MUDAJAYA
GROUP BERHAD

SUCCESS THROUGH TRANSFORMATION

ANNUAL REPORT 2012

VISION STATEMENT

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.

MISSION STATEMENT

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.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Yusli bin Mohamed Yusoff
Independent Non-Executive Chairman

Mr. Anto a/l SF Joseph
Group Managing Director
& Chief Executive Officer

Mr. Wee Teck Nam
Executive Director

Mr. Ng Chee Kin
Executive Director

Mr. Yong Yee Coi
Executive Director

Mr. Lee Seng Huang
Non-Independent Non-Executive Director

Mr. Yee Swee Choon
Independent Non-Executive Director

Mr. Henry Choo Hon Fai
Independent Non-Executive Director

Mr. David George Savage
Independent Non-Executive Director

Mr. Lee Eng Leong
(Appointed as Alternate Director to Mr Lee Seng Huang on 17 October 2012)

En. Asgari Bin Mohd Fuad Stephens
Independent Non-Executive Director
(Resigned as Director on 27 June 2012)

En. Aminodin bin Ismail
Independent Non-Executive Director
(Resigned as Director on 10 February 2012)

COMPANY SECRETARY

Mr. Chai Min Hon (MIA 11926)

REGISTERED OFFICE

Level12, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 7806 7899
Fax : (603) 7806 7900 / 7806 7901
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

HSBC Bank Malaysia Berhad
AmBank (M) Berhad
OCBC Bank (Malaysia) Berhad
Alliance Bank Malaysia Berhad
United Overseas Bank (Malaysia) Bhd
CIMB Bank Berhad
ICICI Bank Limited
Deutsche Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of Mudajaya Group Berhad will be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 18 June 2013 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon.
(Ordinary Resolution 1)

2. To approve the payment of a final tax exempt dividend of 12.5% (or 2.5 sen) under the single tier system for the year ended 31 December 2012.
(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. Anto A/L SF Joseph **(Ordinary Resolution 3)**
   Mr. Lee Seng Huang **(Ordinary Resolution 4)**
   Mr. Ng Chee Kin **(Ordinary Resolution 5)**

4. 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 6)

5. To approve the payment of Directors' fees for the year ended 31 December 2012. **(Ordinary Resolution 7)**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

SPECIAL BUSINESS

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

7. **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 9)

8. **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 2012 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

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 DECEMBER 2012

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 10)**

9. **Retention of Independent Directors**

"THAT the following Directors be retained as Independent Directors, in accordance with the Malaysian Code on Corporate Governance 2012 until the conclusion of the next Annual General Meeting:-

Mr. Yee Swee Choon **(Ordinary Resolution 11)**
Mr. Henry Choo Hon Fai" **(Ordinary Resolution 12)**

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 tax exempt dividend of 12.5% (or 2.5 sen) per ordinary share of RM0.20 each under the single tier system for the year ended 31 December 2012 will be paid on 16 July 2013 to depositors registered in the Records of Depositors at the close of business at 5.00 p.m. on 26 June 2013.

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 26 June 2013 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
23 May 2013

NOTICE OF ANNUAL GENERAL MEETING

FOR THE YEAR ENDED 31 DECEMBER 2012

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 of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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 Level 12, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 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.

5. In respect of deposited securities, only members whose names appear on the record of Depositors on 11 June 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Explanatory Notes on Special Business:-

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

   The Company had, during its Ninth AGM held on 18 June 2012, 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 9, 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 10, 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 Tenth 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 23 May 2013 which was despatched together with this Annual Report.

3. **Ordinary Resolutions 11 and 12 – Retention of Independent Directors**

   (a) Mr. Yee Swee Choon

   Mr. Yee Swee Choon was appointed as an Independent Director on 2 March 2004. He has served the Company for more than nine (9) years as at the date of the notice of AGM. However, he has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Mr. Yee Swee Choon to be independent and recommends Mr. Yee Swee Choon to remain as an Independent Director.

   (b) Mr. Henry Choo Hon Fai

   Mr. Henry Choo Hon Fai was appointed as an Independent Director on 2 March 2004. He has served the Company for more than nine (9) years as at the date of the notice of AGM. However, he has met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Board, therefore, considers Mr. Henry Choo Hon Fai to be independent and recommends Mr. Henry Choo Hon Fai to remain as an Independent Director.

FIVE YEARS FINANCIAL HIGHLIGHTS

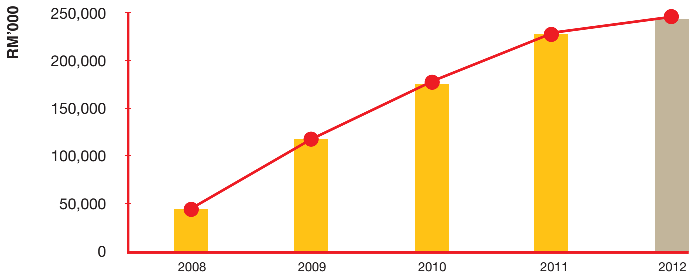
	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-Current Assets	722,812	505,875	406,147	243,175	102,854
Current Assets	921,698	930,780	713,560	434,250	305,271
Total Assets	**1,644,510**	**1,436,655**	**1,119,707**	**677,425**	**408,125**
EQUITY AND LIABILITIES					
Capital And Reserves					
Share Capital	109,949	109,665	82,248	74,800	74,800
Reserves	1,004,086	836,509	640,805	300,259	196,960
Equity Attributable To Equity Holders Of The Company	1,114,035	946,174	723,053	375,059	271,760
Non-Controlling Interest	(10,202)	61,551	37,935	47,781	32,372
Total Equity	**1,103,833**	**1,007,725**	**760,988**	**422,840**	**304,132**
Liabilities					
Non-Current Liabilities	621	256	256	256	256
Current Liabilities	540,056	428,674	358,463	254,329	103,737
Total Liabilities	**540,677**	**428,930**	**358,719**	**254,585**	**103,993**
Total Equity And Liabilities	**1,644,510**	**1,436,655**	**1,119,707**	**677,425**	**408,125**
GROUP RESULTS					
Profit Before Tax	284,116	293,948	278,386	167,957	65,432
Income Tax Expense	(10,563)	(17,020)	(41,388)	(30,416)	(8,185)
Non-Controlling Interest	36,449	(45,896)	(21,445)	(18,361)	(12,130)
Profit Attributable To Equity Holders Of The Company	237,104	231,032	215,553	119,180	45,117
SELECTED RATIOS					
Earnings Per Share (Sen)*	43.5	42.3	39.5	23.4	8.8
Net Dividend Per Share (%)	45.0	40.0	27.5	18.0	16.5
Net Assets Per Share attributable to equity holders of the Company (RM)*	2.05	1.73	1.76	1.01	0.72
Return On Equity (%)	21.3	24.4	29.8	31.8	16.6
Gearing Ratio	-	-	-	-	-
Share Price (Year-End Closing) (RM)	2.62	2.19	4.27	4.97	1.13

* Comparatives have been restated to take into effect of:

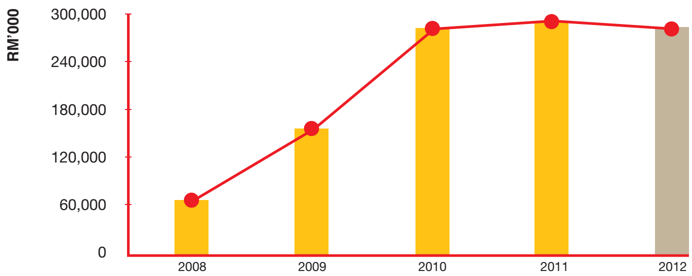
(i) The bonus shares issued on the basis of one (1) bonus share for three (3) existing ordinary shares of RM0.20 each ("Bonus Issue"). The Bonus Issue was completed on 19 July 2011.

