MUDAJAYA GROUP BERHAD (605539-H)
No. 17, Jalan Semangat
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7958 7899
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MUDAJAYA GROUP BERHAD (605539-H) Annual Report 2010

MUDAJAYA GROUP BERHAD

Power & Infrastructure,
Our Future

ANNUAL REPORT 2010

OUR **VISION**

To be the preferred leader in the construction and property development industry and to provide good infrastructure and energy requirement to society. We strive to look beyond the expectations and goals to stay ahead by integrating both technical excellence and commitment in building partnerships.

As the preferred leader, Mudajaya Group seeks to continuously improve on their performance pertaining to providing international quality standards, timely completion of projects, customers' satisfaction and enhancement of shareholders' value.

OUR **MISSION**

8th Annual General Meeting

Contents 2010

Corporate Information

BOARD OF DIRECTORS

En. Asgari Bin Mohd Fuad Stephens
Chairman
Independent Non-Executive Director

Mr. Ng Ying Loong
Managing Director

Mr. Anto A/L SF Joseph
Joint Managing Director

Mr. Wee Teck Nam
Executive Director

Mr. Ng Chee Kin
Executive Director
(Appointed with effect from 8 April 2011)

Mr. Yong Yee Coi
Executive Director
(Appointed with effect from 8 April 2011)

Mr. Lee Seng Huang
Non-Independent Non-Executive Director
(Appointed with effect from 17 March 2011)

En. Aminodin bin Ismail
Non-Independent Non-Executive Director

Mr. Yee Swee Choon
Independent Non-Executive Director

Mr. Henry Choo Hon Fai
Independent Non-Executive Director

Mr. Chung Tze Hien
Non-Independent Non-Executive Director
(Resigned with effect from 17 March 2011)

COMPANY SECRETARY

Mr. Chai Min Hon (MIA 11926)

REGISTERED OFFICE

No. 17, Jalan Semangat
46100 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (603) 7958 7899
Fax : (603) 7958 7900 / 7958 1296
E-mail : info@mudajaya.com
Website : http://www.mudajaya.com

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7841 8000
Fax : (603) 7841 8008

AUDITORS

Ernst & Young
Chartered Accountants

PRINCIPAL BANKERS

AmBank (M) Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Bhd
Alliance Bank Malaysia Bhd
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Mudajaya Group Berhad will be held at Level 1, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia on Wednesday, 22 June 2011 at 9.30 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon.
(Ordinary Resolution 1)

2. To approve the payment of a final dividend of 15% under the single tier system for the year ended 31 December 2010.
(Ordinary Resolution 2)

3. To re-elect the following Directors who retire in accordance with Article 76 of the Company's Articles of Association:-

   Mr Ng Ying Loong
   (Ordinary Resolution 3)

   Mr Anto A/L SF Joseph
   (Ordinary Resolution 4)

4. To re-elect the following Directors who retire in accordance with Article 83 of the Company's Articles of Association:-

   En Asgari bin Mohd Fuad Stephens
   (Ordinary Resolution 5)

   Mr Ng Chee Kin
   (Ordinary Resolution 6)

   Mr Yong Yee Coi
   (Ordinary Resolution 7)

   Mr Lee Seng Huang
   (Ordinary Resolution 8)

5. To consider and if thought fit, to pass the following ordinary resolution:-

   "THAT pursuant to Section 129(6) of the Companies Act, 1965 (the "Act"), Mr Wee Teck Nam be re-appointed as Director of the Company to hold office until the next Annual General Meeting ("AGM")."
   (Ordinary Resolution 9)

6. To approve the payment of Directors' fees for the year ended 31 December 2010.
(Ordinary Resolution 10)

7. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Ordinary Resolution 11)

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions:-

8. **Authority to Allot Shares pursuant to Section 132D of the Act**

   "THAT pursuant to Section 132D of the Act and subject to the approval of all relevant regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company for the time being and that the Directors be and are hereby further authorised to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities")."
   (Ordinary Resolution 12)

9. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject to provisions of the Act, the Articles of Association of the Company, the requirements of Bursa Securities and any other regulatory authorities, the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits and/or share premium account of the Company as at 31 December 2010 to purchase such number of ordinary shares of RM0.20 each of the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held as treasury shares pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase.

AND THAT such authority is subject to annual renewal and shall commence upon the passing of this resolution and shall remain in force until:-

(a) the conclusion of the next AGM of the Company unless the authority is renewed either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM after the date it is required by law to be held; or

(c) revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting;

whichever is earlier, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any other relevant authorities.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion either to retain the shares purchased by the Company as treasury shares or to cancel them or to retain part of the shares so purchased as treasury shares and cancel the remainder shares or to resell the shares or distribute the shares as dividends.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depository) Act, 1991 designated as Share Buy-Back Account(s) and the entering into any agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit in the interest of the Company."
(Ordinary Resolution 13)

10. To transact any other business of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of shareholders, a final dividend of 15% under the single tier system for the year ended 31 December 2010 will be paid on 15 July 2011 to depositors registered in the Records of Depositors at the close of business at 5.00 p.m. on 23 June 2011.

A depositor shall qualify for entitlement only in respect of: -

1. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 23 June 2011 in respect of ordinary transfers; and

2. Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

CHAI MIN HON
Company Secretary

Petaling Jaya
31 May 2011

Notice of Annual General Meeting

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy or proxies may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Each proxy appointed shall represent a minimum of one thousand (1,000) shares.

2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

3. In the case of a corporate member, the Form of Proxy shall be under its Common Seal or under the hand of its attorney.

4. The Form of Proxy must be deposited at the Company's Registered Office situated at No. 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

Explanatory Notes on Special Business:-

1. **Authority to Allot Shares pursuant to Section 132D of the Act**

   The Company had, during its Seventh AGM held on 8 June 2010, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

   The proposed Ordinary Resolution 12, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 10% of the issued share capital of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

   This mandate will provide flexibility to the Company for the allotment of shares for the purpose of funding working capital, future expansion and investment/ acquisition(s). At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

2. **Proposed Renewal of Share Buy-Back Authority**

   The proposed Ordinary Resolution 13, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of Shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company following the Eighth AGM is required by law to be held.

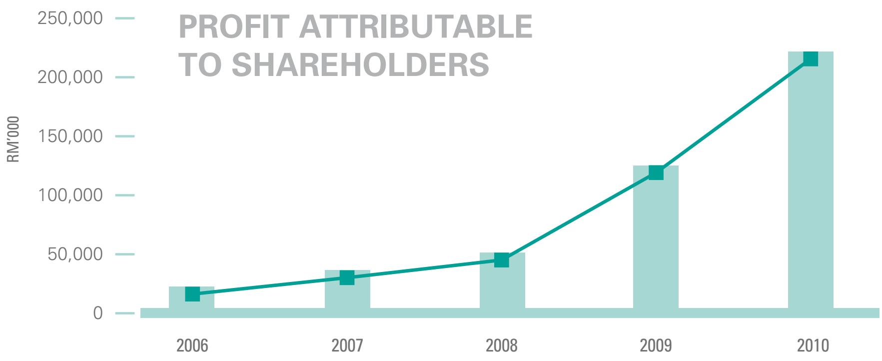
   Further information on the Proposed Renewal of Share Buy-Back is set out in the Share Buy Back Statement of the Company dated 31 May 2011 which was despatched together with this Annual Report.

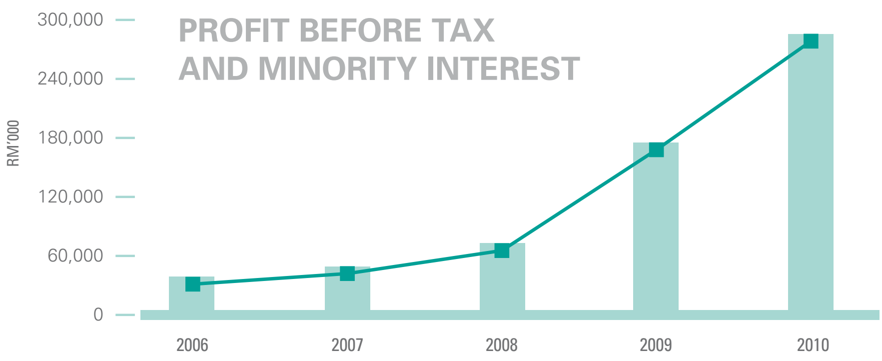
Five Years Financial Highlights

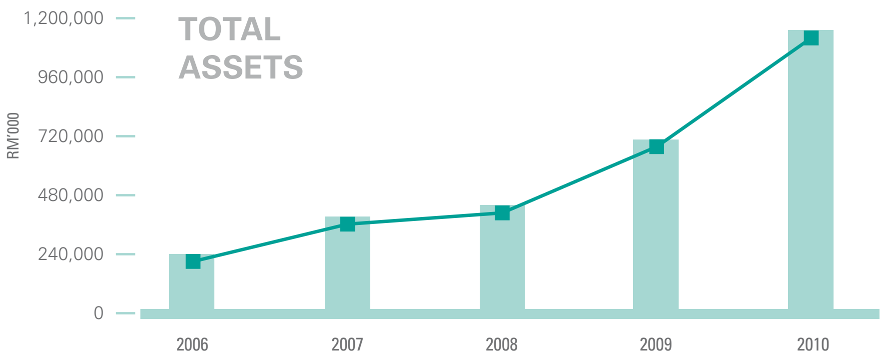
	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Non-Current Assets	406,147	243,175	102,854	82,040	13,700
Current Assets	713,560	434,250	305,271	280,421	196,894
Total Assets	**1,119,707**	**677,425**	**408,125**	**362,461**	**210,594**
EQUITY AND LIABILITIES					
Capital And Reserves					
Share Capital	82,248	74,800	74,800	74,800	68,000
Reserves	640,805	300,259	196,960	158,220	81,447
Equity Attributable To Equity Holders Of The Company	723,053	375,059	271,760	233,020	149,447
Minority In terests	37,935	47,781	32,372	20,842	14,740
Total Equity	**760,988**	**422,840**	**304,132**	**253,862**	**164,187**
Liabilities					
Non-Current Liabilities	256	256	256	256	716
Current Liabilities	358,463	254,329	103,737	108,343	45,691
Total Liabilities	**358,719**	**254,585**	**103,993**	**108,599**	**46,407**
Total Equity And Liabilities	**1,119,707**	**677,425**	**408,125**	**362,461**	**210,594**
GROUP RESULTS					
Profit Before Tax And Minority Interest	278,386	167,957	65,432	42,039	31,273
Taxation	(41,388)	(30,416)	(8,185)	(5,874)	(12,248)
Minority Interest	(21,445)	(18,361)	(12,130)	(6,025)	(2,770)
Profit Attributable To Shareholders	215,553	119,180	45,117	30,140	16,255
SELECTED RATIOS					
Earnings Per Share (Sen) *	51.0	32.0	12.1	8.4	4.8
Gross Dividend Per Share (%)	27.5	18.0	16.5	16.0	14.0
Net Assets Per Share (RM) *	1.86	1.14	0.82	0.68	0.49
Return On Equity (%)	29.8	31.8	16.6	12.9	10.9
Gearing Ratio	-	-	-	-	-
Share Price (Year-End Closing) (RM) *	4.27	4.97	1.13	1.58	0.56

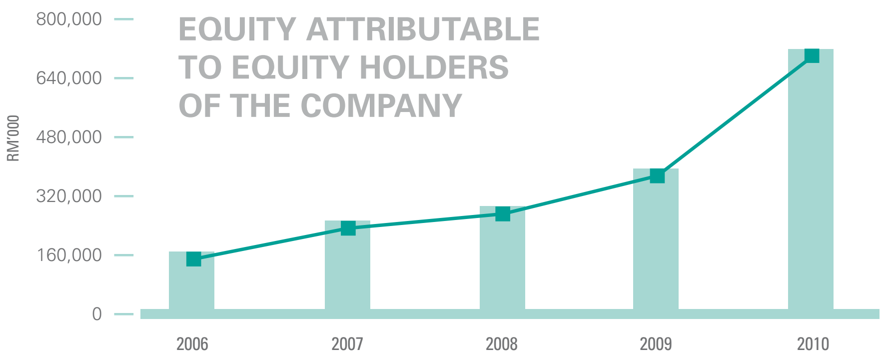
* Comparatives have been restated to take into effect on the share split involving the subdivision of each of the existin ordinary shares of RM0.50 each in the Company into 5 ordinary shares of RM0.10 each ("Share Split"), followed by a share consolidation of every 2 ordinary shares of RM0.10 each in the Company after the Share Split, into 1 ordinary share of RM0.20 each ("Share Consolidation"). The Share Split and Share Consolidation were completed on 4 July 2008.

Five Years Financial Highlights



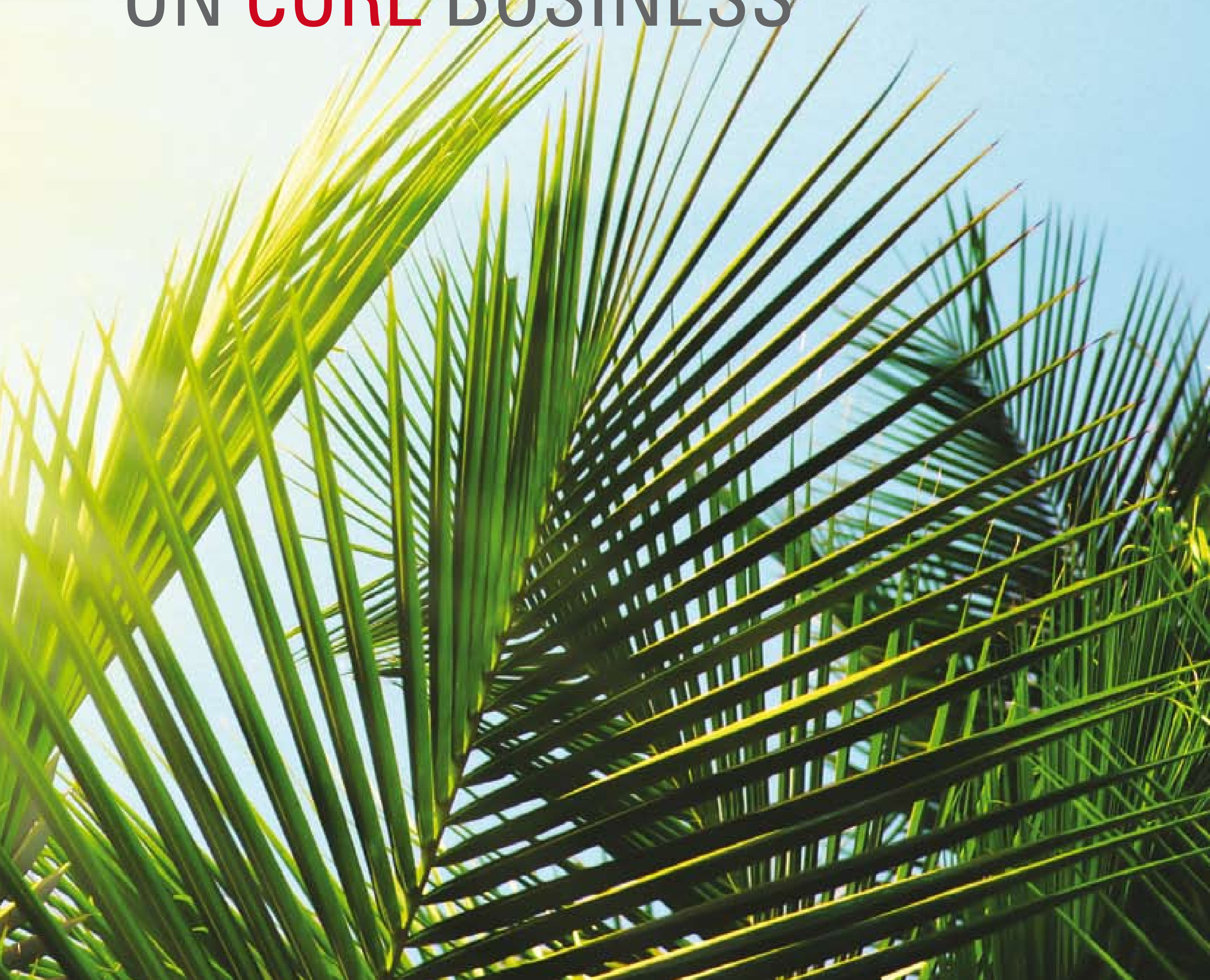






Focusing

ON CORE BUSINESS



EN. ASGARI BIN MOHD FUAD STEPHENS

Chairman

Independent Non-Executive Director

En. Asgari, a Malaysian aged 50, was appointed as an Independent Non-Executive Chairman of Mudajaya Group Berhad ("Mudajaya") on 30 August 2010. He graduated with a Bachelor of Commerce (Honours) from the University of Melbourne in Australia and a Masters of Business Administration from Cranfield University in the United Kingdom. Encik Asgari is the director and founding member of Intelligent Capital Sdn Bhd. He has extensive experience in both public and private equity investing in Malaysia. He was former Chairman of Leighton Asia (southern), part of the Leighton Group, Australia's largest project development and contracting group. Encik Asgari started his career working in general management in companies involved in a wide range of industries. In 1988, he joined Usaha Tegas Sdn Bhd ("UTSB") where he worked in various capacities. He left in 1990 to join the stock broking industry. He returned to work in UTSB in 1992 before leaving in 1995 to co-found Kumpulan Sentiasa Cemerlang Sdn Bhd ("KSC"), an investment advisory and fund management group. During the Asian Financial Crisis in 1998, he took a year off to work with the National Economic Action Council ("NEAC"). After his period at the NEAC, he started two venture capital firms, Intelligent Capital and iSpring Venture Management Sdn Bhd, while continuing to work with KSC. He was previously the Chairman of the Malaysian Venture Capital Association. He is also a Director of Maxis Berhad, Jaycorp Berhad, Privasia Technology Berhad and Mulpha International Bhd Group.

