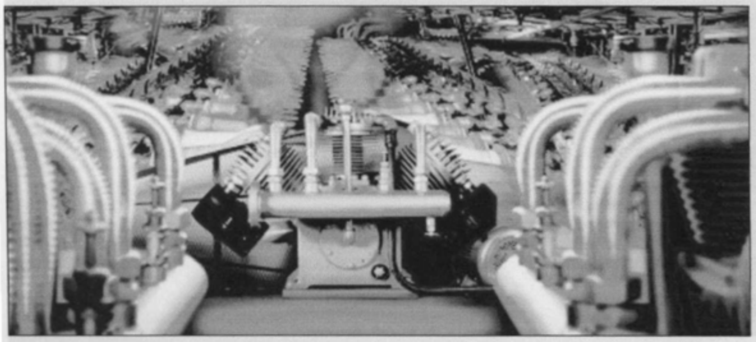
**Chronology of Natural Gas Supply to Hartalega Sdn. Bhd.**

| Year | Events | Reference |
|---|---|---|
| 2001 | Came to our knowledge that Gas Malaysia has intention of building pipeline to where Hartalega is situated – Batang Berjuntai, Selangor. | |
| 2002 | Gas Malaysia has installed gas pipeline to Kuala Selangor, approximately 20 to 30 km away from Batang Berjuntai. Revision of gas prices by introduction of subsidized gas tariff anticipated to spur sharp increase in natural gas consumption | MMC Corporation Bhd. Annual Report for financial year ending 31st January 2003 |
| 2003 | Gas Malaysia started aggressive expansion of network of gas pipeline and have recorded 24% increase in new industrial customers. Profit before tax for Gas Malaysia grew by 21%. This is underpinned by the revised gas tariff which is attractively cheap. Naturally, extension of pipeline network is given priority to high volume consumers. | MMC Corporation Bhd. Annual Report for financial year ending 31st January 2004 |
| 2004 | Gas Malaysia continued aggressive expansion of gas pipeline network. Pipeline reached Hartalega in October 2004 and therefore signing of supply agreement between Hartalega and Gas Malaysia.<br>In the meantime, Gas Malaysia's profit before tax grew by another 31%. | 1) Gas Supply Agreement,<br>2) MMC Corporation Bhd. Annual Report for financial year ending 31st January 2005. |

Reference

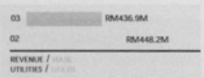
Excerpt from MMC Corporation Bhd. Annual Report ending 31st January 2003

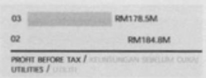


[ utiliti ]



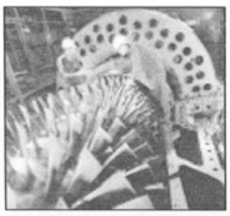
# Utilities



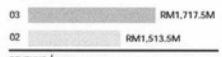




The Group continues to derive solid returns from our stake in Malaysia's largest independent power producer, Malakoff, and our interest in Gas Malaysia. Profit before tax for the entire utilities business stood at RM178.5 million, a 3.4% decline in comparison to last year's RM184.8 million. Gas Malaysia brought in revenues of RM436.9 million, a 2.5% drop from last year's RM448.2 million, due to rebates given to customers.

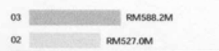
Kumpulan terus mengaut pulangan yang baik daripada kepentingannya dalam pengeluar tenaga bebas terbesar Malaysia, Malakoff, dan kepentingan kami dalam Gas Malaysia. Keuntungan sebelum cukai bagi seluruh bidang utiliti adalah sebanyak RM178.5 juta, kemerosotan 3.4% berbanding RM184.8 juta yang dicatat pada tahun lalu. Gas Malaysia mendatangkan hasil sebanyak RM436.9 juta, 2.5% lebih rendah berbanding RM448.2 juta yang dicatat pada tahun lalu, disebabkan pemberian rebet kepada para pelanggan.



## Power Generation - Continuing its Powerful Performance



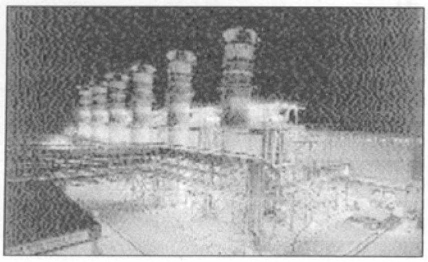

REVENUE / HASIL
MALAKOFF BERHAD




PROFIT BEFORE TAX / KEUNTUNGAN SEBELUM CUKAI
MALAKOFF BERHAD

Malakoff continues to be our key earnings driver, accounting for over 60.0% of the Group's profits before tax. For the financial year ended 31 August 2002, revenue of the Malakoff group increased by 13.5%, rising from RM1,513.5 million last year to RM1,717.5 million this year. Malakoff's profit before tax and minority interest rose by 12.0%, from RM527.0 million in the preceding year to RM588.2 million this year. The better performance is a result of Malakoff being able to increase its power generation capacity within a remarkably short time. The conversion of GB3's open cycle gas turbine power plant to combined-cycle mode in November last year, allowed Malakoff to increase its power generation capacity by a further 15.0% in just under nine (9) months after open cycle operations.