FIVE YEARS FINANCIAL HIGHLIGHTS

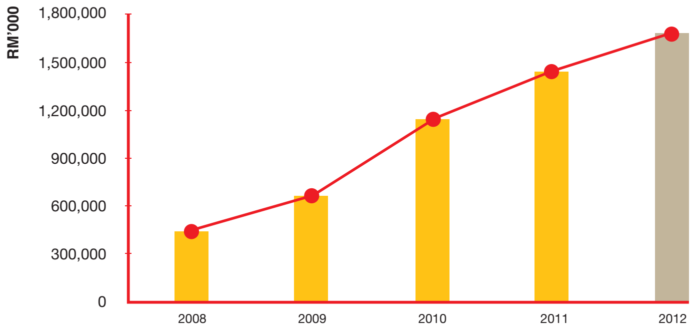
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



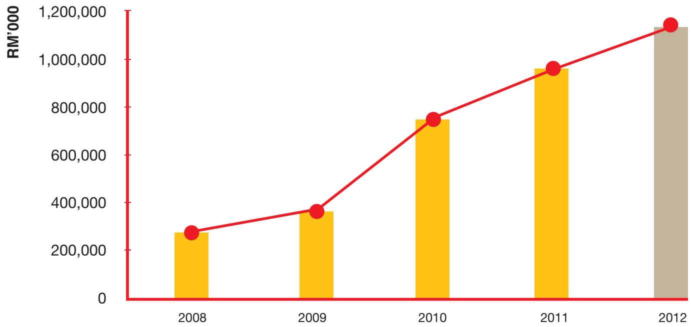
PROFIT BEFORE TAX



TOTAL ASSETS



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



DIRECTORS' PROFILE

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Chairman

Member of Audit Committee

Chairman of Nomination Committee

Dato' Yusli, a Malaysian aged 54, was appointed as an Independent Non-Executive Director of Mudajaya Group Berhad ("Mudajaya") on 13 July 2011 and was later re-designated as the Independent Non-Executive Chairman of Mudajaya on 30 September 2011. He was also appointed as a member of the Audit Committee on 1 March 2012 and the Chairman of the Nomination Committee on 1 March 2012.

Dato' Yusli graduated with a Bachelor of Economics from University of Essex, England in 1981. Currently, he is a member of the Institute of Chartered Accountants, England & Wales, the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants, the Financial Planning Association of Malaysia as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

With over 22 years of experience in general management, Dato' Yusli served as Chief Executive Officer ("CEO") of several public listed and private companies in Malaysia. From 1990 to 1992, he was the Senior Manager of Corporate Affairs in HBN Management. Dato' Yusli also served in various other senior management roles, such as the Financial Controller of Faber Group (1992), Chief Operating Officer ("COO") of Time Engineering Berhad (1993) and subsequently COO of Renong Berhad (1994-1995). His other credentials includes serving as Group Managing Director of Shapadu Corporation (1995-1996), Chief General Manager of Sime Merchant Bankers Berhad, (1996-1998), Executive Vice Chairman of Intria Berhad, Managing Director of Metacorp Berhad (1998-1999), CEO of CIMB Securities (2000-2004), and CEO of Bursa Malaysia Berhad from February 2004 to March 2011.

His strong background in management enabled Dato' Yusli to hold top management positions in the past; he was the Chairman of Association of Stockbroking Companies Malaysia (2003-2004) and on the Board of the Capital Market Development Fund (2004-2011). He is also currently a director of Mulpha International Bhd since April 2011. He was appointed as an independent non-executive director of YTL Power International Berhad since 4 October 2011.

Dato' Yusli also have a strong background in accounting. He once served as an Exco Member of the Financial Reporting Foundation of Malaysia from 2004 to 2011. Currently, he is a member of the Board of Directors of the Asian Institute of Finance.

Dato' Yusli attended all of the four Board meetings held during the financial year ended 31 December 2012.

DIRECTORS' PROFILE

MR. ANTO A/L SF JOSEPH

Group Managing Director & Chief Executive Officer

Member of Remuneration Committee

Mr. Anto, a Malaysian aged 61, was first appointed as Executive Director of Mudajaya on 2 March 2004 and later promoted as the Joint Managing Director of Mudajaya on 8 April 2011. On 30 September 2011, he was re-designated as the Managing Director of Mudajaya and was subsequently promoted as the Group Managing Director & Chief Executive Officer of Mudajaya on 22 December 2011. Mr. Anto is also a member of the Remuneration Committee of Mudajaya. In 1996, Mr. Anto was appointed as an Executive Director of Mudajaya Corporation Berhad ("MCB") and later promoted as the Managing Director on 30 September 2011.

Mr. Anto graduated with a 1st class Bachelor of Technology, Civil from Indian Institute of Technology (IIT), Kanpur, India in 1977. He is also a Professional Engineer registered with the Board of Engineers, Malaysia and is a corporate member of the Institution of Engineers, Malaysia and Institution of Highways and Transportation, UK.

With more than 36 years of professional experience in infrastructure project management, Mr. Anto started his career when he joined Jabatan Kerja Raya (Public Works Department), Kelantan in 1977 as a Development Engineer and was later promoted to Resident Engineer from 1980 to 1981. After moving on from JKR, he has worked on various other project management positions; Pernas Construction Sdn Bhd as Project Manager and Coordinator from 1981 to 1988, Pengurusan Lebuhraya Berhad as Construction Manager from 1988 to 1989, and Regional Construction Manager and Senior Regional Construction Manager for Central Region from 1990 to 1992 and 1992 to 1993, respectively. He joined MCB in 1993 as General Manager Operations and as Director.

Mr. Anto attended all of the four Board meetings held during the financial year ended 31 December 2012.

MR. WEE TECK NAM

Executive Director

Mr. Wee, a Malaysian aged 73, was appointed as an Executive Director of Mudajaya on 2 March 2004. Currently, he is also an Executive Director of MCB.

Mr. Wee graduated with a Bachelor Degree in Mechanical Engineering from University of Sydney, Australia in 1964.