MR. NG YING LOONG

Managing Director

Member of Remuneration Committee

Mr. Ng, a Malaysian aged 57, was appointed as Managing Director of Mudajaya on 2 March 2004. He has been the Managing Director of Mudajaya Corporation Berhad ("MCB") since 1991. He graduated with a Bachelor of Science degree in Civil, Structural and Environmental Engineering from University College London, University of London, United Kingdom in 1977 and obtained a Master in Business Administration from Golden Gate University, San Francisco, U.S.A. in 1986. He is also a member of the Institution of Engineers Malaysia. He has more than 32 years of professional experience particularly in project management, contract planning and management and business development. He joined MCB in 1977 and served in various capacities including Project Engineer, Project Coordinator and Project Manager until 1988. Subsequently, he left MCB to join Pengurusan Lebuhraya Berhad as the Senior Regional Construction Manager and was promoted as the Acting Head of Construction Management Division in 1990. He was in charge of the construction management of the North-South Expressway Project, valued at RM4.3 billion. In 1991, he returned to MCB. He also served as a Director of Mulpha Land Berhad from 1998 to 2001 and as a Director of Mulpha International Bhd from 1995 to 2002.

MR. ANTO A/L SF JOSEPH

Joint Managing Director

Mr. Anto, a Malaysian aged 59, was appointed as Executive Director of Mudajaya on 2 March 2004 and promoted to Joint Managing Director on 8 April 2011. He has been an Executive Director of MCB since 1996. He graduated with a Bachelor of Technology, Civil from Indian Institute of Technology,Kanpur, India in 1977. He is a Professional Engineer registered with the Board of Engineers, Malaysia, Chartered Engineer, U.K. and is also a corporate member of the Institution of Engineers, Malaysia and Institution of Highways and Transportation, U.K.. He is holding a Certified Diploma in Accounting and Finance (ACCA U.K.). He has more than 34 years of professional experience particularly in infrastructure project management and construction. He started his career with Jabatan Kerja Raya, Kelantan in 1977 and subsequently attached to Pernas Construction Sdn Bhd from 1981 to 1988. Prior to joining MCB in 1993 as General Manager and Director, he was Senior Regional Construction Manager of Pengurusan Lebuhraya Berhad.

MR. WEE TECK NAM

Executive Director

Mr. Wee, a Malaysian aged 71, was appointed as Executive Director of Mudajaya on 2 March 2004. He is also an Executive Director of MCB. He graduated with a Bachelor Degree in Mechanical Engineering from University of Sydney, Australia in 1964. He worked for the Chemical Co. of Malaysia, a member of the ICI Malaysia Group for 9 years after graduation. He then gained extensive experience in general management as General Manager of Batu Arang Bricks and Tiles Bhd, Sim Lim Trading Sdn Bhd and as Senior Manager assisting the Managing Director of TDM Berhad overseeing the operations of 24,000 acres of palm oil estates and oil mills in Terengganu. In 1986 he joins Wormald International Ltd of Australia and built up its operations in Taiwan. He became the General Manager and Chief Executive Officer of Shanghai Allied Cement Ltd in 1994. This is a joint venture company between Hong Kong and China. He retired and returned to Malaysia in early 1999. He also served as a Director of Mulpha Land Berhad from October 1998 to August 2001 and a Director of Mulpha International Bhd from October 1998 to July 2002.

MR. NG CHEE KIN

Executive Director

Mr. Ng, a Malaysian aged 49, was appointed as Executive Director of Mudajaya on 8 April 2011. He was earlier on appointed as Director of MCB on 5 July 2004 and re-designated as Executive Director of MCB in 2005. Formerly he was holding the position of General Manager, Special Projects of MCB. He graduated with a Bachelor of Science (Housing, Building and Planning) with Honours from Universiti Sains Malaysia in 1986. He has 25 years of experience in property development and construction. He served as a Council Member of Master Builders Association of Malaysia for the 2008 - 2010 Session. Prior to joining MCB he was with IJM Engineering & Construction Bhd and Pernas Construction Sdn Bhd.

MR. YONG YEE COI

Executive Director

Mr. Yong, a Malaysian aged 52, was appointed as Executive Director of Mudajaya on 8 April 2011. He was earlier on appointed as Director of MCB on 5 July 2004. Formerly he was holding the position of General Manager, Engineering and Procurement of MCB. He graduated with a Bachelor of Engineering (Civil) from University of Malaya in 1984. He has more than 27 years of experience in the construction industry. He is a professional engineer registered with the Board of Engineers since 1992. He is also a member of the Institute of Engineers Malaysia and the Institution of Highways and Transportation, United Kingdom. He joined MCB in 1992 and is presently responsible for the operations and management of the procurement, contracts and engineering and technical division.

MR. LEE SENG HUANG

Non-Independent Non-Executive Director

Mr. Lee, a Malaysian aged 36, was appointed as Non-Independent Non-Executive Director of Mudajaya on 17 March 2011. He was educated at the University of Sydney in Australia. He was the Executive Chairman of Mulpha International Bhd ("MIB") since 15 December 2003. He has wide ranging financial services and real estate investment experience in the Asian region. He has previously served, in various capacities, on the Board of Directors of MIB, as well as Lippo Limited, Lippo China Resources Limited in Hong Kong, Auric Pacific Group Limited in Singapore as well as the Export and Industry Bank, Inc. in the Philippines. He is currently the Executive Chairman of Sun Hung Kai & Co. Ltd ("SHKF"), listed in Hong Kong. SHKF is the leading non-bank financial institution in Hong Kong. Mr Lee is the Chairman of FKP Property Group, a leading property developer listed on the Australian Securities Exchange. He is also a Non-Executive Director of Ambrian Capital PLC, a company listed on the Alternative Investment Market of the London Stock Exchange.

EN. AMINODIN BIN ISMAIL

Non-Independent Non-Executive Director

Chairman of Nomination Committee

Member of Audit Committee

En. Aminodin, a Malaysian aged 44, was appointed as Non-Independent Non-Executive Director of Mudajaya on 2 March 2004. He graduated with a Degree in Accounting and Finance from Liverpool John Moores University, United Kingdom in 1990. He is also Fellow of the Association of Chartered Certified Accountants, United Kingdom. He has 5 years of merchant banking experience gained from working in Aseambankers Malaysia Berhad from 1991 to 1995 and BSN Merchant Bank Berhad from 1995 to 1997 where his work entailed providing corporate finance advisory services on proposal for listings, mergers, acquisitions and capital raisings. He left the merchant banking industry in 1997 to join Renong Berhad as Senior Finance Manager where he was primarily responsible for monitoring the performance of the subsidiaries and implementation of corporate exercises undertaken by companies within the Renong Group. He left Renong Berhad in July 1999. He was appointed to the Board of Directors of Jin Lin Wood Industries Berhad in 2000 as an Executive Director overseeing the finance function of the group of companies. He resigned from the Board of Directors of Jin Lin Wood Industries Berhad in April 2002. Currently, he sits on the Board of several private companies.

MR. YEE SWEE CHOON

Independent Non-Executive Director

Chairman of Audit Committee

Member of Nomination and Remuneration Committees

Mr. Yee, a Malaysian aged 60, was appointed as Independent Non-Executive Director of Mudajaya on 2 March 2004. He is a Chartered Accountant, a Certified and Registered Financial Planner. He has over 30 years working experience in auditing, corporate planning and financial management which include 8 years as executive director in a public listed company. Presently, he runs his own personal financial planning and management advisory services practice. He is not a Director of any other public company.

MR. HENRY CHOO HON FAI

Independent Non-Executive Director

Chairman of Remuneration Committee

Member of Audit and Nomination Committees

Mr. Henry Choo, a Malaysian aged 39, was appointed as an Independent Non-Executive Director of Mudajaya on 2 March 2004. He started his career in 1994 as an Equity Research Analyst in Dao Heng Securities Ltd, Hong Kong. From 1996 to 2000, he was Director of Business Development at Fok Lee Sdn Bhd, a Specialist Contractor. From 2000 to 2010 he has been involved in Private Equity and Venture Capital, first with Intelligent Capital Sdn Bhd from 2000 to 2003, Artisan Encipta (M) Sdn Bhd from 2003 to 2004 and was Chief Operating Officer of Atlantic Quantum Sdn Bhd from 2006 to 2010. Between 2004 to 2006 he was Executive Assistant to the Chairman of Silterra Malaysia Sdn Bhd. He is also a Director of Mulpha Land Berhad since 2007. He graduated from La Trobe University, Melbourne, Australia with a Bachelor of Science degree (Computer Science).

OTHER INFORMATION ON DIRECTORS

1. None of the Directors has any family relationship with any Director and/or major shareholder of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors have any conviction for offences within the past ten (10) years.

Group Structure

MUDAJAYA GROUP BERHAD
(Investment holding)
Authorised Share Capital: RM250,000,000
Paid-up Share Capital: RM82,247,700

100%

MUDAJAYA CORPORATION BERHAD
(Civil engineering and building construction)
Authorised Share Capital: RM1,500,000,000
Paid-up Share Capital: RM284,000,000

100%
Mudajaya Power International Sdn Bhd
(Civil engineering and building construction)
Authorised Share Capital: RM500,000
Paid-up Share Capital: RM200,000

100%
Mudajaya Land Sdn Bhd
(Property development)
Authorised Share Capital: RM50,000,000
Paid-up Share Capital: RM50,000,000

100%
MJC Industries Sdn Bhd
(Manufacturing of concrete products and building materials)
Authorised Share Capital: RM500,000
Paid-up Share Capital: RM300,000

100%
MJC Trading Sdn Bhd
(Hiring of plant & machinery, and trading in construction related materials)
Authorised Share Capital: RM500,000
Paid-up Share Capital: RM300,000

100%
MJC Management Services Sdn Bhd
(Property management)
Authorised Share Capital: RM500,000
Paid-up Share Capital: RM120,000

100%
MJC Plantations Sdn Bhd
(Dormant)
Authorised Share Capital: RM100,000
Paid-up Share Capital: RM10,000

99.99%
MGB Enterprise Sdn Bhd
(Dormant)
Authorised Share Capital: RM100,000
Paid-up Share Capital: RM10,000

70%
MJC City Development Sdn Bhd
(Property management & development)
Authorised Share Capital: RM50,000,000
Paid-up Share Capital: RM10,000,000

51%
MJC Development Sdn Bhd
(Property management and development and building construction)
Authorised Share Capital: RM5,000,000
Paid-up Share Capital: RM100,000

100%
MJC Precast Sdn Bhd
(Manufacture of precast concrete and other related products)
Authorised Share Capital: RM10,000,000
Paid-up Share Capital: RM10,000,000

100%
MJC Quarry Sdn Bhd
(Quarry operations)
Authorised Share Capital: RM10,000,000
Paid-up Share Capital: RM9,000,000

100%
Entrutech Sdn Bhd
(Engineering consultancy services and turnkey engineering projects)
Authorised Share Capital: RM10,000,000
Paid-up Share Capital: RM2,000,000

100%
Indah Kirana (M) Sdn Bhd
(Has not commenced operations)
Authorised Share Capital: RM100,000
Paid-up Share Capital: RM4,000

100%
Great Hill International Ltd (Republic of Mauritius)
(Has not commenced operations)
Authorised Share Capital: USD1,000,000
Paid-up Share Capital: USD2

100%
Mudajaya International Ltd (Republic of Mauritius)
(Has not commenced operations)
Authorised Share Capital: # Stated Capital
Paid-up Share Capital: USD30,000

100%
Oracle International Co Ltd (Brunei Darussalam)
(Has not commenced operations)
Authorised Share Capital: USD1,000,000
Paid-up Share Capital: USD1

80%
MIPP International Ltd (Republic of Mauritius)
(Equipment procurement services)
Authorised Share Capital: # Stated capital
Paid-up Share Capital: USD2,000,000

100%
Mudajaya International Investment Ltd (Brunei Darussalam)
(Has not commenced operations)
Authorised Share Capital: USD1,000,000
Paid-up Share Capital: USD100,000

74%
Electric Power International Ltd (Republic of Mauritius)
(Dormant)
Authorised Share Capital: #Stated capital
Paid-up Share Capital: USD50,000

75%
Mudajaya Middle East Ltd (Saudi Arabia)
(Construction, property development and the provision of engineering and project management services in the Middle East region)
Authorised Share Capital: SAR500,000
Paid-up Share Capital: SAR500,000

100%
Mudajaya Construction (India) Private Limited (India)
(Construction and related business)
Authorised Share Capital: INR500,000
Paid-up Share Capital: INR100,000

NOTE:

The Stated Capital in relation to a class or classes of par value shares issued by a company means the total of all amount received by the Company in respect of the nominal paid up value (par value) of the shares and share premium (if any) paid to the company in relation to those shares. There is no ceiling on the number of shares that can be issued by the company.

The Board of Directors ("the Board") appreciates the importance of good corporate governance and is committed to the establishment and implementation of a proper framework and controls that are in line with the principles and best practices as recommended by the Malaysian Code of Corporate Governance ("the Code"). The Board continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company.

Set out below is a statement of how the Company has applied the principles and complied with the best practices laid down in the Code.

BOARD OF DIRECTORS

The Board

The Board has the overall responsibility for corporate governance, strategic direction, development and control of the Company. The Board meets regularly during the financial year. Additional meetings are held as and when issues arise and are necessary to be dealt with in between the scheduled meetings. Board meetings bring an independent judgement on issues of strategy, performance, risks issues, resources and standards of conduct. Due notice is given for the meetings and matters to be dealt with.

Nine (9) Board meetings were held during the financial year ended 31 December 2010. The attendance record of the Directors is reflected below:-

Director	No. of meetings attended
En. Asgari bin Mohd Fuad Stephens (appointed on 30 August 2010)	1/1
Mr. Ng Ying Loong	9/9
Mr. Anto A/L SF Joseph	9/9
Mr. Wee Teck Nam	9/9
Mr. Yee Swee Choon	9/9
En. Aminodin bin Ismail	5/9
Mr. Henry Choo Hon Fai	9/9
Mr. Chung Tze Hien (resigned on 17 March 2011)	7/9

Subsequent to the financial year ended 31 December 2010, 3 new Directors were appointed to the Board of Directors. Mr. Lee Seng Huang was appointed on 17 March 2011, Mr Ng Chee Kin and Mr Yong Yee Coi were both appointed to the Board on 8 April 2011. Mr Chung Tze Hien resigned on 17 March 2011.

