/vacant	-	84	-	1965

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Selangor Darul Ehsan							
Lot Nos. 552, 596, 866, 867 & 1833, Batang Kali, Daerah Ulu Selangor	Freehold	6.37	Agricultural land/vacant	-	115	-	1940-1968
Lot No. 25176, Bukit Raja, Daerah Klang	Leasehold	2.33	Industrial land	2088	1,459	24	1992
PT 720, Shah Alam, Daerah Petaling	Leasehold	0.71	Workshop/ office building	2018	2,313	15	1988
Lot Nos. 1604, 1605 & 1608, Klang, Daerah Klang	Freehold	4.25	Workshop	-	7,582	9-14	1990-1995
Lot Nos. 3521, 3522 & 7437, Ulu Langat, Daerah Kajang	Freehold	5.25	Residential building/vacant	-	424	36	1987
PT 15752, Section 26, Shah Alam	Leasehold	2.13	Office building	2094	13,528	10	1994
Section 4, Bandar Baru Bangi	Leasehold	178 sq. m.	Office building	2099	370	5	2000
Section 16, Shah Alam	Leasehold	227 sq. m.	District station	2101	97	-	2002
Cheras Jaya Industrial Area	Leasehold	627 sq. m.	District station	2103	105	-	2004
Negeri Sembilan Darul Khusus							
PT 13199, Labu, Daerah Seremban	Freehold	0.43	Residential building	-	1,326	5	2000
Lot Nos. 762 & 763, Setul, Daerah Seremban	Leasehold	5.56	Factory building	2088	27,335	13	1992
Lot Nos. 627 & 760, Pasir Panjang, Daerah Port Dickson	Freehold	0.51	Residential building/holiday bungalow	-	1,825	57	1956
Lot Nos. 3920 & 3921, Pasir Panjang, Daerah Port Dickson	Freehold	0.11	Residential building/holiday bungalow	-	264	24	1983

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Lot No. 15698, Senawang Business Centre	Freehold	153 sq. m.	Office building	-	230	10	1995
PT 1287, Senawang, Daerah Seremban	Freehold	168 sq. m.	District station	-	22	-	1995
Pulau Pinang							
Lot Nos. 87, 88, 394 & 395, Mukim 17, Daerah Batu Ferringhi	Freehold	11.97	Building site	-	6,681	-	1950
PLO 74, 80, 113, 115, 526 & 533, Prai Industrial Park	Leasehold	0.14	District station	2060	290	-	2000 & 2001
Kedah Darul Aman							
Kulim Hi-Tech Park	Leasehold	0.12	District station	2063	177	-	2003
PT 1049 - 1095 Lunas, Daerah Kulim	Freehold	1.18	Building site	-	1,680	-	1994
Pahang Darul Makmur							
Lot No. 211, Tanah Rata, Daerah Cameron Highland	Leasehold	0.35	Building site	2040	129	-	1982
Lot No. 1821, Tras, Daerah Raub	Leasehold	0.40	Residential building/holiday bungalow	2028	323	53	1956
PT 7503, Gebeng Industrial Area, Kuantan	Leasehold	1.21	Office building	2064	2,700	9	1994
Lot No. 102, Gebeng Industrial Area, Kuantan	Leasehold	307 sq. m.	District station	2101	68	-	2002

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
Terengganu Darul Iman							
Lot No. 580, Banggul, Daerah Kemaman	Freehold	0.81	Workshop	-	1,269	11	1990
PT 4734, Teluk Kelung, Daerah Kemaman	Leasehold	4.05	Industrial land/vacant	2056	506	-	1996
Lot Nos. 986-1009, 1072-1095, Banggul, Daerah Kemaman	Freehold	1.11	Building/ vacant	-	503	14	1995
Melaka							
PT 1510, Kelemak Industrial Area, Alor Gajah	Leasehold	143 sq. m.	Office building	2091	183	5	2000
PT 4135, Kelemak Industrial Area, Alor Gajah	Leasehold	170 sq. m.	District station	2100	26	-	2001
PT 1432, Cheng Industrial Area	Leasehold	557 sq. m.	District station	2103	154	-	2004
Johor Darul Takzim							
PT 115555, Pasir Gudang	Leasehold	1.30	Office building	2055	3,114	9	1993
PT 20267, Kluang	Freehold	153 sq. m.	Office building	-	136	10	1995
PLO 682, Plentong, Daerah Pasir Gudang	Leasehold	0.12	District station	2058	47	-	1998
PT 148061 & 128156, Plentong, Daerah Pasir Gudang	Leasehold	336 sq. m.	District station	2097	78	-	1995 & 1996
PLO 40 & 48, Kluang, Daerah Kluang	Leasehold	226 sq. m.	District station	2055	41	-	1995 & 1998
PLO 298, Tebrau Daerah Johor Bahru	Leasehold	182 sq. m.	District station	2062	80	-	2002