Upon graduation, he worked for the Chemical Co. of Malaysia, a member of the ICI Malaysia Group for over 9 years. From there, he progressed to be General Manager of Batu Arang Bricks and Tiles Bhd and Sim Lim Trading Sdn Bhd. Later he joined TDM Berhad as a Senior Manager, overseeing the total operations of 24,000 acres of palm oil estates and oil mills in Terengganu. In 1986, he pioneered Wormald International Ltd of Australia and built up its operations in Taiwan. In 1994, he became the General Manager and Chief Executive Officer of Shanghai Allied Cement Ltd, a joint venture company between Hong Kong and China. Eventually, Mr. Wee retired and returned to Malaysia in the early 1999.

Mr. Wee was also 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. Wee attended all of the four Board meetings held during the financial year ended 31 December 2012.

DIRECTORS' PROFILE

MR. NG CHEE KIN

Executive Director

Mr. Ng, a Malaysian aged 51, was appointed as Executive Director of Mudajaya on 8 April 2011. He was appointed as a Director of MCB on 5 July 2004 and re-designated as an Executive Director of MCB in 2005. He joined MCB in 1992 where he set up the Tender and Contracts Division. He has also held the position of General Manager, Special Projects of MCB where he was responsible for the setting up of MJC Industries Sdn Bhd, MJC Quarry Sdn Bhd and the properties division. His other achievements include the successful award winning Batu Kawah New Township in Kuching. Mr. Ng graduated with a Bachelor of Science (Housing, Building and Planning) with Honours from Universiti Sains Malaysia. Prior to joining Mudajaya, he was with IJM Engineering & Construction Bhd and Pernas Construction Sdn Bhd.

Mr. Ng has over 26 years of experience in property development and construction. He has served as a national Council Member of the Master Builders Association of Malaysia from 2008 to 2010.

Mr. Ng attended all of the four Board meetings held during the financial year ended 31 December 2012.

MR. YONG YEE COI

Executive Director

Mr. Yong, a Malaysian aged 54, was appointed as Executive Director of Mudajaya on 8 April 2011. He was appointed as Director of MCB on 5 July 2004. Prior to his appointment as Director of Mudajaya, he held the position of General Manager, Engineering and Procurement of MCB.

Mr. Yong graduated with a Bachelor of Engineering (Civil) from University of Malaya and is registered with the Board of Engineers, Malaysia since 1992. He is also a member of the Institute of Engineers Malaysia and the Institution of Highways and Transportation, United Kingdom.

As a Professional Engineer, he has more than 27 years of experience in the construction industry. He joined MCB in 1992 and is currently responsible for the operations and management of the procurement, contracts and engineering division.

Mr. Yong attended all of the four Board meetings held during the financial year ended 31 December 2012.

DIRECTORS' PROFILE

MR. LEE SENG HUANG

Non-Independent
Non-Executive Director

Mr. Lee, a Malaysian aged 38, was appointed as a Non-Independent Non-Executive Director of Mudajaya on 17 March 2011.

Educated at the University of Sydney in Australia, Mr. Lee was also appointed as the Executive Chairman of Mulpha International Bhd ("MIB") on 15 December 2003.

Mr. Lee has a wide experience in the financial services and real estate investment industry of 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 was also a director of East West Resources Plc (formerly known as Ambrian Capital PLC), a company listed on the Alternative Investment Market of the London Stock Exchange.

He is currently the Group 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.

Mr. Lee attended all of the four Board meetings held during the financial year ended 31 December 2012.

MR. YEE SWEE CHOON

Independent
Non-Executive Director

Chairman of Audit
Committee

Member of Nomination
and Remuneration
Committees

Mr. Yee, a Malaysian aged 62, was appointed as an Independent Non-Executive Director of Mudajaya on 2 March 2004. He is the Chairman of the Audit Committee and is also a member of the Nomination and Remuneration Committee.

He is a chartered accountant and a certified financial planner. Mr. Yee has over 29 years of working experience in auditing, corporate planning and financial management, which includes 8 years as an executive director of a public listed company. He currently runs his own personal financial planning and management advisory services practice.

Mr. Yee attended all of the four Board meetings held during the financial year ended 31 December 2012.

DIRECTORS' PROFILE

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 41, was appointed as an Independent Non-Executive Director of Mudajaya on 2 March 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committee.

He started his professional 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 company. From 2000 to 2010, Mr. Henry Choo has been involved in private equity and venture capital industry, first with Intelligent Capital Sdn Bhd from 2000 to 2003, Artisan Encipta (M) Sdn Bhd from 2003 to 2004 and was finally the COO of Atlantic Quantum Sdn Bhd from 2006 to 2010. He was also an Executive Assistant to the Chairman of Silterra Malaysia Sdn Bhd during the 2004 to 2006 period.

A graduate from La Trobe University, Melbourne, Australia with a Bachelor of Science degree (Computer Science), Mr. Henry Choo is also a Director of Mulpha Land Berhad.

Mr. Henry Choo attended all of the four Board meetings held during the financial year ended 31 December 2012.

MR. DAVID GEORGE SAVAGE

Independent
Non-Executive Director

Member of Audit
Committee

Mr. Savage, an Australian aged 53, was appointed as an Independent Non-Executive Director of Mudajaya on 13 July 2011 and was appointed as a member of the Audit Committee on 1 March 2012. He graduated with a Bachelor of Engineering (Civil) from Deakin University in Australia.

Mr. Savage has held senior executive roles in the construction industry in Asia for more than 25 years. In 1998, he joined the Leighton Group as a Director and General Manager of Leighton Contractors (Malaysia) Sdn Bhd where he oversaw the development of the Malaysian operation into Leighton Asia's key revenue earners. In 2001, Mr. Savage was appointed as the Deputy Managing Director of Leighton Asia's Southern Region and subsequently promoted as the Managing Director ("MD") of Leighton International Ltd. In this role, his responsibility covers all of Leighton's activities in Malaysia, Singapore, Brunei, Sri Lanka, India and the Central Asian Republics. Throughout his tenure as MD, Leighton International Ltd saw a period of sustained growth which made the company one of the leading contributors to the Leighton Group.

He was also an Associate Director of Leighton Holdings Limited (listed in Australia). In 2007, Mr. Savage oversaw the merger of the company's activities in the Gulf region with Al Habtoor Engineering, one of the region's leading building contractors. From January 2010, Mr. Savage assumed the role of COO for Leighton Holdings Limited till his retirement. Mr. Savage retired from the Leighton Group in March 2011 to pursue private business and other interests. Mr. Savage is also an Independent Non-Executive Director and a member of the Audit Committee of the Keller Group Plc, one of the world's leading ground Engineering groups. Mr. Savage is also a Director of Kazax Minerals Inc, Abzu Gold Inc. and Indico Resources Inc, junior mining companies listed on the Toronto Venture Exchange.

Mr. Savage attended three Board meetings held during the financial year ended 31 December 2012.

MR. LEE ENG LEONG

Alternate Director to Mr Lee Seng Huang

Non-Independent Non-Executive Director

Mr. Lee Eng Leong, a Malaysian aged 46, was appointed as an Alternate Director to Mr Lee Seng Huang a Non-Independent Non-Executive Director of Mudajaya on 17 October 2012.