Board Balance

The Board of Directors consist of ten (10) members, five (5) of whom are Executive Directors and five (5) are Non-Executive Directors. Out of the five (5) Non-Executive Directors, three (3) are Independent Directors. The Board has complied with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities that at least two directors or one-third of the Board, whichever is the higher, are independent directors. A brief profile of each Director is presented on pages 10 to 13.

The Directors are from diverse professional backgrounds with a wide range of business, technical and financial experience and knowledge.

The Board considers its current size adequate for the existing scope and nature of the Group's business operations. There is balance in the Board with the presence of the Independent Directors to exercise independence of judgement. The presence of independent non-executive directors is to provide autonomous and unbiased views of financial and business inputs for the interest of the Group. There is also an active and unrestricted participation of Independent Directors as well as Executive and Non-Executive Directors in the deliberations and decision making of the Board.

Supply of Information

All Directors are provided prior to each Board Meeting an agenda and a set of Board papers in sufficient time to enable the Directors to review and consider the items to be discussed at the Board meeting. The Board papers include, inter alia, the following: -

(a) quarterly progress report by the Executive Directors;
(b) quarterly and year-to-date financial reports; and
(c) minutes/decisions of meetings of the Committees of the Board.

When deemed necessary, the Directors are at liberty to engage the services of independent professionals on specialised issues and in the furtherance of their duties at the Company's expense.

All Directors have access to the advice and services of the Company Secretary and management staff in carrying out their duties.

Appointments to the Board

The Nomination Committee reviews the composition of the Board annually and makes recommendation to the Board where necessary to ensure the Board comprises an appropriate mix of knowledge, skills, experience and expertise. The Committee is responsible for making recommendations for any appointment to the Board.

Re-election

Article 76 of the Company's Articles of Association provide that at least one third (1/3) of the Directors are subject to retirement by rotation at each Annual General Meeting. Each retiring Director is eligible for re-election. Directors who are appointed to the Board during the year will have to retire and be subjected to re-election by shareholders at the next Annual General Meeting to be held following their appointments.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every annual general meeting and may offer themselves for re-appointment to hold office until the next annual general meeting.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme organised by Bursa Securities. The Directors are aware that they should receive appropriate continuous training and they have attended various seminars, presentations and briefings in order to keep abreast with developments in the market place and with new statutory and regulatory requirements for the financial year ended 31 December 2010. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skills and knowledge.

Directors	Training Programmes	Organised By
Asgari bin Mohd Fuad Stephens	Global Economic Outlook : How Secure Is The Global Recovery?	Institute od Strategic and International Studies (ISIS) Malaysia
Ng Ying Loong	Corporate Social Responsibility for Malaysian Business	The Malaysian Institute of Chartered Secretaries and Administrators
Anto A/L SF Joseph	Breakfast Talk - FRS102, FRS121, FRS139	Ernst & Young
	Strengthening the Corporate Planning Framework for Effective Results	Bursatra Sdn Bhd
Wee Teck Nam	Unlocking potential – Towards a high income economy	PricewaterhouseCoopers
Yee Swee Choon	Malaysian Financial Reporting Standards – Recent Developments & Updates	Malaysian Institute of Accountants
Aminodin Bin Ismail	Malaysian Financial Reporting Standards – Recent Developments & Updates	Malaysian Institute of Accountants
Henry Choo Hon Fai	Board Effectiveness: Redefining the Roles & Functions of An Independent Director	Bursatra Sdn Bhd
Chung Tze Hien (resigned on 17 March 2011)	Real Estate Master Class	Terrapin Financial Training
	Media Crisis Communications Training	Corp. Comm. Dept, MIB

Board Committees

The following Board Committees were established to assist the Board in discharging its duties and responsibilities. The Committees listed below report all matters and recommendations of their meetings to the Board. The terms of reference of each Committee have been approved by the Board and, where applicable, comply with the recommendations of the Code.

(a) Audit Committee

Please refer to the Audit Committee Report on pages 26 to 29.

Board Committees (Cont'd)

(b) Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors with En. Aminodin bin Ismail as Chairman and Mr. Yee Swee Choon and Mr. Henry Choo Hon Fai as members.

The main responsibilities of the Nomination Committee are as follows:-

(i) recommend new nominees to the Board as well as Board Committees and considering the Board's succession planning;
(ii) assist the Board in annually reviewing the Board composition and balance as well as the required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report; and
(iii) assess the effectiveness of the Board and Board Committees and the contribution of each individual Director.

The decision on new appointment shall be the responsibility of the Board after considering recommendation by the Nomination Committee.

During the year, the Nomination Committee has held two (2) meetings and was attended by all its members.

(c) Remuneration Committee

The Remuneration Committee comprises mainly of Non-Executive Directors with Mr. Henry Choo Hon Fai as Chairman and Mr. Ng Ying Loong and Mr. Yee Swee Choon as members.

The main responsibilities of the Remuneration Committee are to recommend to the Board the following:-

(i) remuneration packages of each Director of the Company; and
(ii) incentive schemes for the management or other employees.

The Board determines the allowances of the Non-Executive Directors after considering the recommendation of Remuneration Committee.

During the year, the Remuneration Committee has held three (3) meetings and was attended by all its members.

DIRECTORS' REMUNERATION

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts, retains and motivates the Directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the remuneration is structured so as to link rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by each Director.

The Remuneration Committee recommends to the Board the remuneration including fees for each Director of the Company. The Board reviews the remuneration of the Directors annually whereby the respective Directors are abstained from discussions and decisions on their own remuneration. Directors' fees are subject to the approval of the shareholders. Reasonable expenses incurred by the Directors in the course of carrying out their duties are reimbursed by the Company.

DIRECTORS' REMUNERATION (CONT'D)

The details of the Directors' remuneration for the financial year ended 31 December 2010 and the remuneration bands analysis is as follows: -

	Executive (RM'000)	Non-Executive (RM'000)
Salaries and other emoluments	3,091	–
Bonus	397	–
Defined contribution plan	474	–
Estimated money value of benefits-in-kind	49	–
Fees	–	326
Other emoluments	–	8
Total	**4,011**	**334**

	No. of Directors	
Range of remuneration (RM)	Executive	Non-Executive
50,001 – 100,000	–	5
200,001 – 250,000	1	–
950,001 – 1,000,000	1	–
1,550,001 – 1,600,000	1	–

SHAREHOLDERS AND INVESTORS

Shareholders' Communication and Investors Relation

The Board acknowledges the importance of effective communication and the need for shareholders and investors to be informed of all material business matters of the Company. Such information is disseminated through the following channels:-

- Annual Report
- Circulars/Statements to shareholders
- Various disclosures and announcements to Bursa Securities; and
- The Company's website at www.mudajaya.com

The main forum for dialogue with shareholders remains at General Meetings which encourage the shareholders to raise questions pertaining to the operations and financial matters of the Group.

Annual General Meeting and Extraordinary General Meetings

The Company's practice is to give adequate notice to shareholders of its general meetings. In addition, notices of general meetings with sufficient information of business to be dealt with are published in at least one national newspaper to provide for wider dissemination of such notice to increase awareness and to encourage shareholders' participation during the meeting. General meetings are a mean of direct communication and interaction between the Company and its shareholders. Shareholders are encouraged to attend the meetings and participate in the dialogue sessions.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the audited financial statements and quarterly results announcement to shareholders, the Board aims to present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects. The Board and the Audit Committee considers that in preparing the financial statements, the Group uses appropriate accounting policies and standards, consistently applied and supported by reasonable and prudent judgements and estimates.

Internal Control

The Board has overall responsibility for maintaining a sound and effective system of internal control covering not only financial controls but also operational and compliance controls as well as risk management to protect shareholders' investments and the Group's assets. This system has inherent limitations and can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The internal control system of the Group is supported by an established organisational structure with well-defined authority and responsibility lines, and which comprises of appropriate financial, operational and compliance controls. The Statement on Internal Control, which provides an overview of the state of internal controls within the Group, is set out on pages 23 to 24 of this Annual Report.

Relationship with the Auditors

The role of Audit Committee in relation to the external auditors is presented in the Audit Committee Report on pages 26 to 29 of this Annual Report.

The Company has always maintained a formal and professional relationship with its internal and external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit Committee where and when necessary, discussed matters with the external auditors in the absence of the management.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cashflows of the Group and Company for the financial year then ended.

In preparing the financial statements, the Directors have: -

- adopted the appropriate accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that applicable accounting standards have been followed, and any material discrepancies have been disclosed and explained in the financial statements.

The Directors are responsible for ensuring that the Group and Company keep proper accounting records to disclose with reasonable accuracy of the financial positions of the Group and Company which enable them to ensure that the financial statements comply with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

Status of utilisation of proceeds raised from corporate proposal

The Company had placed out 37,238,500 ordinary shares of RM0.20 each which was completed on 29 January 2010. During the financial year ended 31 December 2010, the Group had fully utilised the proceeds from the private placement as follows :

	Proceeds Raised RM'million	Utilisation of the Proceeds RM'million	Balance RM'million
Approved utilisation:			
Investment and/or Capital Expenditure and/or Working Capital purposes	178.745		
Expenses related to Private Placement		(1.840)	
Working Capital		(0.105)	
Subscription of shares in its wholly-owned subsidiary, Mudajaya Corporation Berhad		(176.800)	
Total	**178.745**	**(178.745)**	**-**

Share Buy-Back

As at 1 January 2010, the Company has a balance of 1,614,900 ordinary shares of RM0.20 each as treasury shares.

During the financial year ended 31 December 2010, the Company repurchased 1,483,100 of its own shares from the open market of Bursa Securities for a total consideration of RM6,289,928. Details of the shares repurchased are as follows: -

2010 Month	No. of Shares purchased (Ordinary Shares of RM0.20 each)	Total Consideration* (RM)	Lowest Price paid per share (RM)	Highest Price paid per share (RM)	Average Price paid per share (RM)
May	1,000	5,218	5.170	5.170	5.170
August	1,202,800	5,203,449	4.055	4.467	4.261
September	125,300	492,067	3.900	3.950	3.925
November	4,000	15,956	3.960	3.960	3.960
December	150,000	573,238	3.762	3.900	3.831
	1,483,100	6,289,928			

* Includes transaction costs

All the 1,483,100 shares purchased by the Company during the year were retained as treasury shares. As at 31 December 2010, the cumulative total number of shares held as treasury shares was 3,098,000 shares. None of the treasury shares were resold or cancelled during the financial year.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Options or Convertible Securities

There were no options or convertible securities issued during the financial year.

Depository Receipt Programme

There were no depository receipt programmes sponsored by the Company during the financial year.

Sanctions/Penalties Imposed

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

Non-Audit Fees

The Company and its subsidiaries paid a total amount of RM144,980.00 to external auditors for non-audit fees, for the financial year ended 31 December 2010.

Variation in Results

There were no material variances between the result for the financial year and unaudited result previously announced.

Profit Guarantees

There were no profit guarantees given by the Company during the financial year.

Material Contracts

To the best of the Board's belief and knowledge, there were no material contracts involving the Group with any of the major shareholders or Directors in office during the financial year.

Revaluation of Landed Properties

There were no revaluations of landed properties during the financial year.

Recurrent Related Party Transactions

There were no material recurrent related party transactions of a revenue nature during the financial year.

Introduction

The Malaysian Code on Corporate governance requires the Group to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of the Company to include a statement in the Annual Report on the state of the Group's internal controls for the financial year under review with the guidance provided to directors as set out in the "Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance")" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad.

Board responsibility

The Board of Directors acknowledges the responsibility of maintaining a sound system of internal control and for reviewing its adequacy and integrity of good corporate governance practice. The system of internal control, designed to safeguard shareholders' investments and the Group's assets, covers not only financial control but also operational and compliance controls and risk management. Such systems however are designed to manage rather than eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process of identifying, evaluation and managing all significant risks faced by the Group throughout the year and up to the date of approval of the Annual Report and Financial Statements.

Risk Management

As the Group continuously explores and expands its operations around the globe, the Board of Directors recognises that the Group will be exposed to a certain degree of risk. In view to minimise risks, the Board has continuously adopted an Enterprise-Wide Risk Management system. As a result, the Risk Management Committee ("RMC") chaired by the Managing Director of the Group and comprising of the senior management and head of departments and projects was formed. The RMC would review and cover matters such as responses to significant risks identified, changes to internal control systems and output from monitoring processes. The Board monitors the principal risks of the Group through the RMC and the Audit Committee.

The degree of the Group's risk management is dependent on the Group's risk appetite. As the company adopts a prudent risk management system, all potential projects will be reviewed and approved by management prior to an undertaking. The Enterprise Wide Risk is evaluated annually to identify the key risks which might affect the strategic, financial operational and other business objectives. New areas for assessment are introduced as the business risk profile and environment changes.

Audit Committee

The Audit Committee ("AC"), which is chaired by an independent non-executive director, is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal controls with the assistance of the in-house Internal Audit department. On a quarterly basis, reports are prepared on the adequacy, efficient and effectiveness of the system of internal controls based on the annual audit plans approved by the Audit Committee.

Key elements of Internal Control

Other key elements of the Group's internal control system include the following:-

- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits have been established by the Board of Directors for the Audit Committee ("AC") and management. Various Board Committees have been established to assist the Board in discharging its duties, namely:
    - Audit Committee
    - Nomination & Remuneration Committee
    - Risk Management Committee;
- Internal policies and guidelines are effectively communicated to all employees through memos and handbooks;
- Reporting systems are in place. Financial and operation performance reports are generated for the Board of Directors and management. Fortnightly management meetings are held which comprise of Executive directors and Divisional heads. During the meeting, reports and status updates of the projects are discussed and the necessary action taken;
- Comprehensive and adequate financial information and key business indicators are timely presented to the management and the Board to assist in the review of Group's performance;
- An ISO 9001:2008 management system which is subject to regular internal review and improvement continuously manages and controls the quality requirement of the Group's products and services. This is annually reviewed by independent external consultants who are familiar with the construction and development industry;
- Clear Group vision, mission, corporate philosophy and strategic direction which are communicated to employees at all levels;
- Regular visits to operating units and project sites by senior management, accounts staff and internal auditors.

Internal Audit

The internal audit function of the Group is performed by the in-house Internal Audit Department, which reports directly to the Audit Committee ("AC"). The internal audit department carries out independent reviews on the state of the internal control of the Group's business activities based on the annual audit plan approved by the AC. The findings and observations are reported to the AC on a quarterly basis.

The Internal Audit Department continually undertakes to review the system of internal controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

Monitoring and Review of the System of Internal Control

Overall, the system of internal control for the financial year under review was considered to be adequate and operating satisfactorily. The effectiveness of the system of internal control is constantly reviewed and updated in response to change in the operating environment. The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that risks are at an acceptable level. Such procedures and systems, however, do not eliminate the possibility of human error, the deliberate circumvention of control procedures by employees and others and the occurrence of unforeseeable circumstances.

Statement of Corporate Social Responsibility

As a public listed company, Mudajaya remains committed to contribute to the social well-being of the society. The Group strives to be a responsible corporate citizen and is mindful that the Group is creating value for all its stakeholders and enhancing the long-term sustainability of the Group.

Throughout the year, Mudajaya organised various technical in-house training and external courses for the staff. The Group believes in grooming its own talent and continuously improving and enhancing its pool of talented workforce. Mudajaya's aim is to attract, train and retain the right people that have the ability and motivation to perform and deliver par excellence performance.

As part of the Group's social responsibilities, Mudajaya has on a continual basis been providing training to undergraduates from local colleges and universities on a structured and one-off basis to provide them with basic and formal trainings in the construction and property development industries in Malaysia throughout our offices and project sites in Selangor, Kuala Lumpur, Johor, Pahang and Sarawak.

Mudajaya has been awarding scholarships to many deserving, financially challenged and bright local undergraduates on a yearly basis since 1994. The Mudajaya Scholarship Awards are granted to worthy students pursuing in the fields of Civil Engineering, Quantity Surveying, Land Surveying, Housing, Building & Planning, M&E Engineering and also Science Studies. For the financial year ended 31 December 2010, the Company had awarded RM108,000 worth of scholarships to 7 undergraduates.