Location	Tenure	Area (hectares)	Description/ existing use	Year of expiry	Net book value (RM'000)	Age of building (years)	Year of acquisition
PLO 230, Senai Industrial Area	Leasehold	168 sq. m.	District station	2062	74	-	2002
PT 3527, Sungai Tiram, Daerah Johor Bahru	Leasehold	11.13	Industrial land	2063	11,751	-	2003
Lot No. 1000, Tebrau, Daerah Johor Bahru	Leasehold	56 sq. m.	District station	2103	268	-	2004
Lot No. 2423, Tanjung Kupang, Daerah Johor Bahru	Leasehold	349.04	Port terminal and buildings	2099	1,461,195	5	2000
Lot Nos. 2424-2504, 2514, 2516, 2517, 2519-2521, Tanjung Kupang, Daerah Johor Bahru	Leasehold	726.52	Commercial and industrial land	2099	-	-	2000
Lot No. 1586, Serkat, Daerah Pontian	Grant in perpetuity	114.92	Land for port terminal and buildings	-	-	-	2001
Kuala Lumpur							
33 to 33-3, Jalan Setiawangsa, 11-55A, Taman Setiawangsa	Freehold	450 sq. m.	Shop house/ office building	-	231	17	1994
26, Langgak Golf	Freehold	0.53	Residential building	-	3,127	52	1951
28, Langgak Golf	Freehold	0.48	Residential building	-	2,921	52	1951
PT 21, Persiaran Raja Chulan	Freehold	0.61	Vacant land	-	3,377	-	2000
34, Ampang Hilir	Freehold	0.42	18 units of apartments	-	3,196	3	1994
Strata title (20 units) "Sri Kenny" 28, Jalan Tun Ismail	Freehold	57,056 sq. ft.	Apartments	-	3,404	11	1994

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth Annual General Meeting ("AGM") of members of MMC Corporation Berhad (formerly known as Malaysia Mining Corporation Berhad) will be held at the **Nirwana Ballroom, Lower Lobby, Crowne Plaza Mutiara Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia on Tuesday, 26 April 2005 at 11.00 a.m.** for the purpose of considering and, if thought fit, pass the following resolutions:

ORDINARY BUSINESS

1. "THAT the Directors' Report and Financial Statements for the period ended 31 December 2004 and the Auditors' Report thereon be and are hereby received and adopted."

2. "THAT the final dividend of 5 sen per share, less tax at 28%, and a special dividend of 1 sen per share, less tax at 28%, for the period ended 31 December 2004 be and is hereby approved and declared payable on 27 May 2005 to the members of the Company registered at the close of business on 5 May 2005."

3. "THAT the following Directors, who retire in accordance with Articles 77 of the Company's Articles of Association, be and are hereby re-elected Directors of the Company:
   a) Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin
   b) Encik Halim bin Haji Din
   c) Datuk Mohd Sidik Shaik Osman."

4. "THAT YBhg Tan Sri Dato' Thong Yaw Hong, who retires pursuant to Section 129 (6) of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next AGM."

5. "THAT the Directors' fees and emoluments for the period ended 31 December 2004 amounting to RM485,478 be and is hereby approved."

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

SPECIAL BUSINESS

By way of special business to consider and, if thought fit, pass the following resolutions:

Ordinary Resolutions

Authority to Allot Shares

7. "THAT pursuant to Section 132D of the Companies Act, 1965, the Board of Directors be and is hereby empowered to issue shares of the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up capital of the Company at the time of issue AND THAT the Board of Directors be authorised to obtain the approvals of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the listing of and quotation for the additional shares and other relevant approvals, as may be necessary."

Proposed Renewal of General Mandate for Recurrent Related Party Transactions

8. "THAT, subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia, approval be and is hereby given to the Company and/or its subsidiaries to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with the Directors and/or major shareholders of the Company and/or its subsidiaries ("Related Parties") as specified in Section 2.3 of the Circular to Shareholders dated 5 April 2005 provided that such arrangements and/or transactions are:

i) recurrent transactions of a revenue or trading nature;
ii) necessary for the day-to-day operations;
iii) carried out in the ordinary course of business on normal commercial terms and terms which are not more favourable to the Related Parties than those generally available to the public; and
iv) not to the detriment of the minority shareholders (the "Mandate"),

AND THAT the Mandate shall continue in force until:

i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the next AGM, the Mandate is renewed;
ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
iii) revoked or varied by a resolution passed by the shareholders in a general meeting; whichever is the earlier,