Mr. Lee Eng Leong is a member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants. He was the Group Chief Financial Officer of Alliance Bank Malaysia Berhad ("the Bank") from 4 January 2010 to 2 October 2012. Prior to joining the Bank, he was the Chief Financial Officer of a major global company where he oversaw their finance operations covering the Asia region. For over 20 years, he has held various leadership roles in management positions within both local companies and MNCs in Asia. He is also currently a director and chairman of Mulpha Land Bhd since January 2013.

Other information on Directors

1. None of the Directors has any family relationship with any Director and/or major shareholder of the Company except for Mr. Lee Seng Huang who is the son of Madam Yong Pit Chin, a major shareholder in Nautical Investments Ltd, which in turn is a major shareholder of Mulpha International Bhd.
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 other than traffic offenses.

GROUP STRUCTURE

MUDAJAYA GROUP BERHAD
(Investment holding)
Authorised Share Capital: RM250,000,000
Paid-up Share Capital: RM109,964,453

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

100%
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

75%
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 (Negara 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 (Negara Brunei Darussalam)
(Has not commenced operations)
Authorised Share Capital: USD1,000,000
Paid-up Share Capital: USD100,000

70%
Desiran Johan Sdn Bhd
(Building construction and property development)
Authorised Share Capital: RM500,000
Paid-up Share Capital: RM500,000

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 (Kingdom of 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.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Mudajaya Group Berhad ("Mudajaya") remain committed to high standards of corporate governance in cultivating a responsible organisation that adopts practices in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012").

The Board recognises that maintaining good corporate ethics is critical to business integrity and performance, and key to delivering shareholder value. The Board evaluates and, where appropriate, implements relevant proposals to ensure that Mudajaya continues to adhere to good corporate governance, relevant to developments in market practice and regulations.

This Statement outlines how Mudajaya has applied the Principles and Recommendations of the MCCG 2012 during the financial year following the release of this framework by the Securities Commission in late March 2012. The reasons for non-observance of specific Recommendations in the MCCG 2012 during the financial year under review is also included in this Statement.

Establish Clear Roles and Responsibilities of the Board and Management

1.1 Clear functions of the Board and Management

The Board's role is to control and provide stewardship of Mudajaya's business and affairs on behalf of shareholders. By pursuing its objective of creating long-term shareholder value, the Board takes into account the interests of all stakeholders in their decision making.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objective to the Chief Executive Officer ("CEO"). The CEO remains accountable to the Board for the authority that is delegated to him, and for the performance of the Group.

The Board monitors the decisions and actions of the CEO, and the performance of the Group to gain assurance that progress is being made towards the corporate objective, within the limits it has imposed.

1.2 Clear roles and responsibilities

The Board's responsibilities include providing strategic direction and approving corporate ambitions and targets, monitoring and reviewing corporate performance, ensuring adequate systems for good internal control and risk management are in place, overseeing succession planning, and sound financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met.

The Board shall be involved in any matters that may have a significant impact on Mudajaya's business, such as, but not limited to, issues within objectives and strategies, operations and finances, and organisation and employees.

The Board has established Board Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, Executive Committee, Risk Management Committee and Option Committee to examine specific matters within their respective terms of reference as approved by the Board and will report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

1.3 Formalised ethical standards through Code of Ethics

Code of Conduct

The Board has adopted and implemented a Code of Ethics and Conduct ("Code") which reflects Mudajaya's vision and core values of integrity, respect, trust and openness. It provides clear direction on conducting business, interacting with the community, government and business partners; and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices and internal controls, and the duty to report where there is a breach of the Code.

The Code is reviewed and updated regularly by the Board to meet Mudajaya's needs and to address the changing conditions of its business environment.

The Code governs the conduct of all Mudajaya employees including the Board members. All employees have certified in writing that they have read and understood the Code. Ongoing training is provided to employees on the Code, in particular on how to deal with situations involving ethical dilemma to ensure that they continuously uphold high standard of conduct while performing their duties.

Compliance with the Code is monitored regularly by Mudajaya's Audit Committee. The Human Resource Manager of Mudajaya reports regularly to the Audit Committee on the compliance of the Code by Mudajaya and its employees.

STATEMENT ON CORPORATE GOVERNANCE

A copy of the Code can be found in Mudajaya's website at :-

www.mudajaya.com/code of ethics.pdf

Whistle-Blowing Policy

Mudajaya has an established whistle-blowing policy to provide an avenue for employees, suppliers, tenants and customers to voice their grievances and raise their concerns about any malpractices involving Mudajaya without any fear of repercussions.

To further strengthen its whistle-blowing policy, Mudajaya has introduced an Integrity Email Address for employees to express concerns on issues that breach the Code. Reports can be made anonymously without fear of retaliation. Mudajaya has a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken.

If an employee has concerns about illegal or unethical conduct in the workplace, they can choose to report through the Integrity Email Address, their respective leaders or to Mudajaya's Audit Committee Chairman.

1.4 Strategies promoting sustainability

The Board is mindful of the importance of building a sustainable business, therefore takes into consideration its environmental, social and governance impact when developing Mudajaya's corporate strategy. Mudajaya's sustainability agenda includes the following:-

- Uphold high corporate governance standards and ethics across our organisation.
- Streamlining all policies, processes and internal controls, and strengthening compliance to local laws and regulations.
- Extend local and international standards on health, safety, security, environment, human rights and ethics to all business partners.

We take a proactive approach in managing potential environmental risks and impacts across our operations and comply with global standards such as ISO 9001, ISO 14001 and OHSAS 18001. We have also put in place processes to facilitate the disposal of construction waste in accordance with global environmental and safety standards. Annual recycling campaigns had been organised to promote recycling activities among our employees.

1.5 Access to information and advice

The Board and its Committees receives up-to-date information for review ahead of each meeting. The Board recognises that the decision-making process is highly dependent on the quality of information provided. Furthermore, every Director has access to all information on Mudajaya through the following means:

i) CEO, CFO and members of the senior management who attend Board and Committee meetings by invitation to report and update on areas of the business within their responsibility to give Board members thorough insights into the business. This includes financial, operational, customer satisfaction and services quality, regulatory and strategic information, and investor relations updates.

ii) Board and Committee papers are prepared for each item in the agenda and are issued to the Directors at least seven (7) days before the Board and Committee meetings.

iii) The Audit Committee Chairman meets with the Management, Head and senior members regularly to review the reports regarding internal control system and financial reporting.

iv) Directors are provided with relevant information in between Board meetings. This includes important financial and operational updates.

v) Informal communication between the Directors, the CEO and other employees.

Access to Independent and Professional Advice

The Board or an individual Director may seek professional expert advice at Mudajaya's expense with prior approval from the Board on any matters in relation to the discharge of their responsibilities. No Director availed himself to this right during the year.

1.6 Qualified and competent Company Secretary

The Company Secretary ensures the flow of information to the Board and its Committees. Mr Chai Min Hon is the Company Secretary in Mudajaya. He is supported by a qualified MAICSA member. Together, they are responsible for developing and maintaining the processes that enable the Board to fulfill its role, ensure compliance with Board procedures and advise the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretary, who is qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to Mudajaya and the Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators.