The Group also supports the community by contributing to fund-raising and donation drives. Mudajaya has made various contributions to charitable organizations and orphanages nationwide. Some of the donations and CSR activities undertaken by Mudajaya during the year were as follows:-

- Mudajaya contributed various donations which were channelled towards helping organisations such as Sekolah Methodist Wesley, Yayasan Harapan Kanak-Kanak Malaysia, Tabung Pendidikan Persatuan Pemborong Binaan Malaysia, Ray of Hope, Church of St. Francis Xavier, Society for the Severely Mentally Handicapped Selangor & Federal Territory, Pertubuhan Membantu Pesakit Parah Miskin Malaysia and Pusat Penjagaan Kanak-Kanak Cacat Taman Megah.

- With the theme of "Put a Twinkle to Their Faces", Mudajaya visited an old folks' home and orphanage – Lovely Nursing Centre to celebrate Chinese New Year. A catered luncheon was provided for the residents there. Gifts were presented to the children and lots of groceries were handed out to the centre to celebrate Chinese New Year with them.

- Mudajaya organised a fund raising campaign and recycling drive to raise funds to buy groceries for the children of the Taman Megah's Handicapped and Disabled Children's Home. During the visit to the children's home, Mudajaya staff accompanied the children and adults, providing them with much fun and love.

Taking initiative to help preserve and care for the environment, Mudajaya continues to educate its staff about environmental issues. Various programmes were being introduced to highlight environmental conservation awareness to the staff such as promoting the use of recycled office stationeries and conservation of the use of energy resources.

We incorporate environmental-friendly features into our design and build projects which includes in particular, our office development in Mutiara Damansara, Petaling Jaya, rain and ground water harvesting for use in common toilets, solar power panels for powering up the common areas, light sensors for common lighting and lower consumption and power efficient light tubes and LED lights.

In conjunction with Earth Day, Mudajaya organised its 3rd "Tree Planting Activity" on the 24 April 2010 at the Raja Musa Peat Swamp Forest, North Selangor. Matthias Gelber, "the greenest man on earth" praised us for our strong team spirit and being one of the most organised groups there.

Mudajaya continues to place great importance on accountability and transparency in the disclosure of information to the stakeholders. The Group has established Investor Relations (IR) programmes that give stakeholders and investors invaluable insight into the Group. Visitors to the Group's website are also encouraged to submit their feedback so that its services to all stakeholders could be further improvised.

OBJECTIVES

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall:-

a) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
b) Maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
c) Determine the adequacy of the Group's administrative, operating and accounting controls.

TERMS OF REFERENCE

Constitution

The Audit Committee ("the Committee") was established pursuant to a resolution of the Board of Directors passed on 29 March 2004. The Directors appointed to the Committee are as follows: -

Mr. Yee Swee Choon (Chairman)	–	Independent Non-Executive Director
En. Aminodin bin Ismail (Member)	–	Non-Independent Non-Executive Director
Mr. Henry Choo Hon Fai (Member)	–	Independent Non-Executive Director

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:

(a) the audit committee must be composed of no fewer than three (3) members;
(b) all the audit committee members must be non-executive directors with a majority of them independent directors; and
(c) at least one member of the audit committee :
    (i) must be a member of the Malaysian Institute of Accountants; or
    (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
        (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
        (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
    (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

Membership (Cont'd)

The members of the Committee shall elect a Chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

Rights

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company,:-

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions

The functions of the Committee shall include the following:

(1) review the following and report the same to the Board:

  (a) with the external auditor, the audit plan;
  (b) with the external auditor, his evaluation of the system of internal controls;
  (c) with the external auditor, his audit report;
  (d) the assistance given by the employees of the Company to the external auditor;
  (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
    (i) changes in or implementation of major accounting policy changes;
    (ii) significant and unusual events; and
    (iii) compliance with accounting standards and other legal requirements;
  (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  (i) any letter of resignation from the external auditors of the Company; and
  (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

(2) recommend the nomination of a person or persons as external auditors.

Meetings

Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable. The quorum for a meeting of the Committee shall be two (2) provided always that the majority of members present must be independent directors.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Committee.

Attendance at Meetings

During the financial year ended 31 December 2010, the Committee held five (5) meetings. The details of attendance of the Committee members are as follows: -

Committee Member	No. of Meetings Attended
Mr. Yee Swee Choon	5/5
En. Aminodin bin Ismail	4/5
Mr. Henry Choo Hon Fai	5/5

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 31 December 2010 in the discharge of its duties and responsibilities: -

- review the unaudited quarterly financial results of the Group and its explanatory notes thereon prior to recommendation for the Board of Directors' consideration and approval with particular focus on compliance with accounting standards and regulatory requirements and the Group's accounting policies and practices;

- review the annual report and audited financial statements of the Group prior to submission for the Board of Directors for their consideration and approval;

- review the Internal Audit Reports and accessing the Internal Auditor's findings and the management's responses thereto and thereafter, reporting to the Board of Directors;

- review the Statement on Internal Control and Statement on Corporate Governance for inclusion in the Annual Report; and

- review the Company's compliance with the Main Market Listing Requirements of Bursa Securities and the applicable approved accounting standards issued by Malaysian Accounting Standards Board.

Internal Audit Function

The Group's internal audit function is performed by the Internal Audit Department, which reports to the Audit Committee on its activities based on the approved annual audit plan. The Internal Audit Department provides the Audit Committee with independent and objective reports on the effectiveness of the internal control system within the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements.

The principal objective of the internal audit function is to perform regular reviews on the Group's business activities and key business processes to ensure that the systems of internal controls, procedures and operations are properly administered. This is to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

The attainment of such objective involves the major activities being carried out by the Internal Audit Department:-

a) Review and appraise the adequacy, effectiveness and reliability of the internal control systems , policies and procedures;
b) Monitor the adequacy, reliability, integrity, security and timeliness of management information systems;
c) Determine the extent of compliance with relevant laws, codes, standards, regulations, policies, contracts, plans and procedures; and
d) Identify and recommend solutions and appropriate controls for identified potential problems; and
e) Review and verify the means used to safeguard assets.

Recommendations indicated in the internal audit reports were duly acted upon by management.

The Group has employed an in-house internal audit team to perform the internal audit functions. For the year ended 31 December 2010, the department has incurred a cost of approximately RM150,000.00.

STATEMENT VERIFYING ALLOCATION OF OPTIONS

There were no share schemes for employees established during the financial year ended 31 December 2010.

Zooming in

ON THE EXCELLENT FUTURE

Chairman's Statement

DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and financial statements of Mudajaya Group Berhad ("Mudajaya" or "the Company") for the financial year ended 31 December 2010.

FINANCIAL RESULTS

For the financial year under review, Mudajaya generated total revenue of RM870.4 million, as compared to RM720.0 million in the previous financial year. Mudajaya's profit after taxation rose 72.4% to RM237.0 million for the financial year ended 31 December 2010 from the previous year record of RM137.5 million.

As at 31 December 2010, the Group's net assets stood at RM761.0 million whilst the net asset per share was RM1.86. The Group continues to operate under healthy financial position with net current assets of RM355.1 million and Cash and bank balances of RM254.9 million with zero gearing.

REVIEW OF OPERATIONS

Year 2010 has been a good year for Mudajaya, as we expanded and established our market internationally to increase our construction activities and revenue.

Construction

The Group's construction operations are spearheaded by its 100%-owned subsidiary, Mudajaya Corporation Berhad ("MCB").

The revenue derived from the construction sector has increased to RM726.6 million in the current financial year under review as compared to RM573.9 million recorded in the previous financial year, an increase of 26.6%. The profit before taxation for this segment improved considerably to RM409.3 million in the current financial year as compared to RM189.7 million achieved in the previous financial year, a growth of 115.8%. The construction division of the Group continues to perform well due to its innovation of providing optimization of resources such as plant, labour and material while maintaining the commitment to deliver quality work within the contractual time frame.

Some of the on-going projects are as follows:

- 4 x 360 MW Coal-fired Power plant at Chhattisgarh, India – Equipment Procurement contracts (Phase 1 & 2).
- Crest Sultan Ismail – Construction of service apartments & office blocks.
- Batu Kawah New Township – Construction projects.
- Design and build construction project for the privatization of the Kuala Lumpur – Kuala Selangor expressway (KLKSE) Package 1 – Assam Jawa to Kundang & for Package 2 – Kundang to Taman Rimba Templer.
- Design and build contract for Spur Line Guideway Extension and Operation and Maintenance Storage Facility including One Set 3-car Train in KLIA.
- Menara Mudajaya – Construction of 16-storey Mudajaya Corporate Office building.
- Rompin Hospital, Pahang – Design, Construction, Completion, Equipping, Commissioning & Maintenance.
- Boulevard Plaza Development, Putrajaya – Design & Construction project.
- 10 Damansara Heights Housing project – Construction of 8 Garden Villas & 2 Duplex Condo-Villas

Property Development

On 29 January 2010, Phase 7, One Residency, Courtyard & Garden Villas was awarded with the Special Award (for Design and Concept) by SHEDA and the Sarawak Ministry of Housing for providing quality urban living and innovative architecture to its buyers. This is the 1st gated and guarded link homes with resort facilities in Kuching. Phases 7.1 to 7.4 were completed in Year 2010 and have achieved sales of more than 76.5%.

The Sky Villa Condominium project recorded 78% sales for Block A while Block B which was recently launched has recorded sales of 25.6% at the end of year 2010.

However, the property development of Batu Kawah New Township in Kuching, Sarawak will remain challenging due to slow demand and many competitors. This self contained township is undertaken via our 70%-owned subsidiary, MJC City Development Sdn Bhd.

Mudajaya Land Sdn Bhd ("MLSB") is developing a 16-storey office building with a gross build-up area of approximately 138,000 square feet which is expected to be completed by the last quarter of 2011. The completed office space will be leased out to prospective corporate tenants. The office block incorporates environmental-friendly features such as rain-water harvesting, solar-power and power-saving devices & fittings.

MLSB, a wholly-owned subsidiary of MCB, is developing a high end residential bungalow project at the prestigious Damansara Heights in Kuala Lumpur. This is a joint venture between MLSB and Integrated Heights Sdn Bhd. The gross development value is estimated to be approximately RM28 million. This project will be officially launched after completion of its show house in 2011.

Manufacturing

The manufacturing division consists of production and sales of ready-mixed concrete and pre-cast concrete beams via our 100%-owned subsidiaries, MJC Industries Sdn. Bhd. and MJC Precast Sdn. Bhd. The ready-mixed concrete operation has been providing an integral support to the core construction and property development activities of the Group.

The manufacturing division registered a profit before taxation increased of 15.1% in the current financial year as compared to the previous financial year.

The major precast concrete beam contracts secured and supplied in 2010 were:-

- Design and build construction project for the privatisation of the Kuala Lumpur – Kuala Selangor Expressway (KLKSE) Package 1 – Assam Jawa to Kundang and for Package 2 – Kundang to Taman Rimba Templer
- Parts of Electrified Double Track Project between Ipoh and Padang Besar
- South Klang Valley Expressway
- CT 6 Wharf (B17) Westport, Pulau Indah, Port Klang

Trading

The trading division is undertaken by our 100%-owned subsidiary, MJC Trading Sdn. Bhd.

Trading division continued to play a crucial role in ensuring reliable, cost effective and efficient supply of construction and building materials for the Group's construction and property development operations. However, revenue for the trading division has decreased by 3.4% whilst profit before taxation has decreased by 7.7% in 2010 as compared to the previous year.

CORPORATE DEVELOPMENT

During the financial year, the Group has made significant progress on the Independent Power Producer ("IPP") Project in the State of Chhattisgarh, India.

The IPP Project is a coal-based thermal power station consists of 4 generating units with a nominal capacity of 360 MW each, to be set up in two phases, comprising Phase 1 (Unit 1 of the generating units) and Phase 2 (Unit 2, 3 and 4 of the generating units). The development of the IPP Project is slightly delayed but is still within the stipulated schedule.

R.K.M Powergen Private Limited ("RKM"), the special purpose vehicle for the IPP Project has earlier entered into a loan syndication agreement for the financing facilities of INR11.9 billion (equivalent to approximately RM847 million) for Phase 1 of the IPP Project with several financial institutions in India.

During the year, RKM was offered financing facilities by several financial institutions in India for a total amount of INR38.74 billion (approximately RM2.75 billion) to fully finance Phase 2 of the IPP Project.

Other than the IPP project as mentioned above, Mudajaya has also explored other business opportunities, both locally and overseas. We are leveraging on our financial strength and track records and have focused in certain niche sectors particularly in the power plant sector, which may potentially generate higher profit margin.

On 2 July 2010, Mudajaya Corporation Berhad, a wholly-owned subsidiary of Mudajaya had completed the acquisition of 3,000 ordinary shares of RM1.00 each representing 75% of the issued and paid-up share capital of Indah Kirana (M) Sdn. Bhd. ("IKMSB") for a total cash consideration of RM3,000 ("Acquisition"). Subsequent to the Acquisition, IKMSB became a 75%-owned subsidiary of the Company.

IKMSB is a dormant company and its intended principal activity is to carry out the business of general contractors.

On 6 October 2010, Mudajaya Corporation Berhad entered into a Memorandum of Understanding with The Government of the Lao People's Democratic Republic, represented by the Ministry of Planning and Investment. The intention of the Memorandum of Understanding is to develop a nominal 60 MW Nam Poui 1 Hydroelectric Power Project for producing and supplying electrical power. Currently, the Company is under-going a detailed feasibility study of the project.

Subsequent to the financial year 2010, Mudajaya had on 8 March 2011 announced the following corporate proposals:-

(i) Proposed Bonus Issue of up to 137,079,500 new ordinary shares of RM0.20 each ("Shares") in Mudajaya ("Bonus Shares") to be credited as fully paid-up on the basis of one (1) Bonus Share for every three (3) existing Shares held at an entitlement date to be determined later; and
(ii) Proposed establishment of an employees' share option scheme ("ESOS" or "Scheme") of up to 10% of the issued and paid-up share capital of the Company for eligible employees of Mudajaya and its subsidiaries.

(collectively known as "Proposals").

The proposals had been submitted to Bursa Malaysia Securities Berhad for its approval.

The Proposed Bonus Issue is to reward the existing shareholders of Mudajaya for their continuous support. It will also increase Mudajaya's share capital base which will better reflect its size of operations whilst utilising its currently sizeable share premium reserves. In addition, the Proposed Bonus Issue will also improve the liquidity of Mudajaya Shares in the market.

On the other hand, the Proposed ESOS is to motivate and retain Eligible Employees whose services are vital to the Group's operations, continuous growth and future expansion. It will be an incentive to Eligible Employees without adversely affecting the cashflows of the Group whilst being able to stimulate greater commitment, productivity and efforts by the Eligible Employees towards the performance of the Mudajaya Group. In addition, the ESOS will also play a part to attract skilled and experienced individuals to the Mudajaya Group.

INDUSTRY RECOGNITION

Mudajaya has proudly emerged again as the top leader of the Construction and Property Sector and was ranked 5th in the Top 100 Listed Companies For Best Shareholders Value Creation under the KPMG/The Edge Shareholder Value Awards for Year 2010.

Under the Construction Sector, Mudajaya won the following awards by The Edge Billion Ringgit Club – Corporate Awards 2010:-

- Highest Compound Growth in Profit Before Tax over 3 years
- Highest Compound Returns to Shareholders over 3 years
- Highest Return in Equity over 3 years

'Forbes Asia's Best Under a Billion' picks Mudajaya as one of the top performing 200 firms from close to 13,000 listed Asia-Pacific companies in 2010.

Mudajaya Corporation Berhad was also awarded the Certificate of Achievement under the SME Competitive Rating for Enhancement (SCORE) by the Ministry of International Trade and Industry in 2010.

PROSPECTS OF THE COMPANY

Moving forward, the Group is continually seeking to secure profitable projects to enhance shareholders' value. The Group's excellent track record in its 46 years of experience in the construction industry couple with a strong and professional management team plus its healthy financial position will provide the Group with competitive advantages to secure and undertake new major projects.

Abroad, the Group's venture in the IPP Project in India will substantially improve the Group's presence in India and will strengthen the Group as a power player in the industry. A steady long-term stream of recurring income is expected to commence upon the commercial operations of the power plant.

Currently, the Group is also exploring various business opportunities in India, Middle East, Indonesia, Vietnam, Laos and other parts of the world to secure projects, particularly in the power and construction sectors.

Against this outlook and barring unforeseen circumstances, the Board is determine and optimistic that it will be able to improve further on its performance in 2011.