Malakoff is focusing on capitalising on growth opportunities within the domestic power sector. In line with this focus, Malakoff is on course to acquire the entire equity interest in Prai Power, which owns a 350MW combined cycle gas turbine power plant, and a 40.0% stake in the 2,420MW coal-fired Kapar Power Station, which will increase its total effective power generation capacity by 76.0% to approximately 3,000MW. The proposed acquisition of Kapar Power Station is a move to diversify Malakoff's generation portfolio; this power station is also strategically located within a high-load growth centre of the Klang Valley which will enable the power plant to enjoy a high despatch of electricity. Malakoff will provide us with a steady income stream to balance our longer-term investments such as PTP.



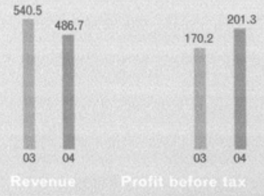
## Natural Gas Distribution - Pipeline to Success

It was a particularly challenging period for Gas Malaysia, as the company struggled with increasing gas costs and energy rebates of up to RM56.5 million for customers. These rebates coupled with the lower average tariff charged, resulted in Gas Malaysia posting a revenue of RM436.9 million, 2.5% lower than the previous year. Profit before tax for the same period was RM44.3 million compared to RM63.4 million last year. Total gas sold for the same period was 26.8 million mmBtu, reflecting an increase of 9.0% from the previous year.

Gas Malaysia has in operation a total of 662 km of pipelines. During the year, the company adopted an accelerated pipeline development plan which resulted in 111 km of new pipelines being completed and gas supply being expanded to Alor Gajah, Kuala Selangor and Ayer Hitam. Another 227 km of pipelines are under construction in the central, southern and northern regions.

The recent downward revision of tariffs of natural gas by the Energy Commission has effectively positioned natural gas as a more affordable and attractive energy solution against competing fuels. Accordingly, Gas Malaysia is expecting a sharp increase in the demand for natural gas as the preferred energy solution for residential, commercial and industrial applications. In line with this, Gas Malaysia will embark on a strategy of accelerating its network development and expanding its services leveraging on its distribution network.

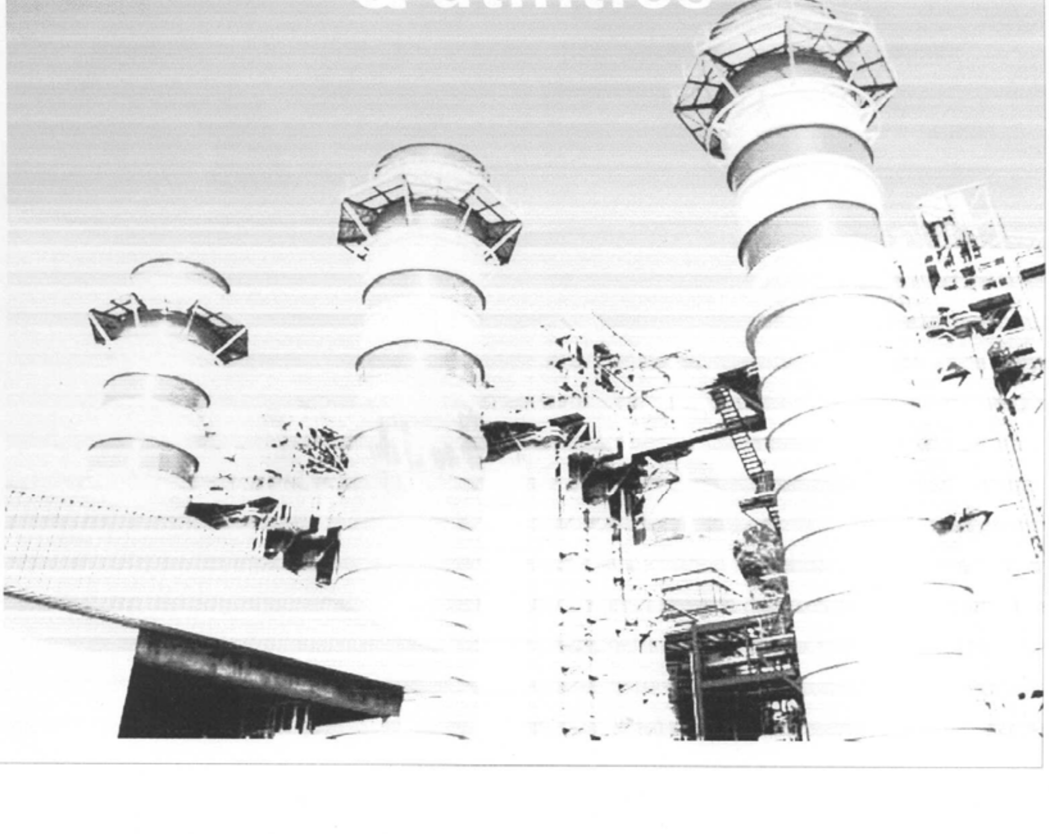
Excerpt from MMC Corporation Bhd. Annual Report ending 31st January 2004