The Company Secretary attends all Board and Board Committee meetings to ensure that meetings are properly convened, that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

All Directors have access to the advice and services of the Company Secretary.

The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

1.7 Board Charter

The Board is guided by the principles contained in the Code and by the Board's Charter which set out the practices and processes in the discharge of its responsibilities; the matters that are reserved for consideration and decision-making; the authority it has delegated to the CEO, including the limits which the CEO can execute the authority; and provides guidance on the division of responsibilities between the Board and CEO.

The Board Charter including the terms of reference of all the Board Committees are accessible in Mudajaya's website: www.mudajaya.com/boardcharter.pdf

Strengthen Composition of the board

2.1 Nomination Committee

The current members of the Nomination Committee are Dato' Yusli bin Mohamed Yusoff (Chairman), Mr Yee Swee Choon and Mr Henry Choo Hon Fai. All members of the Committee are Independent Non-Executive Directors.

The Nomination Committee meets as and when required, and at least once a year. The Nomination Committee met once during the year and the meeting was attended by all its members.

The role of the Nomination Committee is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience and personal characteristics. The Nomination Committee shall:-

a) Identify and recommend to the Board, candidates for directorships of the Company to be filled by the Board or by the shareholders at an annual or extra-ordinary meeting.

b) Recommend to the Board, directors to fill the seats on Board Committees.

c) Review annually the required mix of skills and experience of the Board, including the core competencies which directors should bring to the Board.

d) Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contribution of each individual director as well as the Chief Executive Officer.

e) Determine appropriate training and orientation needs for Directors, review the fulfillment of such training and disclose details in the annual report as appropriate.

f) Consider and recommend the Directors for re-election / re-appointment at each Annual General Meeting.

g) Ensure an appropriate framework and plan for Board succession for the Group.

h) Consider and examine such other matters as the Committee considers appropriate.

i) Consider other matters as referred to the Committee by the Board.

STATEMENT ON CORPORATE GOVERNANCE

Activities Undertaken

The Nomination Committee assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director in 2012 including its size, structure and composition. The Board's performance evaluation is discussed in more detail in the section under "Performance evaluation" below.

In carrying out its duties and responsibilities, the Nomination Committee has full and unrestricted access to Mudajaya's records and personnel. The Nomination Committee reports its recommendations back to the Board for its consideration and approval.

In its assessment, it was concluded that the Board's size is conducive for effective discussion and decision making and that the Board has an appropriate number of Independent Non-Executive Directors. The Board is satisfied that it has an appropriate balance of expertise, skills, and attributes among the Directors, including relevant core competencies.

The Independent Non-Executive Directors continue to demonstrate their independence through their engagement in meetings, providing objective challenges to the Management and bringing independent judgment to decisions taken by the Board.

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

Appointments to the Board and Re-election of Directors

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are made on merit. In evaluating the suitability of individuals for Board membership, the Nomination Committee ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and personal characteristics to augment the present Board and meets its future needs.

Mudajaya's Articles of Association requires a minimum of two (2) Directors unless otherwise determined by shareholders in an Annual General Meeting ("AGM"). The Board may appoint an individual to be a Director, either as an addition to the existing Directors or to fill a casual vacancy. Any new Director appointed by the Board during the year is required to stand for election at the next AGM.

Other than those Directors appointed during the year, one-third of remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at each AGM at least once every three (3) years. Retiring Directors who are seeking re-election are subject to a Director assessment overseen by the Nomination Committee. The re-election of each Director is voted as a separate resolution during Mudajaya's AGM.

Following the assessment, the Board, on the recommendation of the Nomination Committee, determines whether it will endorse a retiring Director for re-election. Directors over seventy (70) years of age are required to seek shareholders' approval for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Performance Evaluation

The Board regularly evaluates its performance and governance processes with the aim of improving individual contributions, effectiveness of the Board and its committees, and Mudajaya's performance.

For the financial year 2012, the Board assessed the effectiveness of the Board, its Committees and the contribution of each Director. The evaluation includes a review of the administration of the Board and its Committees covering the operation of the Board and its Committees, agendas, reports and information produced for consideration and the Board's relationship with its Committees and Management.

The evaluation of individual Directors focused on the contribution of the Director to the work of the Board. Performance of individual Directors were assessed against a range of criteria including the ability of the Director to consistently take the perspective of creating shareholder value, to contribute to the development of strategy, to provide clear direction to the management, to contribute to the Board's cohesion, and to listen to and respect the ideas of fellow Directors and members of the Management.

The evaluation process is led by the Nomination Committee Chairman and supported by the Company Secretary. The evaluation results were considered by the Nomination Committee, which then made recommendations to the Board, aimed at helping the Board to discharge its duties more effectively.

Following the evaluation process, the Nomination Committee would identify areas for improving the effectiveness of the Board and actions taken based on the feedback, if any.

STATEMENT ON CORPORATE GOVERNANCE

During the meeting held in February 2013, the Nomination Committee reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of the Directors; the contribution of each individual Director; independence of the Independent Directors; effectiveness of the Board, as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election.

2.3 Remuneration policies and procedures

The current members of Remuneration Committee are Mr Henry Choo Hon Fai (Chairman), Mr Anto A/L SF Joseph and Mr Yee Swee Choon. The Remuneration Committee met once during the year and the meeting was attended by all its members.

The role of the Remuneration Committee is to assist the Board in overseeing the remuneration policy and its specific application to the Executive Directors and CEO, evaluating the performance of the CEO annually and determining the levels of reward to the CEO.

Non-Executive Directors' remuneration is a matter to be decided by the Board collectively with the Director concerned abstaining from deliberations or voting on decision in respect to his individual remuneration. The Remuneration Committee evaluated the CEO against the set performance criteria and reviewed the compensation package for the CEO, subject to the Board's approval.

The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the Remuneration Committee. Each of the Non-Executive Directors abstained from deliberating and voting on their own remuneration.

Directors' Remuneration

The objective of Mudajaya's policy on Director's remuneration is to attract and retain Directors needed to run the company successfully. Non-Executive Directors' remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

Details of the Directors' Remuneration

The details of the Directors' remuneration for the financial year ended 31 December 2012 and the remuneration bands analysis are as follows:-

	Executive (RM'000)	Non-Executive (RM'000)
Salaries and other emoluments	2,652	-
Bonus	691	-
Defined contribution plan	503	-
Estimated money value of benefits-in-kind	43	-
Fees	-	522
Other emoluments	-	320
Total	**3,889**	**842**

Range of remuneration (RM)	Executive	Non-Executive
Below 50,000	-	2
50,001 – 100,000	-	1
100,001 – 150,000	-	2
200,001 – 250,000	-	1
250,001 – 350,000	1	1
550,001 – 600,000	-	-
650,001 – 700,000	2	-
1,500,001 – 2,000,000	-	-
2,000,001 – 2,500,000	1	-

STATEMENT ON CORPORATE GOVERNANCE

Reinforce Independence

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. The Independent Directors bring the knowledge and experience of the regulatory environment and accounting regime in Malaysia. The Board considers that it should include significant representation by Directors who are capable and willing to make decisions in the best interests of the shareholders, free from interests or influences which conflict with their duties and are also independent of the Management.