DIVIDEND

The first interim dividend of 5% or 1 sen per ordinary share of RM0.20 each under the single tier system for the financial year ended 31 December 2010 amounted to RM4.1 million was declared on 12 May 2010 and paid on 23 July 2010.

A second interim dividend of 7.5% or 1.5 sen per ordinary share of RM0.20 each under the single tier system for the financial year ended 31 December 2010 amounted to RM6.1 million was declared on 25 August 2010 and was subsequently paid on 20 October 2010.

In addition, the Board of Directors has also recommended the declaration of a final dividend under the single tier system of 15% or 3 sen per ordinary share of RM0.20 each in respect of financial year ended 31 December 2010, subject to the shareholders' approval at the forthcoming Eighth Annual General Meeting.

APPRECIATION

I would like to express my sincere gratitude and appreciation to all the directors, members of the management and staff for their loyalty, commitment and dedication. Lastly, I would also like to take this opportunity to thank our shareholders, financiers, suppliers, contractors and clients, who have continuously given their unwavering support to us over the years.

Thank you.

Asgari bin Mohd Fuad Stephens
Chairman

31 May 2011

FINANCIAL STATEMENTS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	236,998	23,528
Attributable to:		
Owners of the Company	215,553	23,528
Minority interests	21,445	-
	236,998	23,528

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Final tax exempt (single tier) dividend of 2 sen per share, on 409,622,600 ordinary shares of RM0.20 each, approved by shareholders on 11 June 2010 and paid on 6 July 2010.	8,193
In respect of the financial year ended 31 December 2010:	
First tax exempt (single tier) interim dividend of 1 sen per share, on 409,622,600 ordinary shares of RM0.20 each, declared on 12 May 2010 and paid on 23 July 2010.	4,096
Second tax exempt (single tier) interim dividend of 1.5 sen per share, on 408,294,500 ordinary shares of RM0.20 each, declared on 25 August 2010 and paid on 20 October 2010.	6,124
	18,413

Dividends (Cont'd)

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2010, of 3 sen per share under the single tier system will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

The number of ordinary shares for proposal of dividend is uncertain at the date of this financial statement as the Company is engaged in share buy back activity.

Directors

The directors of the Company in office since the date of the last report and at the date of this report are:

Ng Ying Loong	
Wee Teck Nam	
Anto a/l S.F. Joseph	
Aminodin bin Ismail	
Yee Swee Choon	
Henry Choo Hon Fai	
Asgari bin Mohd Fuad Stephens	(appointed on 30 August 2010)
Lee Seng Huang	(appointed on 17 March 2011)
Ng Chee Kin	(appointed on 8 April 2011)
Yong Yee Coi	(appointed on 8 April 2011)
Chung Tze Hien	(resigned on 17 March 2011)

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 9 to the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	<-------------Number of ordinary shares of RM0.20 each-------------->			
	As at 1.1.2010	Acquired	Sold	As at 31.12.2010
The Company				
Direct interest				
Ng Ying Loong	4,065,000	-	-	4,065,000
Anto a/l S.F. Joseph	1,625,000	-	-	1,625,000
Wee Teck Nam	975,000	-	-	975,000
Yee Swee Choon	153,750	60,000	-	213,750
Indirect interest				
Ng Ying Loong	100,070,000	-	-	100,070,000
Wee Teck Nam	100,060,000	-	-	100,060,000
Yee Swee Choon	32,500	-	-	32,500
Asgari bin Mohd Fuad Stephens	-	888,000#	-	888,000

Ng Ying Loong and Wee Teck Nam by virtue of their interest in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Shares were held on and subsequent to his appointment as Director on 30 August 2010.

Share split and shares consolidation

At the Annual General Meeting held on 18 June 2008, the shareholders of the Company approved the subdivision of the Company's existing 149,600,000 ordinary shares of RM0.50 each into 748,000,000 ordinary shares of RM0.10 each ("Share Split"), followed by a share consolidation of every 2 ordinary shares of RM0.10 each after the Share Split, into 1 ordinary share of RM0.20 each ("Shares Consolidation"). The Share Split and Shares Consolidation were effected on 3 July 2008 and were completed with the listing and quotation of the new ordinary shares on the Main Board of Bursa Malaysia Securities Berhad on 4 July 2008.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM74,800,000 to RM82,247,700 by way of the issuance of 37,238,500 ordinary shares of RM0.20 each at an issue price of RM4.80 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Treasury shares

During the financial year, the Company repurchased 1,483,100 of its issued ordinary shares from the open market at an average price of RM4.24 per share. The total consideration paid for the repurchase including transaction costs was RM6,289,931. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2010, the Company held as treasury shares a total of 3,098,000 of its 411,238,500 issued ordinary shares. Such treasury shares are held at a carrying amount of RM8,101,278 and further relevant details are disclosed in Note 27 to the financial statements.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

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

Other statutory information (Cont'd)

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent events

Details of subsequent events are disclosed in Note 35 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2011.

Ng Ying Loong

Wee Teck Nam

Statement by directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Ng Ying Loong and Wee Teck Nam, being two of the directors of Mudajaya Group Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 46 to 101 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 38 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2011.

Ng Ying Loong

Wee Teck Nam

Statutory declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Loi Kent Liak, being the officer primarily responsible for the financial management of Mudajaya Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 46 to 101 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, l960.

Subscribed and solemnly declared by the abovenamed Loi Kent Liak at Petaling Jaya in the State of Selangor Darul Ehsan on 12 April 2011.

Loi Kent Liak

Before me,

PESURUHJAYA SUMPAH
NO: B 158
NAMA : SOONG FOONG CHEE
MALAYSIA

No 2, Tingkat Mezzanine
Jalan SS2/61
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Report on the financial statements

We have audited the financial statements of Mudajaya Group Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 46 to 100.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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.

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

Other matters

The supplementary information set out in Note 38 on page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 April 2011

Statements of Comprehensive Income

For the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	4	870,428	719,971	32,660	19,899
Cost of sales	5	(583,532)	(540,552)	-	-
Gross profit		286,896	179,419	32,660	19,899
Other income	6	19,817	9,732	24	8
Administrative expenses		(28,825)	(21,000)	(991)	(367)
Operating profit	7	277,888	168,151	31,693	19,540
Share of results of associates		498	(194)	-	-
Profit before tax		278,386	167,957	31,693	19,540
Income tax expense	10	(41,388)	(30,416)	(8,165)	(7,536)
Profit net of tax		236,998	137,541	23,528	12,004
Other comprehensive income for the year, net of tax					
Foreign currency translation		(19,759)	(3,525)	-	-
Total comprehensive income for the year		217,239	134,016	23,528	12,004
Profit attributable to:					
Owners of the parent		215,553	119,180	23,528	12,004
Minority interests		21,445	18,361	-	-
		236,998	137,541	23,528	12,004
Total comprehensive income attributable to:					
Owners of the parent		195,794	115,655	23,528	12,004
Minority interests		21,445	18,361	-	-
		217,239	134,016	23,528	12,004
Earnings per share attributable to owners of the parent (sen per share):					
Basic, for profit for the year	11	51.0	32.0		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 (restated)	Group 1.1.2009 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000
Assets						
Non-current assets						
Property, plant and equipment	13	43,384	36,406	11,880	-	-
Investment in subsidiaries	14	-	-	-	314,149	137,349
Investment in associates	15	362,661	206,667	75,368	-	-
Other investments	17	102	102	102	-	-
		406,147	243,175	87,350	314,149	137,349
Current assets						
Property development costs	18	63,693	66,776	78,997	-	-
Inventories	19	12,286	14,587	15,251	-	-
Trade and other receivables	20	369,536	210,917	139,114	2	2
Other current assets	21	10,806	24,162	883	-	-
Tax recoverable		2,324	1,734	1,251	7	5
Cash and bank balances	22	254,915	116,074	69,775	20	377
		713,560	434,250	305,271	29	384
Total assets		1,119,707	677,425	392,621	314,178	137,733
Equity and liabilities						
Equity attributable to equity holders of the Company						
Share capital	27	82,248	74,800	74,800	82,248	74,800
Share premium	27	232,569	63,114	63,114	232,569	63,114
Treasury shares	27	(8,101)	(1,811)	(1,000)	(8,101)	(1,811)
Capital reserve	28	4,900	4,900	4,900	-	-
Foreign currency translation reserve		(20,328)	(569)	2,956	-	-
Retained earnings	29	431,765	234,625	126,990	6,422	1,307
		723,053	375,059	271,760	313,138	137,410
Minority interests		37,935	47,781	32,372	-	-
Total equity		760,988	422,840	304,132	313,138	137,410

Statements of Financial Position
As at 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 (restated)	Group 1.1.2009 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000
Non-current liability						
Deferred taxation	26	256	256	256	-	-
Current liabilities						
Trade and other payables	24	251,588	168,026	61,118	1,040	323
Other current liabilities	25	86,084	73,779	23,892	-	-
Current tax payable		20,791	12,524	3,223	-	-
		358,463	254,329	88,233	1,040	323
Total liabilities		358,719	254,585	88,489	1,040	323
Total equity and liabilities		1,119,707	677,425	392,621	314,178	137,733

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity - Group

For the year ended 31 December 2010

	Note	Attributable to equity holders of the Company <--- Non-distributable				---> Distributable			Minority interests	Total equity
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2010		74,800	63,114	4,900	(1,811)	(569)	234,625	375,059	47,781	422,840
Total comprehensive income		-	-	-	-	(19,759)	215,553	195,794	21,445	217,239
Transactions with owners										
Reversal of minority interest due to deferred income of a subsidiary		-	-	-	-	-	-	-	(8,385)	(8,385)
Purchase of treasury shares	27	-	-	-	(6,290)	-	-	(6,290)	-	(6,290)
Dividends on ordinary shares	12	-	-	-	-	-	(18,413)	(18,413)	(22,906)	(41,319)
Ordinary shares issued		7,448	169,455	-	-	-	-	176,903	-	176,903
Total transactions with owners		7,448	169,455	-	(6,290)	-	(18,413)	152,200	(31,291)	120,909
At 31 December 2010		82,248	232,569	4,900	(8,101)	(20,328)	431,765	723,053	37,935	760,988
At 1 January 2009		74,800	63,114	4,900	(1,000)	2,956	126,990	271,760	32,372	304,132
Total comprehensive income		-	-	-	-	(3,525)	119,180	115,655	18,361	134,016
Transactions with owners										
Purchase of treasury shares	27	-	-	-	(811)	-	-	(811)	-	(811)
Dividends on ordinary shares	12	-	-	-	-	-	(11,545)	(11,545)	(92)	(11,637)
Subscription of shares in a subsidiary		-	-	-	-	-	-	-	124	124
Acquisition of minority interests' shares		-	-	-	-	-	-	-	(2,984)	(2,984)
Total transactions with owners		-	-	-	(811)	-	(11,545)	(12,356)	(2,952)	(15,308)
At 31 December 2009		74,800	63,114	4,900	(1,811)	(569)	234,625	375,059	47,781	422,840

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity - Company

For the year ended 31 December 2010

	Note	Share capital RM'000	Non-distributable Share premium RM'000	Non-distributable Treasury shares RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2010		74,800	63,114	(1,811)	1,307	137,410
Total comprehensive income		-	-	-	23,528	23,528
Transactions with owners						
Purchase of treasury shares	27	-	-	(6,290)	-	(6,290)
Dividends on ordinary shares	12	-	-	-	(18,413)	(18,413)
Ordinary shares issued		7,448	169,455	-	-	176,903
Total transactions with owners		7,448	169,455	(6,290)	(18,413)	152,200
At 31 December 2010		82,248	232,569	(8,101)	6,422	313,138
At 1 January 2009		74,800	63,114	(1,000)	848	137,762
Total comprehensive income		-	-	-	12,004	12,004
Transactions with owners						
Purchase of treasury shares	27	-	-	(811)	-	(811)
Dividends on ordinary shares	12	-	-	-	(11,545)	(11,545)
Total transactions with owners		-	-	(811)	(11,545)	(12,356)
At 31 December 2009		74,800	63,114	(1,811)	1,307	137,410

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from operating activities					
Profit before tax		278,386	167,957	31,693	19,540
Adjustments for:					
Interest income	6	(4,560)	(2,213)	(24)	(8)
Dividend income		-	-	(32,660)	(19,899)
Depreciation of property, plant and equipment	13	2,599	4,439	-	-
Gain on acquisition of minority interests' shares	6	-	(1,984)	-	-
Gain on disposal of property, plant and equipment	6	(803)	(185)	-	-
Allowance for impairment	20	1,758	-	-	-
Reversal of allowance for impairment		-	(1,643)	-	-
Gain on acquisition of a subsidiary		-	(419)	-	-
Unrealised gain on foreign exchange		(12,312)	(694)	-	-
Share of results of associates	15	(498)	194	-	-
Operating profit/(loss) before working capital changes		264,570	165,452	(991)	(367)
Property development costs		3,083	(3,085)	-	-
Inventories		2,301	664	-	-
Trade and other receivables		(176,872)	(92,446)	-	77,608
Trade and other payables		136,368	171,997	717	151
Cash generated from operations		229,450	242,582	(274)	77,392
Taxes paid		(34,394)	(21,968)	(8,167)	(2,563)
Taxes refunded		682	-	-	-
Net cash generated from/(used in) operating activities		195,738	220,614	(8,441)	74,829
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(9,589)	(13,754)	-	-
Proceeds from disposal of property, plant and equipment		815	280	-	-
Subscription of shares in subsidiary		-	-	(176,800)	(77,050)
Minority interests' share of investment in a subsidiary		-	124	-	-
Subscription of shares in associate	15	(204,880)	(149,720)	-	-
Acquisition of a subsidiary	14	(3)	(10)	-	-
Acquisition of minority interests' shares		-	(1,000)	-	-
Interest received		4,560	2,213	24	8
Dividend received		-	-	32,660	14,924
Net cash used in investing activities		(209,097)	(161,867)	(144,116)	(62,118)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from financing activities					
Purchase of treasury shares	27	(6,290)	(811)	(6,290)	(811)
Proceed from ordinary shares issued	27	176,903	-	176,903	-
Dividends paid		(18,413)	(11,637)	(18,413)	(11,545)
Net cash generated from/(used in) financing activities		152,200	(12,448)	152,200	(12,356)
Net increase/(decrease) in cash and cash equivalents		138,841	46,299	(357)	355
Cash and bank balances at beginning of year		116,074	69,775	377	22
Cash and bank balances at end of year	22	254,915	116,074	20	377

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal business of the Company is located at 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2011.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7 *Financial Instruments: Disclosures*
FRS 8 *Operating Segments*
FRS 101 *Presentation of Financial Statements* (Revised)
FRS 123 *Borrowing Costs*
FRS 139 *Financial Instruments: Recognition and Measurement*
Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendments to FRS 2 *Share-based Payment – Vesting Conditions and Cancellation*s
Amendments to FRS 132 *Financial Instruments: Presentation*
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement,* FRS 7 *Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives*
Improvements to FRS issued in 2009
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 11 FRS 2 *Group and Treasury Share Transaction*s
IC Interpretation 13 *Customer Loyalty Programmes*
IC Interpretation 14 FRS119 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

2. Summary of significant accounting policies (Cont'd)

2.2 Changes in accounting policies (Cont'd)

FRS 4 *Insurance Contracts* and TR i-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 *Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 34.

FRS 101 *Presentation of Financial Statements* (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 36).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Summary of significant accounting policies (Cont'd)

2.2 Changes in accounting policies (Cont'd)

FRS 139 *Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of trade receivables and other receivables

  Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses in accordance with FRS 139 and the differences are immaterial.

- Inter-company loans

  During the current and prior years, the Company granted interest-free or low-interest loans and advances to its subsidiaries. Prior to 1 January 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free or low-interest loans or advances are recorded initially at a fair value that is lower than cost. The difference between the fair value and cost of the loan or advance is recognised as an additional investment in the subsidiary. Subsequent to initial recognition, the loans and advances are measured at amortised cost. As at 1 January 2010, the Group has remeasured such loans and advances at their amortised cost in accordance with FRS 139 and the differences are immaterial.

- Financial guarantee contracts

  During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010. However, such fair value information has not been disclosed because the fair value is immaterial.