AND FURTHER THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

Special Resolution

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

9. "That the existing Article 140 of the Articles of Association of the Company be and is hereby replaced by the amended Article 140 which shall read as follows:

Article 140

Any dividend, interest or other monies payable in cash on or in respect of shares, may be paid by cheque or warrant sent through the post directed to the registered address of the Member or person entitled thereto as it appears in the Register of Members or Record of Depositors or paid via electronic transfer or remittance to the bank account provided by the Member or person entitled thereto who is named in the Register of Members or Record of Depositors, or, if several persons are registered as joint holders of the share or are entitled thereto, to the registered address or via electronic transfer or remittance to the bank account provided by the joint holder first named on the Register of Members or Record of Depositors or to the extent permissible under the Central Depositories Act and the Rules, in the Record of Depositors or to such person and to such address or the bank account as the holder or first named joint holder may in writing direct or if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons and to such address or the bank account as such persons may in writing direct. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon or the instruction for the electronic transfer or remittance has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.

AND THAT the Board of Directors be and is hereby authorised to carry out all the necessary facilities in effecting the aforesaid amendment."

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Record of Depositors at the close of business on 5 May 2005 shall be entitled to the final dividend which will be paid on 27 May 2005.

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 5 May 2005 in respect of ordinary transfers, and
b) Shares bought on Bursa Malaysia on a cum entitlement basis according to the Rules of Bursa Malaysia.

BY ORDER OF THE BOARD

Elina Mohamed
Secretary

Kuala Lumpur
5 April 2005

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. A proxy form is enclosed and to be valid, must reach the Registrar, Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the meeting.

Explanatory Notes to the Special business:

Resolution No. 7 - Authority to Allot Shares

If passed, this resolution will give the Directors of the Company the authority to issue shares in the Company up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the Company's interest. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the Company's next AGM.

Resolution No. 8 - Proposed Renewal of General Mandate for Recurrent Related Party Transactions

The proposed Resolution 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interested Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Resolution No. 9 - Proposed Amendment to the Articles of Association

If passed, the Proposed Direct Dividend Payment will provide an alternative mode of payment to the shareholders of the Company. It is also a faster mode of payment as the shareholders of the Company will be able to receive their dividend payment on the payment date itself.

Further information on the Proposed Shareholders' Mandate for the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 5 April 2005, depatched together with the Company's Annual Report for the period ended 31 December 2004.

statement accompanying notice of annual general meeting

Pursuant to Paragraph 8.28 (2) of the Listing Requirements of Bursa Malaysia.

Number, Day, Date, Time and Place of General Meetings

No.	Day/Date	Time	Venue
1.	Friday, 28 May 2004 (Annual General Meeting)	10.00 am	Banquet Hall, Kuala Lumpur Golf and Country Club No.10, Jalan 1/70D, Off Jalan Bukit Kiara 60000 Kuala Lumpur
2.	Friday, 28 May 2004 (Extraordinary General Meeting)	11.00 am	Banquet Hall, Kuala Lumpur Golf and Country Club No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur

1. Directors seeking re-election pursuant to Article 77 of the Articles of Association (retirement by rotation)

- Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin
- Encik Halim bin Haji Din
- Datuk Mohd Sidik Shaik Osman

Director seeking re-appointment pursuant to Section 129 (6) of the Companies Act, 1965

- Tan Sri Dato' Thong Yaw Hong

2. Details of attendance of Directors at Board meetings held in the financial period ended 31 December 2004

No	Directors	Period of Directorships	Total
1	Dato' Wira Syed Abdul Jabbar bin Syed Hassan	01.02.2004 to 31.12.2004	6/6
2	Dato' Ismail Shahudin	01.02.2004 to 31.12.2004	6/6
3	Tan Sri Dato' Thong Yaw Hong	01.02.2004 to 31.12.2004	6/6
4	Tan Sri Dato' Dr Abdul Khalid Sahan	01.02.2004 to 28.05.2004	2/2 *
5	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman bin Haji Wan Yaacob	01.02.2004 to 31.12.2004	6/6
6	Dato' Hilmi bin Mohd. Noor	01.02.2004 to 31.12.2004	5/6
7	Dato' Abdullah bin Mohd. Yusof	01.02.2004 to 31.12.2004	5/6
8	Datuk Ir (Dr.) Haji Ahmad Zaidee bin Laidin	01.02.2004 to 31.12.2004	5/6
9	Encik Halim bin Haji Din	01.02.2004 to 31.12.2004	6/6
10	Datuk Mohd Sidik Shaik Osman	01.02.2004 to 31.12.2004	6/6
11	Encik Feizal Ali	24.03.2004 to 31.12.2004	4/4 #

Note:

* Number of meetings attended until 28 May 2004, the date he ceased to be a Director.