Dato' Yusli bin Mohamed Yusoff, Mr Yee Swee Choon, Mr Henry Choo Hon Fai and Mr David George Savage are the Independent Directors. The Independent Directors fulfill the criteria of "Independence" as prescribed under Chapter 1 of the Listing Requirements.

Mudajaya fulfills the requirement to have at least one-third of the Board comprised of Independent Non-Executive Directors.

3.2 Tenure of Independent Directors

Mudajaya does not have term limits for Independent Directors as the Board believes that continued contribution provides benefit to the Board and Mudajaya as a whole. The Board is of the view that there are significant advantages to be gained from the long-serving Directors who provide invaluable insight and possess knowledge of Mudajaya's affairs. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of Mudajaya predominantly determines the ability of a Director to serve effectively as an Independent Director.

Although term limits could help to ensure that new ideas and perspective would be available to the Board, they pose the disadvantage of losing experienced Independent Directors who over time have developed detailed insight in Mudajaya's operations and therefore, provide an increasing contribution to the effectiveness of the Board as a whole. The Board therefore viewed that imposing a fixed term limit for Independent Directors does not necessarily assure their independence and objectivity.

3.3 Shareholders' approval for the re-appointment of Independent Directors who have served for nine year or more

Mr Yee Swee Choon and Mr Henry Choo Hon Fai were appointed to the Board as Independent Non-Executive Directors of Mudajaya on 2 March 2004, and have therefore served in the Board for more than 9 years.

Following an assessment conducted by the Board through the Nomination Committee, the Board viewed that Mr Yee Swee Choon and Mr Henry Choo Hon Fai who have served as Independent Non-Executive Directors of Mudajaya for more than 9 years remain objective and independent in expressing their views and in participating in deliberations and decision-making of the Board and the Audit Committee. The length of their service on the Board do not in any way interfere with their independent judgment and ability to act in the best interests of Mudajaya.

Mr Yee Swee Choon and Mr Henry Choo Hon Fai have been demonstrably independent in carrying out their roles as members of the Board and Board Committee, notably in fulfilling their responsibilities as Mr Yee Swee Choon is the Chairman of the Audit Committee whilst Mr Henry Choo Hon Fai is the Chairman of the Remuneration Committee.

Mr Yee Swee Choon's experience in the audit and accounting field coupled with Mr Henry Choo Hon Fai's experience in the private equity and venture capital industry enable them to provide the Board with a diverse set of experience, expertise, skills and competence.

As they have been with Mudajaya for more than 9 years, they therefore understand Mudajaya's business operations, enabling them to actively participate and contribute during deliberations or discussions at Audit Committee and Board meetings without compromising their independent and objective judgement. They have both contributed sufficient time and effort to attend all the Audit Committee and Board meetings.

Therefore, based on the recommendation by the Nomination Committee, the Board recommended that Mr Yee Swee Choon and Mr Henry Choo Hon Fai continue to act as Independent Non-Executive Directors of Mudajaya subject to shareholders' approval at Mudajaya's forthcoming 10th AGM as they have fulfilled the criteria under the definition on Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

3.4 Separation of positions of the Chairman and Chief Executive Officer

There is a clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority, such that no one individual has unfettered powers over decision making. The Chairman is responsible for the leadership and governance of the Board, ensuring its effectiveness. He engages directly with the CEO to monitor performance and oversees the implementation of strategies. The Chairman sets agendas for the meetings of the Board that focuses on the strategic direction and performance of Mudajaya.

The CEO is responsible for the day-to-day management of Mudajaya's operations and business as well as implementation of the Board's policies and decisions.

3.5 Board Composition and Balance

In leading a construction company, the Board seeks to continually evolve its membership by seeking Non-Executive Directors with diverse and complementary skills and perspectives, as well as experience which reflects the geographical spread of Mudajaya's operations.

The Board currently has nine (9) Directors, comprising the Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, four (4) Executive Directors and a Non-Independent Non-Executive Director together with his appointed Alternate Director.

The Board has an appropriate mix of relevant skills, knowledge and experience necessary to govern Mudajaya. The Non-Executive Directors contribute international and operational experience, and understanding of the financial and capital markets.

Several of the Directors have the relevant experience in the construction industry. A brief description of the background of each Director is presented on pages 8 to 13 of the Annual Report.

The Board is satisfied that the current composition of Directors provides the appropriate balance and size necessary to promote all shareholders' interests and govern Mudajaya effectively. It also fairly represents the ownership structure of Mudajaya, with appropriate representations of minority interests through the Independent Non-Executive Directors.

Gender diversity and other aspects of diversity within the Board are also important, and this includes a mix of skills, experience and perspective. The Board recognizes that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained.

The Directors are aware that they should notify the Chairman before accepting any new directorship.

Mr Yee Swee Choon is the Independent Non-Executive Director and he is available to shareholders who have concerns that cannot be addressed through the Chairman and CEO.

Mudajaya has in place a liabilities insurance policy for Directors and officers in respect of liabilities arising from holding office in Mudajaya. The insurance does not, however, provide coverage in the event that a Director or a member of Management is proven to have acted negligently, fraudulently or dishonestly.

Foster Commitment

4.1 Time Commitment

Meetings for the year are scheduled at the end of the preceding year to enable the Directors to plan ahead and ensure that the Board and its Committee meetings are accounted for in their respective schedules. The Board meets for both scheduled meetings and on other occasions to deal with urgent matters. Due notice is given for all scheduled and additional meetings.

STATEMENT ON CORPORATE GOVERNANCE

The Board met four (4) times during the year and attendance of Directors at Board meetings, was as below:-

Director	No. of meetings attended
Dato' Yusli bin Mohamed Yusoff	4/4
Mr. Anto a/l SF Joseph	4/4
Mr. Wee Teck Nam	4/4
Mr. Ng Chee Kin	4/4
Mr. Yong Yee Coi	4/4
Mr. Lee Seng Huang	4/4
Mr. Yee Swee Choon	4/4
Mr. Henry Choo Hon Fai	4/4
Mr. David George Savage	3/4
Mr. Lee Eng Leong (Alternate Director to Mr. Lee Seng Huang) (appointed on 17 October 2012)	-
En. Aminodin bin Ismail (resigned on 10 February 2012)	-
En. Asgari Bin Mohd Fuad Stephens (Resigned on 27 June 2012)	2/2

At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting during the meeting. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings. The proceedings of and resolutions passed at each Board and Board Committee meetings are minuted by the Company Secretary and kept in the statutory register at the registered office of Mudajaya.

Directors are to devote sufficient time and effort to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the board of 5 listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

4.2 Directors' Training and Induction

All existing Directors have completed the Mandatory Accreditation Programme (MAP). The Board continues to evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors. Mudajaya also provided internal briefings to the Directors on key Corporate Governance developments and updated them on changes to the Listing Requirements, laws and regulations. The Directors were fully informed of the impact of such developments or changes.