2. Summary of significant accounting policies (Cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for financial periods beginning on or after
FRS 1 *First-time Adoption of Financial Reporting Standards*	1 July 2010
FRS 3 *Business Combinations* (Revised)	1 July 2010
Amendments to FRS 2 *Share-based Payment*	1 July 2010
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2010
Amendments to FRS 127 *Consolidated and Separate Financial Statements*	1 July 2010
Amendments to FRS 138 *Intangible Assets*	1 July 2010
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*	1 July 2010
IC Interpretation 12 *Service Concession Arrangements*	1 July 2010
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 July 2010
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2010
Amendments to FRS 132 *Classification of Rights Issues*	1 March 2010
Amendments to FRS 1: *Additional Exemptions for First-time Adopters & Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*	1 Jan 2011
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*	1 Jan 2011
Amendments to FRS 2 *Share based Payment - Group Cash settled Share based Payment Transactions*	1 Jan 2011
IC Interpretation 4 *Determining Whether An Arrangement contains a Lease*	1 Jan 2011
IC Interpretation 18 *Transfers of Assets from Customers*	1 Jan 2011
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124: *Related Party Transactions* (Revised)	1 Jan 2012
IC Interpretation 15 *Agreements for the Construction of Real Estate*	1 Jan 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 15 are described below.

2. Summary of significant accounting policies (Cont'd)

2.3 Standards issued but not yet effective (Cont'd)

Revised FRS 3 *Business Combinations* and Amendments to FRS 127 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 *Statement of Cash Flows*, FRS 112 *Income Taxes*, FRS 121 *The Effects of Changes in Foreign Exchange Rates*, FRS 128 *Investments in Associates* and FRS 131 *Interests in Joint Ventures*. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

IC Interpretation 15 *Agreements for the Construction of Real Estate*

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 *Construction Contracts* or FRS 118 *Revenue*.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method except for certain business combinations which were acquired prior to 1 January 2006 were accounted for using the merger method in accordance with $FRS122_{2004}$: Business Combinations, the generally accepted accounting principles prevailing at that time. The Group has taken advantage of exemption provided by FRS 3 *Business Combinations* to apply this standard prospectively. Accordingly, business combinations entered into prior to the effective dates have not been restated to comply with this standard.

2. Summary of significant accounting policies (Cont'd)

2.4 Basis of consolidation (Cont'd)

The purchase method of accounting involves measuring identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.8.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (Cont'd)

2.6 Foreign currency (Cont'd)

(b) Foreign currency transactions (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures except for freehold land are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Factory	10%
Plant, machinery and equipment	20%
Office equipment, furniture and fittings	20%
Motor vehicles	20%

2. Summary of significant accounting policies (Cont'd)

2.7 Property, plant and equipment (Cont'd)

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2. Summary of significant accounting policies (Cont'd)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

2. Summary of significant accounting policies (Cont'd)

2.11 Associate (Cont'd)

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Joint venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in joint venture using proportionate consolidation. The Group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements.The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (Cont'd)

2.13 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. Summary of significant accounting policies (Cont'd)

2.14 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised costs

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (Cont'd)

2.16 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.17 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

2. Summary of significant accounting policies (Cont'd)

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and finished goods is determined on a weighted average or first-in-first-out basis, as appropriate, according to the category of inventories concerned. The cost of raw materials comprises costs of purchase. The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (Cont'd)

2.20 Financial liabilities (Cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.21 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.22 Employee benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.23 Leases

(a) As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(f).

2. Summary of significant accounting policies (Cont'd)

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.17.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.16.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.25 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. Summary of significant accounting policies (Cont'd)

2.25 Income taxes (Cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (Cont'd)

2.25 Income taxes (Cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.29 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that may have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Property development and construction contracts

The Group recognises property development and construction contracts revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion of costs incurred for the work performed to date bear to the estimated total costs.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development and construction contracts costs. In making the judgement, the Group evaluates based on past experience, external economic factors and by relying on the work of specialists.

The carrying amounts of assets and liabilities of the Group arising from property development and construction contracts activities are disclosed in Note 18 and Note 23 respectively. A 5% difference in the estimated total property development revenue or costs would result in approximately 0.12% (2009: 0.20%) variance in the Group's revenue and 0.17% (2009: 0.22%) variance in the Group's cost of sales. Whereas, a 5% difference in the estimated total construction contracts revenue or costs would result in approximately 4.21% (2009: 3.99%) variance in the Group's revenue and 3.92% (2009: 3.83%) variance in the Group's cost of sales.

(b) Useful lives of plant, machinery and equipment

The cost of plant, machinery and equipment for the manufacture of building materials is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant, machinery and equipment to be within 3 to 5 years. These are common life expectancies applied in the industry of building materials manufacturing. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. However, management believes that no reasonable probable change in the above key assumptions would cause a material impact to the future depreciation charges. The carrying amount of the Group's plant and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.05% (2009: 0.13%) variance in the Group's profit for the year.

4. Revenue

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Construction contracts	733,541	573,889	-	-
Sale of development properties	17,902	27,497	-	-
Sale of completed units	2,708	1,748	-	-
Sale of construction materials	116,277	116,837	-	-
Dividend income from a subsidiary	-	-	32,660	19,899
	870,428	719,971	32,660	19,899

5. Cost of sales

	Group 2010 RM'000	Group 2009 RM'000
Construction contract costs	457,551	414,564
Property development costs (Note 18)	18,380	24,108
Cost of completed units	2,919	1,559
Cost of inventories sold	104,682	100,321
	583,532	540,552

6. Other income

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Interest income from loans and receivables	4,560	2,213	24	8
Rental of land and buildings	245	110	-	-
Doubtful debt recovered	-	1,920	-	-
Gain on acquisition of minority interests' shares	-	1,984	-	-
Gain on acquisition of a subsidiary	-	419	-	-
Gain on disposal of property, plant and equipment	803	185	-	-
Reversal of allowance for impairment of trade receivables	-	1,643	-	-
Unrealised gain on foreign exchange	12,312	694	-	-
Realised gain on foreign exchange	530	-	-	-
Miscellaneous	1,367	564	-	-
	19,817	9,732	24	8

7. Operating profit

The following amounts have been included in arriving at operating profit:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Auditors' remuneration				
- statutory auditors	186	100	60	18
- other auditors	34	30	-	-
Depreciation of property, plant and equipment	2,599	4,439	-	-
Employee benefits expenses (Note 8)	14,395	10,925	-	-
Non-executive directors' remuneration (Note 9)	334	248	334	248
Allowance for impairment of financial asset	1,758	-	-	-
Rental expense for:				
- land and buildings	390	383	-	-

8. Employee benefits expense

	Group 2010 RM'000	Group 2009 RM'000
Wages and salaries	12,673	9,808
Social security contributions	48	42
Contributions to defined contribution plan	1,200	811
Other benefits	474	264
	14,395	10,925

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM3,962,444 (2009: RM2,862,000) as further disclosed in Note 9.

9. Directors' remuneration

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Executive directors' remuneration (Note 8):				
Salaries and other emoluments	3,091	2,405	-	-
Bonus	397	171	-	-
Defined contribution plan	474	286	-	-
	3,962	2,862	-	-

9. Directors' remuneration (Cont'd)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-executive directors' Remuneration (Note 7):				
Fees	326	240	326	240
Other emoluments	8	8	8	8
	334	248	334	248
Total directors' remuneration (Note 31)	4,296	3,110	334	248
Estimated money value of benefits-in-kind	49	56	-	-
Total directors' remuneration including benefits-in-kind	4,345	3,166	334	248

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2010	2009
Executive directors:		
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	-
RM650,001 - RM700,000	-	1
RM700,001 - RM750,000	-	1
RM950,000 - RM1,000,000	1	-
RM1,550,001 - RM1,600,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	5	4

10. Income tax expense

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current income tax:				
Malaysian income tax	41,388	25,998	8,165	4,975
Underprovision in prior years	-	4,418	-	2,561
Income tax expense	41,388	30,416	8,165	7,536

10. Income tax expense (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	2010 RM'000	2009 RM'000
Group		
Profit before tax	278,386	167,957
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	69,596	41,989
Income not subject to tax	(29,490)	(17,125)
Expenses not deductible for tax purposes	2,184	1,574
Utilisation of current year's reinvestment allowances	-	(27)
Utilisation of previously unrecognised tax losses	(851)	(455)
Deferred tax assets not recognised in respect of current year's tax losses	(51)	42
Underprovision of tax expense in prior years	-	4,418
Income tax expense for the year	41,388	30,416
Company		
Profit before tax	31,693	19,540
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	7,923	4,885
Expenses not deductible for tax purposes	242	90
Underprovision of tax expense in prior years	-	2,561
Income tax expense for the year	8,165	7,536

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

Tax savings during the financial year arising from:

	Group	
	2010 RM'000	2009 RM'000
Utilisation of previously unrecognised tax losses	(851)	(455)

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group 2010 RM'000	Group 2009 RM'000
Profit net of tax attributable to owners of the parent used in the computation of basic earnings per share	208,453	119,180
Weighted average number of ordinary shares for basic earnings per share computation	409,092	372,499

	Group 2010 sen	Group 2009 sen
Basic earnings per share	51.0	32.0

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Recognised during the year:				
Final tax exempt (single tier) dividend for 2008: 1.5 sen per share on 372,438,100 ordinary shares of RM0.20 each	-	-	-	5,587
First tax exempt (single tier) interim dividend for 2009: 0.6 sen per share on 372,398,100 ordinary shares of RM0.20 each	-	2,234	-	2,234

12. Dividends (Cont'd)

	Dividends in respect of year		Dividends recognised in year	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Recognised during the year: (Cont'd)				
Second tax exempt (single tier) interim dividend for 2009: 1 sen per share on 372,385,100 ordinary shares of RM0.20 each	-	3,724	-	3,724
Final tax exempt (single tier) dividend for 2009: 2 sen per share on 409,622,600 ordinary shares of RM0.20 each	-	8,193	8,193	-
First tax exempt (single tier) interim dividend for 2010: 1 sen per share on 409,622,600 ordinary shares of RM0.20 each	4,096	-	4,096	-
Second tax exempt (single tier) interim dividend for 2010: 1.5 sen per share on 408,294,500 ordinary shares of RM0.20 each	6,124	-	6,124	-
	10,220	14,151	18,413	11,545

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2010, of 3 sen per share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

The number of ordinary shares for proposal of dividend is uncertain at the date of this financial statement as the Company is engaged in share buy back activity.

13. Property, plant and equipment

	Freehold land RM'000	Building RM'000	Building in progress RM'000	Factory RM'000	Plant, machinery and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Group								
At 31 December 2010								
Cost								
At 1 January 2010	20,902	2,024	5,868	3,633	46,087	3,032	8,824	90,370
Additions	-	-	7,339	-	506	688	1,056	9,589
Disposals	-	-	-	-	(2,653)	(462)	(671)	(3,786)
At 31 December 2010	20,902	2,024	13,207	3,633	43,940	3,258	9,209	96,173
Accumulated depreciation								
At 1 January 2010	-	75	-	3,156	43,208	2,427	5,098	53,964
Depreciation charge for the year	-	33	-	154	919	297	1,196	2,599
Disposals	-	-	-	-	(2,652)	(451)	(671)	(3,774)
At 31 December 2010	-	108	-	3,310	41,475	2,273	5,623	52,789
Net carrying amount								
At 31 December 2010	20,902	1,916	13,207	323	2,465	985	3,586	43,384
At 31 December 2009								
Cost								
At 1 January 2009	5,707	1,899	-	3,633	41,176	2,578	7,301	62,294
Additions	-	125	5,757	-	4,999	514	2,359	13,754
Transfer from property development costs (Note 18)	15,195	-	111	-	-	-	-	15,306
Disposals	-	-	-	-	(88)	(60)	(836)	(984)
At 31 December 2009	20,902	2,024	5,868	3,633	46,087	3,032	8,824	90,370
Accumulated depreciation								
At 1 January 2009	-	43	-	2,991	40,321	2,291	4,768	50,414
Depreciation charge for the year	-	32	-	165	2,975	189	1,078	4,439
Disposals	-	-	-	-	(88)	(53)	(748)	(889)
At 31 December 2009	-	75	-	3,156	43,208	2,427	5,098	53,964
Net carrying amount								
At 31 December 2009	20,902	1,949	5,868	477	2,879	605	3,726	36,406

14. Investment in subsidiaries

	Company 2010 RM'000	Company 2009 RM'000
Unquoted shares at cost	314,149	137,349

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010 %	Proportion (%) of ownership interest 2009 %
Held by the Company:				
Mudajaya Corporation Berhad ("MCB")	Malaysia	Civil engineering and building construction	100	100
Held through MCB:				
Mudajaya Power International Sdn. Bhd.	Malaysia	Civil engineering and building construction	100	100
Mudajaya Land Sdn. Bhd.	Malaysia	Property development	100	100
MJC City Development Sdn. Bhd. *	Malaysia	Property management and development	70	70
MJC Development Sdn. Bhd.	Malaysia	Property management and development and building construction	51	51
MJC Industries Sdn. Bhd.	Malaysia	Manufacture of concrete products and building materials	100	100
MJC Precast Sdn. Bhd.	Malaysia	Manufacture of precast concrete and other related products	100	100
MJC Trading Sdn. Bhd.	Malaysia	Hire of plant and machinery and trading in construction related materials	100	100
Great Hill International Ltd.	Republic of Mauritius	Has not commenced operations	100	100
Mudajaya International Ltd. *	Republic of Mauritius	Has not commenced operations	100	100

14. Investment in subsidiaries (Cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010 %	2009 %
Held through MCB: (Cont'd.)				
Oracle International Co. Ltd.	Negara Brunei Darussalam	Has not commenced operations	100	100
MJC Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
MJC Management Services Sdn. Bhd.	Malaysia	Property management	100	100
MIPP International Ltd.	Republic of Mauritius	Equipment Procurement services	80	80
Entrutech Sdn. Bhd. #	Malaysia	Engineering consultancy services and turnkey engineering projects	100	100
Indah Kirana Sdn. Bhd. #	Malaysia	Dormant	75	-
MGB Enterprise Sdn. Bhd.	Malaysia	Dormant	99.99	99.99
Electric Power International Ltd.	Republic of Mauritius	Dormant	74	74
MJC Quarry Sdn. Bhd.	Malaysia	Quarry operations	100	100
Mudajaya Middle East Ltd. #	Kingdom of Saudi Arabia	General construction and investment holding	75	75
Mudajaya International Investment Ltd. ("MIIL")	Negara Brunei Darussalam	Has not commenced operations	100	100
Held through MIIL:				
Mudajaya Construction (India) Private Limited #	India	Construction and related business	100	100

All entities are audited by Ernst & Young Malaysia except for the following:

* Audited by member firms of Ernst & Young Global
\# Audited by firms other than Ernst & Young

14. Investment in subsidiaries (Cont'd.)

Acquisition of a subsidiary in 2010

On 2 July 2010, Mudajaya Corporation Berhad, a wholly-owned subsidiary of the Company acquired 3,000 ordinary shares of RM1.00 each, representing 75% of the issue and paid–up share capital in Indah Kirana (M) Sdn Bhd ("IKMSB") for a total cash consideration of RM3,000. IKMSB is a company incorporated in Malaysia on 27 August 2003 under the Companies Act, 1965 and has issued paid up share capital of RM4,000.

The acquisition of the subsidiary has no material effect on the financial position of the Group.

Subscription of additional capital in an existing subsidiary

During the financial year, the Company subscribed for 176,800,000 ordinary shares of RM1 each in MCB, for a consideration of RM176,800,000 which was financed by the proceeds from a private placement as detailed in Note 27 (a).

15. Investment in associate

		Group	
	2010 RM'000	2009 RM'000 (restated)	1.1.2009 RM'000 (restated)
Unquoted shares in India, at cost	445,278	240,398	90,872
Share of post-acquisition reserves	306	(194)	-
	445,584	240,204	90,872
Less: unrealised profits	(82,923)	(33,537)	(15,504)
	362,661	206,667	75,368
The Group's interests in the associates is analysed as follows:			
Share of net assets	45,024	44,206	6,783
Goodwill on acquisition	317,637	162,461	68,585
	362,661	206,667	75,368

Details of associate are as follows:

Name of associate	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010 %	2009 %
Held through a subsidiary:				
R.K.M Powergen Private Limited ("RKM")	India	Power plant operations	20.18	26.00

15. Investment in associate (Cont'd)

Shares held in RKM with a carrying amount of RM291,970,000 (2009: RM71,738,000) are pledged against RKM's borrowing with a foreign financial instituition.