Number of meetings attended from 24 March 2004, the date he was appointed a Director.

group contact details

Gas Malaysia Sdn Bhd
No. 5, Jalan Serendah 26/17
Seksyen 26, 40000 Shah Alam, Selangor
Tel: 603 5192 3000 Fax: 603 5192 6766

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Kramat Tin Dredging Berhad
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Konsortium Lebuhraya Butterworth-Kulim (KLBK) Sdn Bhd
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Malaysia Smelting Corporation Berhad
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MMC Engineering Services Sdn Bhd
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MMC Defence Sdn Bhd
Lot B6, & B7, Kawasan Perindustrian Nilai
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MMC Metal Industries Sdn Bhd
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MMC Metrail Sdn Bhd
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50490 Kuala Lumpur
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MMC Oil & Gas Engineering Sdn Bhd
32nd Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603 21616000 Fax: 603 2162 1749

Pelabuhan Tanjung Pelepas Sdn Bhd
Bangunan Pentadbiran Pelabuhan
Jalan Pelabuhan Tanjung Pelepas
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Pernas Charter Management Sdn Bhd
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50490 Kuala Lumpur
Tel: 603 2092 5588 Fax: 603 2093 9917

Seginiaga Rubber Industries Sdn Bhd
Lot 1561, Berjuntai Tin Dredging
45600 Batang Berjuntai, Selangor
Tel: 603 3271 0200 Fax: 603 3271 0205

Tepat Teknik Sdn Bhd
Lot 1, Jalan Halba 16/18, Seksyen 16
40000 Shah Alam, Selangor
Tel: 603 5510 1721 Fax: 603 5510 1730

Tronoh Consolidated Malaysia Berhad
23rd Floor, Wisma Zelan
No. 1, Jalan Tasik Permaisuri 2
Bandar Tun Razak, 56000 Kuala Lumpur
Tel: 603 9173 9173 Fax: 603 9171 2955

Zelan Holdings (M) Berhad
No. 5-2, Jalan Tanjung SD 13/2
Bandar Sri Damansara
52200 Kuala Lumpur
Tel: 603 9173 9173 Fax: 603 9171 2955

MMC

MMC Corporation Berhad (30245-H)
(formerly known as Malaysia Mining Corporation Berhad)

proxy form

Number of shares held _____

I/We, _____
(block letters)

of _____

being a member/members of MMC CORPORATION BERHAD hereby appoint _____

_____

of _____

or failing him, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 26 April 2005 and at any adjournments thereof, on the following resolutions referred to in the notice of the Annual General Meeting.

	Resolution	For	Against
	Ordinary Business		
No. 1	Adoption of Report and Financial Statements		
No. 2	Declaration of Dividend		
No. 3	Re-election of Directors		
	(a) Datuk Ir. (Dr.) Haji Ahmad Zaidee bin Laidin		
	(b) Encik Halim bin Haji Din		
	(c) Datuk Mohd Sidik Shaik Osman		
No. 4	Re-appointment of Tan Sri Dato' Thong Yaw Hong		
No. 5	Directors' fees		
No. 6	Re-appointment of Auditors		
	Special Business		
No. 7	Authority to Allot Shares		
No. 8	Renewal of General Mandate for RRPT		
No. 9	Amendment to Articles of Association		

_____ Date

_____ Signature

NOTES:

1 This proxy form must be deposited at the Registrar, Symphony Share Registrars Sdn Bhd at Level 26, Menara Multi Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the meeting.

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

3 A corporation may by resolution of its Directors or other governing body, if it is a member of the Company, authorise such person as it thinks fit to act as its representative and a person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.

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

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

fold here

affix stamp

To: **The Registrar**

Symphony Share Registrars Sdn Bhd

Level 26, Menara Multi Purpose

Capital Square, No. 8, Jalan Munshi Abdullah

50100 Kuala Lumpur, Malaysia

fold here

MMC on the Internet

The Company's website at **www.mmc.com.my** offers useful information that interested persons, investors and analysts would like to know about the Company's business, management and share information.

This website also offers an **Email Alert service** that will notify subscribers of quarterly report announcements and other important press releases and stock exchange announcements. There is also an FAQ section that deals with frequently asked questions on business, investment and media-related matters.

Downloadable versions of this annual report, previous annual reports and quarterly reports are available at our website.

www.mmc.com.my

MMC Corporation Berhad (30245-H)
10th Floor, Block B, HP Towers
No 12, Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur, Malaysia

www.mmc.com.my