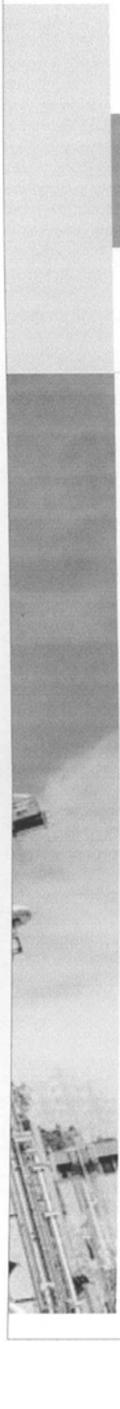



energy & utilities (RM in millions)

The Energy & Utilities Division contributed RM486.7 million to Group revenue, a 10% decrease over the previous year. This is principally due to the lower natural gas pricing for Gas Malaysia as the new tariff structure took effect, although in terms of volume of gas sold, there was a marked increase. Profit before tax for the Energy & Utilities Division increased by 18% to RM201.3 million over the previous year. This division continues to contribute stable cash flows and earnings to the Group, and we expect Malakoff to remain as the key earnings contributor in the short term. Gas Malaysia will also contribute positively to the Group.

# energy & utilities






### Power Generation

Malakoff continues to be our primary earnings driver, accounting for 65% of the Group's profit. The company's net profit grew by almost 25% to RM441.8 million from the previous year and earnings per share grew by 22.8% to 51.1 sen. Compared to the previous year, the company's improved results are mainly driven by the full-year operation of GB3 Sdn Bhd.

Malakoff continues to reinforce its position as the nation's leading independent power producer ("IPP") through synergistic acquisitions. The company increased its effective generation capacity to 1,895MW, when it acquired Prai Power Sdn Bhd, owner of the 350MW combined cycle gas turbine Prai power plant. The company's effective generation capacity will further increase by 58% to 3,000MW when it completes its acquisition of a 40% stake in the 2,420MW coal-fired Kapar Power Station. Malakoff is also constructing the 2,100MW coal-fired Tanjung Bin power plant, which will further boost its effective generation capacity to 4,753MW when the power plant comes on stream in 2006.

Malakoff is expected to experience sustainable growth, with the demand for electricity on the uptrend. The company should continue to achieve satisfactory results, and to provide MMC with a steady income stream in the coming years.

### Natural Gas Distribution

Gas Malaysia's profit before tax grew by 21% to RM53.2 million attributed by an increase in sales volume of 15% and a decrease in operating expenditure of 9%. However, revenue dropped by 17.5% to RM407.2 million as a result of the lower tariffs for natural gas under the new tariff structure.

The revision in the tariff structure has made natural gas the most attractive source of energy to consumers. Leveraging on this advantage, the company has moved away from the traditional strategy of being demand-driven to that of being supply-driven. This approach shortens the lead-time to supply natural gas to consumers and, with the cheaper rates, makes it easier to encourage consumers to use natural gas. This strategy has resulted in a record 24% increase in new industrial customers during the last year, and this trend is expected to continue in the coming years.

The company added 197 km of new pipelines to its network last year, which represents a 31% growth over the previous year. The company plans to invest RM200 million annually as part of its expansion plan.

With natural gas positioned as a more affordable energy solution compared to competing fuels, the stage is set for continuing growth opportunities in this sector and we can look forward to an increasing contribution from Gas Malaysia in the coming years.

Excerpt from MMC Corporation Bhd. Annual Report ending 31st January 2004



## ENERGY & UTILITIES

The Energy & Utilities division contributed slightly more than RM1 billion to Group revenue, a 58% increase over the previous financial period, driven by a sharp increase in the sale of natural gas by Gas Malaysia arising from a record number of new customers. The division's profit before tax increased by 31% to RM324 million. We expect this division to continue contributing strong cash flows and earnings to the Group.