The Directors are mindful that they continue to update their skills and knowledge to maximise their effectiveness during their tenure.

The Chairman is responsible for ensuring that induction and training programmes are provided and the Company Secretary organises the induction process. This includes briefings on Mudajaya's business, its governance process, meetings with senior management and visit to the business operation.

During the financial year ended 31 December 2012, the Directors have attended conferences, seminars and trainings in the following areas of Leadership, Corporate Governance, Finance, Regulatory Development, Corporate Responsibility, Information Security and Business Interest as follows:-

Directors	Training Programmes	Organised By
Dato' Yusli bin Mohamed Yusoff	Competition Act 2010 - Key Features & Implications	Suruhanjaya Syarikat Malaysia
Anto A/L SF Joseph	Renminbi Settlement for Trade and Investment in Malaysia : Future Prospects	Bank Negara Malaysia
Anto A/L SF Joseph	Bursa Malaysia Business Forum 2012	Certified Public Accountants
Wee Teck Nam	Roles and Responsibilities of Company Directors in Malaysia	Suruhanjaya Syarikat Malaysia

STATEMENT ON CORPORATE GOVERNANCE

Directors	Training Programmes	Organised By
Ng Chee Kin	Vistage Awareness Event: 7 Roles of Highly Effective CEOs	Vistage Malaysia Sdn Bhd
Ng Chee Kin	Integrating Corporate Governance & Corporate Responsibility into Company Directors	Suruhanjaya Syarikat Malaysia
Yong Yee Coi	Vistage Awareness Event: 7 Roles of Highly Effective CEOs	Vistage Malaysia Sdn Bhd
Yong Yee Coi	Asia Water 2012 Conference - Sustainability & Efficiency	Malaysian Water Association
Yong Yee Coi	4th National Energy Forum	Malaysian Gas Association
Lee Seng Huang	Securities and Futures (Amendment) Ordinance 2012 regarding the Disclosure of Inside Information by Listed Corporations	P.C. Woo & Co.
Yee Swee Choon	MIA : Updates on Company Laws & Practices	Malaysian Institute of Accountants
Yee Swee Choon	MFRS-Practical Implementation of Standards, IC Interpretations and Revised Bursa Listing Requirements	Malaysian Institute of Accountants
Henry Choo Hon Fai	Roles and Responsibilities of Company Directors in Malaysia	Suruhanjaya Syarikat Malaysia
David George Savage	Mines & Money Australia 2012	Beacon Events Limited
Lee Eng Leong	Mandatory Accreditation Programme for Directors of Public Listed Companies	Bursatra Sdn Bhd

Uphold Integrity In Financial Reporting

5.1 Compliance with applicable financial reporting standards

Financial Reporting

The Board is committed to providing a balanced, clear and meaningful assessment of the financial performance and prospects in all the disclosures made to the stakeholders and the regulatory authorities.

Timely release of announcements on quarterly and annual financial statements, annual report and analyst presentations reflects the Board's commitment to provide transparent and up-to-date disclosures to the public. The Board is assisted by the Audit Committee in governing Mudajaya's financial reporting processes and the quality of its financial reporting.

Statement of Directors' Responsibilities in Respect of the Financial Statements

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.

STATEMENT ON CORPORATE GOVERNANCE

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.

5.2 Assessment of suitability and independence of external auditors

Key features underlying the relationship of the Audit Committee with the internal audit function and external auditors are detailed on pages 32 to 33 of the Annual Report. A summary of the activities of the Audit Committee during the year are set out in page 33 of the Annual Report.

Mudajaya has in place the policies covering the provision of non-audit services, which are designed to ensure that such services do not impair the external auditors' independence or objectivity. The external auditors provide mainly audit-related services to Mudajaya. Due to the strong knowledge of Mudajaya, the external auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services.

The Board upholds the integrity of financial reporting by Mudajaya and as such, the external auditors have confirmed to the Board their independence in providing both audit and non-audit services up to the date of this statement.

The Audit Committee works closely with the audit partner assigned by Ernst & Young to Mudajaya, to act as the key representative for overseeing the relationship of Mudajaya with the external auditors. In compliance with the Malaysian Institute of Accountants, Ernst & Young rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of the audit opinions.

During the year, Ernst & Young charged Mudajaya RM258,000 (2011: RM230,000) for audit services. The external auditors attended two of the Audit Committee meetings held to review the Quarterly Results and Audit Planning Memorandum 2012.

Recognise and Manage Risks

6.1 Sound framework to manage risks

The Board has the ultimate responsibility of approving the Risk Management framework and policy as well as overseeing Mudajaya's Risk Management and Internal Control Framework.

Mudajaya has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of Mudajaya. The Board through its Risk Management Committee reviews the key risks identified on a regular basis to ensure proper management and mitigation of risks within its control.

6.2 Internal audit function

The Board has the ultimate responsibility for Mudajaya's system of internal control which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement or loss.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an on-going process for identifying, evaluating and managing the significant risks faced by Mudajaya.

The Statement on Risk Management and Internal Control set out in pages 28 to 29 of the Annual Report provides an overview on the state of internal controls within Mudajaya.

Ensure Timely and High Quality Disclosure

7.1 Corporate disclosure policy

Communications with Shareholders and Investors

Mudajaya recognises the importance of effective and timely communication with shareholders and the investment community at large to ensure they make informed decisions in the trading of Mudajaya securities.

Therefore, Mudajaya is committed to a proactive and continuous dialogue with all shareholders and investors which include appropriate disclosure and transparency of information to ensure that they make informed assessments of Mudajaya's value and prospects.

We are also pleased to highlight that Mudajaya has maintained the policy of proactive engagement with shareholders and investors throughout the past year. After each results announcement and any resultant major corporate exercise, Mudajaya has made appropriate disclosures to our investors and other financial intermediaries through disclosures to Bursa Securities, media, Mudajaya's Investor Relations website and other channels.

Information Disclosure

In accordance with the disclosure requirements and the Bursa Securities Listing Requirements, Mudajaya follows these three (3) main forms of information disclosure:

- Continuous disclosure – timely disclosure of events as they take place and this is our primary method of informing shareholders and the market
- Periodic disclosure – in the form of full year and quarterly reporting of financial results and major investments, capital expenditure and funding activities proposed by Mudajaya and the Annual Report as at 31 December 2012
- Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa releases

All information made available to Bursa Securities is immediately available to shareholders and the market on the Investor Relations section of Mudajaya's website : www.mudajaya.com

7.2 Leverage on information technology for effective dissemination of information

Investor Relations Website

In addition to statutory documents, the Investor Relations website also features in-depth information related to Mudajaya's financial results as well as other relevant financial data. These include announcements to Bursa Securities, media releases, investor briefings, quarterly results and annual reports.

In addition, our website also offers additional information which includes Board of Directors, Senior Management team as well as corporate governance commitments to investors.

We will continue our efforts to bring increased transparency to our financial reporting, and will continually add new interactive capabilities to the site.