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group		
	2010 RM'000	2009 RM'000 (restated)	1.1.2009 RM'000 (restated)
Assets and liabilities			
Current assets	783,270	339,202	117,492
Non-current assets	278,118	96,589	15,346
Total assets	1,061,388	435,791	132,838
Current liabilities	8,070	780	31,085
Non-current liabilities	561,213	135,999	16,035
Total liabilities	569,283	136,779	47,119
Results			
Revenue	3,437	595	2,596
Profit/(loss) for the year	1,917	(745)	1,765

RKM is currently undertaking Rs66.546billion (RM4.74billion) coal fired Independent Power Producer Project in the state of Chhattisgarh, India. The shareholders agreement dated 8 February 2007 between MCB and RK Powergen Private Limited ("RKP") provides for the subscription of shares in RKM to the extent of 74% and 26% by RKP and MCB respectively. RKP has provided an undertaking letter that RKP will not further increase its shareholding in RKM until such time when MCB's share subscription in RKM reaches 26%.

The recoverable amount of the Group's investment in the associate is determined on fair value less cost to sell based on a valuation performed by Fieldstone Capital Services Sdn Bhd, an expert in the valuation of independent power plant. The fair value less cost to sell was determined using 20 years cash flow projection discounted at a pre tax rate of 13%.

The unrealised profit represents the unrealised gain on the equipment supply contract between a subsidiary, MIPP and RKM. This unrealised gain is eliminated to the extent of the Group's interest in RKM and will be credited to the income statement on a proportionate basis when the related asset in RKM is put to use or when it is sold to a third party.

16. Jointly controlled entity

Details of the unincorporated jointly controlled entities are as follows:

Name of joint venture	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2010 %	2009 %
Mudajaya - BSBK Joint Venture	India	Engineering and construction of Chattisgarh Road Project from Kumhari (KM 0) to Bemetera (KM 67.39) Section in Chhattisgarh	60	60
Bina Rezeki - Mudajaya Joint Venture	Malaysia	Design and construction of the Boulevard Plaza Development at Lot 3C7 at Putrajaya	51	-
Redmax - Mudajaya Joint Venture	Malaysia	Design and construction of Chimney or Stack for Jimah Coal Fired Power Plant Project at Kuala Lukut, Mukim Jimah, District of Port Dickson, Negeri Sembilan	60	60

All jointly controlled entities are unincorporated.

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

	Group 2010 RM'000	2009 RM'000
Assets and liabilities		
Non-current assets	-	10
Current assets	15,571	6,093
Total assets	15,571	6,103
Current liabilities	11,075	2,268
Retained earnings	4,496	3,835
Revenue	43,530	9,123
Expenses	42,868	8,857

17. Other investments

	Group 2010 RM'000	Group 2009 RM'000
At cost:		
Club memberships	102	102
Unquoted shares	1,000	1,000
	1,102	1,102
Less: Accumulated impairment losses	(1,000)	(1,000)
	102	102

18. Property development costs

	Group 2010 RM'000	Group 2009 RM'000
Cumulative property development costs		
At 1 January:		
Freehold land	-	15,195
Leasehold land	44,474	44,474
Development costs	266,480	239,398
	310,954	299,067
Costs incurred during the year:		
Development costs	15,297	34,994
Transfer to property, plant and equipment (Note 13):		
- Freehold land	-	(15,195)
- Development cost	-	(111)
Unsold units transferred to inventories	-	(7,801)
	15,297	11,887
At 31 December	326,251	310,954
Cumulative costs recognised in income statement:		
At 1 January	(244,178)	(220,070)
Recognised during the year (Note 5)	(18,380)	(24,108)
At 31 December	(262,558)	(244,178)
Property development costs at 31 December	63,693	66,776

18. Property development costs (Cont'd)

The leasehold land is registered under to a 3rd party and is being developed by a subsidiary pursuant to the Development Agreement and a Supplemental Agreement entered into between the subsidiary and the said 3rd party on 22 July 1996 and 23 July 1996 respectively. The Development Agreement and the Supplemental Agreement provide interalia for the payment in kind in return for the land contributed by the 3rd party.

19. Inventories

	Group	
	2010 RM'000	2009 RM'000
Cost		
Properties held for sale	6,518	9,437
Raw materials	5,768	5,150
	12,286	14,587

20. Trade and other receivables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade receivables				
Third parties	192,372	57,126	-	-
Retention sum (Note 23)	64,501	59,852	-	-
	256,873	116,978	-	-
Less: Allowance for impairment	(2,435)	(2,020)	-	-
Trade receivables, net	254,438	114,958	-	-
Other receivables				
Other receivables	33,511	28,351	-	-
Less: Allowance for impairment	(1,343)	-	-	-
Other receivables, net	32,168	28,351	-	-
Deposits	1,304	8,612	2	2
Advance payments to suppliers	81,626	58,996	-	-
	115,098	95,959	2	2
	369,536	210,917	2	2
Total trade and other receivables	369,536	210,917	2	2
Cash and bank balances (Note 22)	254,915	116,074	20	377
Total loans and receivables	624,451	326,991	22	379

20. Trade and other receivables (Cont'd)

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2009: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(a) Trade receivables

Ageing analysis of trade receivables are as follow:

	Group	
	2010 RM'000	2009 RM'000
Neither past due nor impaired	146,807	81,616
1 to 30 days past due not impaired	41,752	7,212
31 to 60 days past due not impaired	34,654	2,856
61 to 90 days past due not impaired	13,601	2,585
91 to 120 days past due not impaired	400	6,922
More than 120 days past due not impaired	19,659	15,787
	110,066	35,362
	256,873	116,978

(b) Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are credit worthy debtors with good payment record with the Group. More than 75% (2009: 73%) the Group's trade receivables arise from customers with long term relationship with the Group and losses have occured infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

(c) Receivables that are past due but not impaired

The Group has trade receivables amounting to RM110,066,000 (2009: RM35,362,000) that are past due at the reporting date but not impaired.

From historical trend, almost all trade receivebles of the Group are collected within the next 12 months subsequent to the immediate financial year end. These receivables are unsecured in nature.

20. Trade and other receivables (Cont'd)

(d) Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired	
	2010 RM'000	**2009 RM'000**
Trade receivables-nominal amounts	2,435	2,020
Less: Allowance for impairment	(2,435)	(2,020)
	-	-

Movement in allowance account:

	Group	
	2010 RM'000	**2009 RM'000**
At 1 January	2,020	3,663
Charge for the year	415	-
Reversal of impairment losses	-	(1,643)
At 31 December	2,435	2,020

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(e) Other receivables that are impaired

At the reporting date, the Group have provided an allowance of RM1,343,000 for impairment of other receivables from a third party where recovery is uncertain.

Other information on financial risks of other receivables are disclosed in Note 33.

(f) Advance payments to suppliers

These are mainly contractual advance payments to the various equipment suppliers in relation to the equipment supply contract awarded to a subsidiary by the associated company as detailed in Note 15. The equipment supply contract is in relation to a construction of an independent power plant undertaken by the associated company.

21. Other current assets

	Group 2010 RM'000	Group 2009 RM'000
Due from customers on contracts (Note 23)	8,620	23,067
Prepayments	2,186	1,095
	10,806	24,162

22. Cash and bank balances

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	157,404	33,349	20	377
Deposits with other financial institutions	97,511	82,725	-	-
	254,915	116,074	20	377

Other financial institutions include licensed investment banks and asset management companies in Malaysia.

Deposits placed with licensed investment banks and asset management companies are in the form of units placed in money market funds. These deposits are on call and/or repo basis and bear a weighted average interest rate between 1.90% and 4.63% (2009: 3.00% and 4.09%) per annum during the financial year.

23. Due (to)/from customers on contracts

	Group 2010 RM'000	Group 2009 RM'000
Construction costs incurred to date	2,045,588	1,597,854
Attributable profits	657,199	390,838
	2,702,787	1,988,692
Less: Progress billings	(2,780,251)	(2,039,404)
	(77,464)	(50,712)
Presented as:		
Due from customers on contracts (Note 21)	8,620	23,067
Due to customers on contracts (Note 25)	(86,084)	(73,779)
Retention sum on contract, included within trade receivables (Note 20)	64,501	59,852

Construction contracts revenue and costs are disclosed in Note 4 and Note 5 respectively.

24. Trade and other payables

	Note	Group 2010 RM'000	Group 2009 RM'000 (restated)	Group 2008 RM'000 (restated)	Company 2010 RM'000	Company 2009 RM'000
Trade payables						
Third parties	(a)	166,621	164,738	55,154	-	-
Other payables						
Deposits		2	282	129	-	-
Accruals		2,109	1,158	1,369	450	298
Other payables		10,750	1,848	4,466	-	-
Dividend payable to minority shareholder of a subsidiary		22,906	-	-	-	-
Advances from RKM	(b)	49,200	-	-	-	-
Subsidiary	(c)	-	-	-	590	25
		84,967	3,288	5,964	1,040	323
Total financial liabilities		251,588	168,026	61,118	1,040	323

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 7 to 90 days (2009: 7 to 90 days).

(b) Advances from RKM

These are advances received from the associate for contract work awarded during the year of RM49.2million. The contract work relates to certain civil engineering work for the independent power plant project. The advances are unsecured and non-interest bearing.

(c) Due to subsidiary

The amount due to subsidiary is unsecured, non interest bearing and repayable on demand.

25. Other current liabilities

	Group 2010 RM'000	Group 2009 RM'000
Due to customers on contracts (Note 23)	86,084	73,779

26. Deferred tax

The deferred tax liabilities was provided in respect of property, plant and equipment.

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2010 RM'000	2009 RM'000
Unutilised tax losses	2,091	3,499
Other deductible differences	204	2,404
	2,295	5,903

The availability of the unused tax losses for offsetting against future taxable profits of the respective subsidiaries is subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

27. Share capital and treasury shares

	Ordinary shares of RM0.20 each	
	No. '000	Amount RM'000
Authorised share capital:		
At 1 January 2009/ 31 December 2009	1,250,000	250,000
At 1 January 2010/ 31 December 2010	1,250,000	250,000

Issued and fully paid:

	<---Ordinary shares of RM0.20 each--->					
	<---No.--->		<---Amount--->			
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
1 January 2009	374,000	(948)	74,800	63,114	137,914	(1,000)
Treasury shares:						
Purchased	-	(667)	-	-	-	(811)
At 31 December 2009	374,000	(1,615)	74,800	63,114	137,914	(1,811)

27. Share capital and treasury shares (Cont'd)

Issued and fully paid: (Cont'd)

	<----Ordinary shares of RM0.20 each					---->
	<----No.----	---->	<----Amount			---->
	Share capital (issued and fully paid) '000	Treasury shares '000	Share capital (issued and fully paid) RM'000	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000
1 January 2010	374,000	(1,615)	74,800	63,114	137,914	(1,811)
Treasury shares:						
Purchased	-	(1,483)	-	-	-	(6,290)
Issued during the year (a)	37,239	-	7,448	169,455	176,903	-
At 31 December 2010	411,239	(3,098)	82,248	232,569	314,817	(8,101)

(a) During the financial year, the Company increased its issued and paid-up ordinary share capital from RM74,800,000 to RM82,247,700 by way of the issuance of 37,238,500 ordinary shares of RM0.20 each at an issue price of RM4.80 per ordinary share through a private placement.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by a special resolution passed in a general meeting held on 16 June 2009, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,483,100 (2009: 667,400) of its issued ordinary shares from the open market at an average price of RM4.24 (2009: RM1.21) per share. The total consideration paid for the repurchase was RM6,289,931 (2009: RM811,000) comprising consideration paid amounting to RM6,266,304 (2009: RM805,000) and transaction costs of RM23,627 (2009: RM6,000). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 411,238,500 (2009: 374,000,000) issued and fully paid ordinary shares as at 31 December 2010, 3,098,000 (2009: 1,614,900) are held as treasury shares by the Company. As at 31 December 2010, the number of outstanding ordinary shares in issue after the setoff is therefore 408,140,500 (2009: 372,385,100) ordinary shares of RM0.20 (2009: RM0.20) each.

28. Capital reserve

The capital reserve represents the bonus issue of shares by subsidiaries through capitalisation of retained earnings, in proportion to the shareholding of the Group.

29. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). There is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. The Company has elected to use the single tier system.

30. Capital commitment and contingencies

	Group	
	2010 RM'000	2009 RM'000
Capital commitment:		
Approved and contracted for		
- Property, plant and equipment	27,998	35,337

The Group is also committed to invest in equity of its associates, RKM, up to an aggregate amount of RM425,742,000 (2009: RM630,622,000).

	Group	
	2010 RM'000	2009 RM'000
Contingent liabilities		
Unsecured		
Guarantees given to third parties in respect of construction projects	22,898	18,464
Corporate guarantee given to bank in respect of credit facilities utilised by subsidiaries	123,989	116,335

31. Related party disclosures

(a) Transactions with associate

	Group	
	2010 RM'000	2009 RM'000
Billings to RKM	(14,539)	(548,442)
Advance for contract work	49,200	-
Investment in RKM	240,880	149,720

31. Related party disclosures (Cont'd.)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	Group	
	2010 RM'000	2009 RM'000
Rental payable to Mulpha Properties Sdn. Bhd., a related company of an associated investor	390	383
Construction contract billings receivable from:		
- Redmax Sdn. Bhd., a joint venture partner	-	(80)
- Mudajaya-BSBK., a joint venture partner	-	(9,043)
- Bina Rezeki Sdn. Bhd., a joint venture partner	(45,532)	-
Progress claim recognised on construction contract with Enerk International, a minority shareholder in MIPP	14,161	2,565

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on mutually agreed terms and conditions.

(c) Compensation of key management personnel

The remuneration of key management personnel, who are also the directors of the Group and of the Company during the year was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Directors' remuneration (Note 9):	4,296	3,110	334	248

32. Fair value of financial instruments

The carrying amounts of all financial assets and liabilities are a reasonable approximation of their fair values, except for the following:

Equity instruments carried at cost

Fair value information has not been disclosed for the Group's investment in equity instruments, including the Group's investment in associates, that are carried at cost because fair value cannot be measured reliably. These equity instruments are not listed in any market. Variability in the range of reasonable fair value estimate derived from various valuation technique may be significant. The Group do not intend to dispose of this investment in the foreseeable future.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objectives is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trade only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows:

	Group			
	2010		2009	
	RM'000	% of total	RM'000	% of total
By business segments:				
Construction	225,322	88.6%	95,393	83.0%
Property development	4,866	1.9%	6,652	5.8%
Manufacturing	20,144	7.9%	12,532	10.9%
Trading and plant hiring	207	0.1%	94	0.1%
Others	3,899	1.5%	287	0.2%
	254,438	100.0%	114,958	100.0%

33. Financial risk management objectives and policies (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instrument will fluctuate because of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or, managed funds by licensed investment banks and fund managers.

The information on effective interest rates of the financial assets are disclosed in Note 22.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM, US Dollars ("USD") and Indian Rupees. The foreign currencies in which these transactions are denominated are mainly Euro Dollar and Singapore Dollar.

The net unhedged financial assets and financial liabilities of the Group of companies that are not denominated in their functional currencies are as follows:

Functional currency of Group of companies	Net financial assets held in non-functional currencies				
	Indian Rupees RM'000	Singapore Dollar RM'000	USD RM'000	Euro RM'000	Total RM'000
At 31 December 2010					
Other receivables	53,212	156	59	-	53,427
Cash and bank balances	2,111	655	129,035	14	131,815
	55,322	811	129,094	14	185,242
At 31 December 2009					
Trade receivables	85	-	-	-	85
Other receivables	27	-	-	-	27
Cash and bank balances	933	901	13,380	9,675	24,889
	1,045	901	13,380	9,675	25,001

34. Segment information

For management purposes, the Group is organised into business segments as the Group's risk and rate of return are affected predominantly by its business activities. The four reportable operating segments are as follows:

(a) Construction - undertaking civil engineering, constructions works and engineering and equipment procurement provider;

(b) Property development - the development of residential and commercial properties;

(c) Trading and plant hiring - trading in construction materials and hire of plants; and

(d) Manufacturing - manufacturing of construction related products.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. Segment information (Cont'd.)

A Business segments

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Construction contracts		Property development		Manufacturing		Trading and plant hiring		Others		Adjustments and eliminations		Note	Per consolidated financial statements	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000		2010 RM'000	2009 RM'000
Revenue:															
External customers	726,566	573,890	20,610	29,245	49,072	47,424	67,204	69,412	6,976	-	-	-		870,428	719,971
Inter-segment	21,830	30,400	-	-	4,992	3,423	1,766	1,957	41,644	-	(70,232)	(35,780)	(i)	-	-
Total revenue	748,396	604,290	20,610	29,245	54,064	50,847	68,970	71,369	48,620	-	(70,232)	(35,780)		870,428	719,971
Results:															
Interest income	6,816	2,041	136	160	279	-	53	-	50	12	(2,774)	-		4,560	2,213
Dividend income	94,427	10,814	-	-	-	-	-	-	32,660	19,899	(127,087)	(30,713)	(i)	-	-
Depreciation	1,529	1,660	47	53	947	2,702	-	-	76	24	-	-		2,599	4,439
Segment profit/(loss)	409,279	189,725	(5,414)	1,398	6,052	5,258	2,846	3,085	32,039	(2,494)	(166,416)	(29,015)	(ii)	278,386	167,957
Assets:															
Investment in associates	362,355	206,861	-	-	-	-	-	-	-	-	-	-		362,355	206,861
Additions to non-current assets	1,689	3,362	7,414	5,756	467	4,443	-	-	91	193	(72)	-	(iii)	9,589	13,754
Segment assets	901,415	518,948	113,826	116,455	22,485	27,910	10,842	106	67,118	19,386	4,021	(5,380)	(iv)	1,119,707	677,425
Segment liabilities	190,349	200,188	141	-	12,544	10,406	12,334	9,420	60,565	1,056	82,786	33,515	(v)	358,719	254,585

34. Segment information (Cont'd.)

A Business segments (Cont'd.)

(i) Inter-segment revenues and dividend incomes are eliminated on consolidation.

(ii) The following items are added to /(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2010 RM'000	2009 RM'000
Profit from inter-segment sales	(165,307)	(27,809)
Share of results of associates	498	(194)
Unallocated corporate expenses	(1,607)	(1,012)
	(166,416)	(29,015)

(iii) Additions to non-current assets consist of property, plant and equipment (Note 13).

(iv) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Inter-segment assets	1,697	(7,114)
Unallocated assets	2,324	1,734
	4,021	(5,380)

(v) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2010 RM'000	2009 RM'000
Deferred tax liabilities	256	256
Income tax payable	27,891	12,524
Unallocated liabilities	54,639	20,735
	82,786	33,515

34. Segment information (Cont'd.)

B Geographical segments

The Group operates in Malaysia, India, Republic of Mauritius and Negara Brunei Darussalam. In Malaysia, the Group's areas of operation are principally civil engineering and construction of highways and buildings and property development. Other operations include manufacturing and trading. In India, the main operation is civil engineering and construction of highways. The subsidiary in Republic of Mauritius and office in Negara Brunei Darussalam provide equipment procurement services.

	Total revenue from external customers		Segment assets		Additions to non-current assets	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	619,107	595,876	1,000,342	655,572	9,360	13,751
India	6,967	9,043	3,878	1,508	-	-
Republic of Mauritius	237,975	115,052	58,734	16,701	-	3
Negara Brunei Darussalam	6,379	-	56,753	3,644	229	-
Consolidated	870,428	719,971	1,119,707	677,425	9,589	13,754

35. Subsequent events

On 8 March 2011, the Company announced the following:

(i) A bonus issue of up to 137,079,500 new ordinary shares of RM0.20 each ("Shares") in Mudajaya ("Bonus Shares") to be credited as fully paid-up on the basis of one (1) Bonus Share for every three (3) existing Shares held at an entitlement date to be determined by the Board and announced later by the Company ("Proposed Bonus Issue").

(ii) A proposed establishment of an employees share option scheme ("ESOS" or "Scheme") of up to 10% of the issued and paid-up share capital of the Company for eligible directors and employees of Mudajaya and its subsidiaries ("Proposed ESOS").

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and acceptable capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

37. Restatement of comparatives and prior year adjustments

(a) Restatement of comparatives

The following reclassifications was made to the statement of financial position of prior year to be consistent with current year presentation.

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Trade and other receivables	236,619	(25,702)	210,917
Other current assets	-	24,162	24,162
Tax recoverable	-	1,734	1,734
Other current liabilities	-	73,779	73,779

(b) Prior year adjustments

In previous years, the unrealised profit arising from transactions with an associate, RKM, was presented as a liability component within other payables. The unrealised profit should have been presented as a set off against the investment cost in the said associate. Details of the unrealised profit are disclosed in Note 15.

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Investment in associates	240,398	(33,731)	206,667
Trade and other payables	(275,342)	33,537	(241,805)
Add: Other reclassifications (Note a)	-	73,779	73,779
Trade and other payables			(168,026)

38. Supplementary information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits of the Group and Company		
- Retained earning b/f	234,625	1,307
- Realised	335,599	5,115
- Unrealised	9,338	-
Total share of retained profits from associate		
- Realised	306	-
Less: Consolidation adjustments	(148,103)	-
Retained profits as per financial statements	431,765	6,422

Analysis of Shareholdings

As at 9 May 2011

Authorised Share Capital	:	1,250,000,000 ordinary shares of RM0.20 each
Issued and Fully Paid-Up Share Capital	:	411,238,500 ordinary shares of RM0.20 each
Voting Rights	:	1 vote per shareholder on a show of hands / 1 vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%[1]	Number of Shares held	%[1]
Less than 100	26	0.52	938	0.00
100-1,000	1,090	21.92	936,012	0.23
1,001-10,000	2,839	57.09	12,194,850	2.99
10,001-100,000	826	16.61	25,331,100	6.21
100,001-20,407,024*	190	3.82	180,482,350	44.22
20,407,025 and above**	2	0.04	189,195,250	46.36
Total	**4,973**	**100.00**	**408,140,500[1]**	**100.00**

* Less than 5% of issued holdings

** 5% and above of issued holdings

(1) Excluding a total of 3,098,000 ordinary shares of RM0.20 each bought-back by the Company and retained as treasury shares

30 LARGEST SHAREHOLDERS

Name of Shareholders	Number of Share held	% [1]
1. CIMB Group Nominees (Tempatan) Sdn Bhd for Dataran Sentral (M) Sdn Bhd	100,060,000	24.52
2. Mulpha Infrastructure Holdings Sdn Bhd	89,135,250	21.84
3. United Flagship Sdn Bhd	16,761,000	4.11
4. Cartaban Nominees (Asing) Sdn Bhd Exempt An for Barclays Bank PLC, Singapore	12,200,000	2.99
5. Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank NA, Singapore	11,404,200	2.79
6. Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for American International Assurance Bhd	10,739,000	2.63
7. Lembaga Tabung Haji	10,500,000	2.57
8. CimSec Nominees (Tempatan) Sdn Bhd CIMB for United Flagship Sdn Bhd	10,000,000	2.45
9. HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	8,687,800	2.13
10. Global Investments (BVI) Ltd	8,000,000	1.96
11. CimSec Nominees (Tempatan) Sdn Bhd for CIMB Bank Bhd	5,053,600	1.24

30 LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholders	Number of Share held	% [1]
12.	Citigroup Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board	4,490,000	1.10
13.	CimSec Nominees (Tempatan) Sdn Bhd CIMB for Ng Ying Loong	4,065,000	1.00
14.	CimSec Nominees (Asing) Sdn Bhd CIMB for Global Investments (BVI) Ltd	4,000,000	0.98
15.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund FJ4V for Asian Small Companies Portfolio	2,843,300	0.70
16.	CimSec Nominees (Tempatan) Sdn Bhd CIMB Bank for Brahmal A/L Vasudevan	2,200,000	0.54
17.	CIMB Group Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for CIMB Islamic Dali Equity Theme Fund	1,962,200	0.48
18.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An for Kumpulan Sentiasa Cemerlang Sdn Bhd	1,663,000	0.41
19.	CimSec Nominees (Tempatan) Sdn Bhd CIMB for Anto A/L S F Joseph	1,625,000	0.40
20.	Mayban Nominees (Tempatan) Sdn Bhd for Etiqa Insurance Berhad (Non-Par Fund 2)	1.350,000	0.33
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Singular Asia Flexible Fund	1,284,000	0.31
22.	HLG Nominee (Asing) Sdn Bhd Exempt An for DBS Bank (Hong Kong) Limited	1,200,000	0.29
23.	Mayban Nominees (Tempatan) Sdn Bhd for Etiqa Insurance Berhad (Life Non-Par Fd)	1,200,000	0.29
24.	OSK Investment Bank Berhad for IVT "SW Book 1"	1,174,400	0.29
25.	HSBC Nominees (Asing) Sdn Bhd Exempt An for The Hong Kong and Shanghai Banking Corporation Limited	1,100,000	0.27
26.	HLG Nominee (Tempatan) Sdn Bhd PB Trustee Services Berhad for Hong Leong Growth Fund	1,080,000	0.26
27.	CimSec Nominees (Tempatan) Sdn Bhd CIMB for Teh Boon Meng	1,060,000	0.26
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial	1,029,500	0.25
29.	Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked GF)	1,000,000	0.25
30.	Mayban Nomimees (Tempatan) Sdn Bhd for Etiqa Insurance Berhad (Life Par Fund)	1,000,000	0.25
	Total	**316,517,250**	**77.89**

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name of Substantial Shareholders	Direct Number of Shares held	Direct %[1]	Indirect Number of Shares held	Indirect %[1]
1.	Dataran Sentral (M) Sdn Bhd	100,060,000	24.52	-	-
2.	Mulpha Infrastructure Holdings Sdn Bhd	89,135,250	21.84	-	-
3.	United Flagship Sdn Bhd	26,761,000	6.56	-	-
4.	Winners Spectrum Construction Sdn Bhd	10,000	(2)	[3]100,060,000	24.52
5.	First Positive Sdn Bhd	-	-	[3]100,060,000	24.52
6.	Mulpha International Bhd	-	-	[4]89,135,250	21.84
7.	Nautical Investments Ltd	-	-	[5]89,135,250	21.84
8.	Lee Seng Huang	-	-	[6]89,135,250	21.84
9.	Ng Ying Loong	4,065,000	1.00	[3][7]100,070,000	24.52
10.	Wee Teck Nam	975,000	0.24	[3]100,060,000	24.52
11.	Dato' Mohd Zakhir Siddiqy bin Sidek	-	-	[8]26,761,000	6.56
12.	Brahmal Vasudevan	3,100,000	0.76	[9]23,600,000	5.78

Notes :

[1] *Excluding the 3,098,000 treasury shares held by the Company*

[2] *Negligible*

[3] *Deemed interest pursuant to Section 6A of the Act by virtue of its shareholdings in Dataran Sentral (M) Sdn Bhd*

[4] *Deemed interest pursuant to Section 6A of the Act by virtue of its shareholdings in Mulpha Infrastructure Holdings Sdn Bhd*

[5] *Deemed interest pursuant to Section 6A of the Act by virtue of its shareholdings in Mulpha International Bhd*

[6] *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Nautical Investments Ltd*

[7] *Deemed interest pursuant to Section 6A of the Act by virtue of its shareholdings in Winners Spectrum Construction Sdn Bhd*

[8] *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in United Flagship Sdn Bhd*

[9] *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Straits Global Limited and Celadon Green Limited*

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

	Name of Directors	Direct		Indirect	
		Number of Shares held	%[1]	Number of Shares held	%[1]
1.	Asgari bin Mohd Fuad Stephens	-	-	[2]888,000	0.22
2.	Ng Ying Loong	4,065,000	1.00	[3][4]100,070,000	24.52
3.	Anto A/L SF Joseph	1,625,000	0.40	-	-
4.	Wee Teck Nam	975,000	0.24	[3]100,060,000	24.52
5.	Ng Chee Kin	357,750	0.09	[5]598,000	0.15
6.	Yong Yee Coi	922,000	0.23	-	-
7.	Lee Seng Huang	-	-	[6]89,135,250	21.84
8.	Yee Swee Choon	213,750	0.04	[7]32,500	[8]
9.	Aminodin bin Ismail	-	-	-	-
10.	Henry Choo Hon Fai	-	-	-	-

Notes:

(1) *Excluding the 3,098,000 treasury shares held by the Company*

(2) *Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse's and mother's shareholdings in the Company*

(3) *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Dataran Sentral (M) Sdn Bhd*

(4) *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Winners Spectrum Construction Sdn Bhd*

(5) *Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse's shareholdings in the Company*

(6) *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Nautical Investments Ltd*

(7) *Deemed interest pursuant to Section 134(12)(c) of the Act by virtue of his spouse's shareholdings in the Company*

(8) *Negligible*

Properties of the Group

At 31 December 2010

	Location	Year of acquisition	Tenure	Age of building	Land area / built up area (sq.m)	Description	Net book value RM'000
1.	Lot No. 31 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	2004	Freehold	N/A	20,234	Agriculture land	1,650
2.	Lot No. 32 & 33 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	1998	Freehold	14	40,486 / 2,480	Industrial land with factory	4,341
3.	Villa Angsana Condominium[I] 56, Off Jalan Ipoh 51000 Kuala Lumpur	1999	Freehold	12	473	Two (2) units of Condominiums	748
4.	Bayu Puteri 3[II] Jalan Bayu Puteri 2 Taman Bayu Puteri 80150 Johor Bahru Johor Darul Takzim	2009	Lease expiring on 21.01.2097	5	84	One (1) unit of apartment	147
5.	12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	2008	Freehold	N/A	4,269	Commercial land for office building	14,699

Notes:

[I] Remaining two (2) units and the built-up area are 212.2 sq.m and 260.9 sq.m with selling prices range from RM335,572 to RM412,586.

[II] Contra unit received from client and is available for sale.

Form of the Proxy

MUDAJAYA GROUP BERHAD (605539-H)
(Incorporated in Malaysia)

No. of shares held ______________ CDS Account No. ______________

I/We ____
(full name in capital letters)

of ____
(full address)

being a member/members of Mudajaya Group Berhad, hereby appoint ______________________
(full name in capital letters)

of ____
(full address)

or failing him/her ____
(full name in capital letters)

of ____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eighth Annual General Meeting of the Company to be held at Level 1, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia on Wednesday, 22 June 2011 at 9.30 a.m. and any adjournment thereof.

My/Our proxy is to vote as indicated by an "X" in the appropriate space below. In the absence of specific directions, the proxy shall vote or abstain at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive the Audited Financial Statements for the year ended 31 December 2010 together with the Reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final dividend of 15% under the single tier system		
3.	To re-elect Mr Ng Ying Loong as Director		
4.	To re-elect Mr Anto A/L SF Jospeh as Director		
5.	To re-elect En Asgari bin Mohd Fuad Stephens as Director		
6.	To re-elect Mr Ng Chee Kin as Director		
7.	To re-elect Mr Yong Yee Coi as Director		
8.	To re-elect Mr Lee Seng Huang as Director		
9.	To re-appoint Mr Wee Teck Nam as Director pursuant to Section 129(6) of the Companies Act, 1965		
10.	To approve the payment of Directors' fees		
11.	To re-appoint Messrs Ernst & Young as Auditors		
12.	To approve the Authority to Allot and Issue Shares		
13.	To approve the Renewal of Share Buy-Back Authority		

Signed this ______________ day of ______________ 2011.

____
Signature of shareholder and /or common seal

Date : ______________________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy or proxies may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Each proxy appointed shall represent a minimum of one thousand (1,000) shares.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. In the case of a corporate member, the Form of Proxy shall be under its Common Seal or under the hand of its attorney.
4. The Form of Proxy must be deposited at the Company's Registered Office situated at No. 17, Jalan Semangat, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

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Affix
Stamp
Here

The Company Secretary

MUDAJAYA GROUP BERHAD
(605539 H)

No. 17, Jalan Semangat
46100 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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