Shareholders & Investor Queries

Whilst Mudajaya aims to provide sufficient information to shareholders and investors about Mudajaya and its activities, it also recognises that shareholders and investors may have specific queries and require additional information. To ensure that shareholders and investors can obtain all relevant information to assist them in exercising their rights as shareholders, they are encouraged to direct their queries to:

Investor Relations
Mudajaya Corporation Berhad
Level 12, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7806 7899

Strengthened relationship between Company and shareholders

8.1 Encourage shareholders participation at general meetings

Mudajaya fully recognises the rights of shareholders and encourages them to exercise of their rights at Mudajaya's AGM. The date, venue and time of these meetings are determined to provide maximum opportunity to as many shareholders as possible to attend personally.

STATEMENT ON CORPORATE GOVERNANCE

The Notice of Meeting of the AGM is sent to shareholders at least 21 days ahead of the meeting date together with the Financial Statements and agenda for the meeting with a memorandum providing information to shareholders to assist them in deciding on how they should vote on each item of the business. In addition, a full copy of the Notice of Meeting and Proxy Form are posted on Mudajaya's website and lodged with Bursa Securities. It is also advertised in a major local newspaper.

In every AGM, the Management Team presents a comprehensive review of Mudajaya's financial performance for the year and outlines the prospects of Mudajaya for the subsequent financial year. Time is being set aside for shareholders' queries. Where it is not possible to provide immediate answers, Mudajaya will undertake to provide shareholders with written answers after the AGM.

All Directors are expected to attend the AGM where possible. Mudajaya also requires its external auditor to attend each AGM to be available to answer questions on the conduct of the audit and the preparation and content of the auditor's report.

8.2 Encourage poll voting

All resolutions put forth for shareholders approval at the 9th AGM held on 18 June 2012 were voted by a show of hands.

Mudajaya will adopt poll voting if there is/are substantive resolution(s) to be put forth for shareholders' approval at the general meetings going forward.

8.3 Effective communication and proactive engagement

Investor Meetings and Presentations

On a regular basis, outside Mudajaya's closed period, the Management holds meetings with analysts, fund managers and shareholders to provide updates on financial performance, corporate and regulatory developments. In these meetings, Mudajaya's management also addresses any issues with respect to the business outlook or operations.

Mudajaya is also an active participant in various investor conferences held locally and overseas throughout each financial year.

Our proactive efforts in reaching out to shareholders and the investment community at large have been acknowledged and recognised through the many nominations and awards presented to Mudajaya for shareholder value creation as well as corporate governance.

8.4 Option Committee

The Option Committee was established on 15 August 2011. The principal function of the Option Committee is to administer the Employees' Share Option Scheme ("ESOS") of the Company in accordance with the ESOS's By-Laws.

The Option Committee currently consists of Mr. Anto a/l SF Joseph as Chairman and Mr. Wee Teck Nam, Mr. Yee Swee Choon, Mr. Henry Choo Hon Fai, Mr. Loi Kent Liak and Ms. Choo Sau Ling as members.

During the year, the Option Committee has held one (1) meeting and was attended by all its members.

The Board has deliberated, reviewed and approved the Statement on Corporate Governance on 8 April 2013.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Back

As at 1 January 2012, the Company had a balance of 2,875,300 ordinary shares of RM0.20 each as treasury shares.

During the financial year ended 31 December 2012, the Company repurchased 2,895,100 of its own shares form the open market of Bursa Securities for a total consideration of RM7,666,096. Details of the shares repurchased are as follows:-

2012 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)
Mar	271,400	819,795	3.010	3.015	3.008
Apr	1,003,900	2,594,274	2.5479	2.6100	2.575
May	882,500	2,302,955	2.5000	2.7300	2.598

2012 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)
Jun	276,700	745,438	2.6764	2.6976	2.683
Sep	139,900	369,589	2.5700	2.6435	2.629
Nov	2,100	5,486.64	2.5900	2.5900	2.590
December	318,600	828,558	2.5654	2.5956	2.588
	2,895,100	7,666,096			

As at 31 December 2012, 5,770,400 ordinary shares of RM0.20 each were retained as treasury shares.

Employees' Share Option Scheme

The Company has one Employees' Share Option Scheme ("ESOS") in existence during the financial year. Details of the scheme are as follows:-

	No. of options over ordinary shares of RM0.20 each		
	Directors and Chief Executives	Eligible Employees	Total
Total number of options granted	9,082,000	16,899,900	25,981,900
Total number of options exercised	(162,000)	(1,265,900)	(1,427,900)
Total options outstanding	8,920,000	15,634,000	24,554,000

Pursuant to the Company's ESOS By-Laws, not more than 50% of the options available under the scheme shall be allocated, in aggregate, to directors and senior management. Since the commencement of the scheme, 16.56% of the options granted under the scheme have been granted to directors and senior management.

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

There were no non-audit fees paid to the external auditors during the financial year.

Variation in Results

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

Recurrent Related Party Transactions

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 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. These systems are designed to manage rather than completely eliminate risks that may hinder the achievement of the Group's business objectives. Accordingly, the systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process of identifying, evaluating 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 locally and abroad, the Board of Directors recognises that the Group will be exposed to a certain degree of risk. To minimise risks, the Board has adopted the Enterprise Risk Management ("ERM") review on its business sectors. As a result, the Risk Management Committee ("RMC") chaired by the Group Managing Director and comprising of senior management and head of departments and projects was formed. The RMC would review and cover matters such as identification and responses to address significant risks, 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 and tolerance level. As the company adopts a prudent risk management system, all potential projects will be reviewed and approved by management prior to an undertaking. The ERM is evaluated annually to identify the existence of 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, 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, efficiency 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 and management. Various Board Committees have been established to assist the Board in discharging its duties, namely:
    - Audit Committee
    - Nomination Committee
    - Remuneration Committee
    - Risk Management Committee
    - Employee Share Option Committee

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Internal policies and guidelines are effectively communicated to all employees through memorandums and handbooks;

- Reporting systems are in place. Financial and operation of performance reports are furnished to the Board of Directors and management. Regular management meetings are held among the Executive Directors and Divisional heads. During the meeting, reports and status updates of the projects are discussed and necessary actions taken;

- Comprehensive and adequate financial information and key business indicators are presented to the management and the Board to assist in the review of the Group's performance;

- An ISO 9001 : 2008 Quality 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.

  In addition, the attainment of ISO 14001 : 2004 Environment Management System and OSHAS 18001 : 2007 Occupational Health & Safety Management System certifications demonstrated the group concerns in ensuring adequate controls and good governance being in placed to manage environmental and safety matters at project site. These are annually reviewed by independent external consultants who are familiar with the construction and development industry;

- Clear Group vision, mission, corporate philosophy and strategic direction are communicated to employees at all levels;

- Regular visits to operating units and project sites by the senior management, finance 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. 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 Audit Committee. The findings and observations are reported to the Audit Committee 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 changes 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. Follow-ups were also carried out to determine the status of execution of agreed corrective actions based on findings raised.

However, neither procedures nor systems provide absolute assurance due to 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, Perak, 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, Mechatronics and Quantity Surveying, and other related studies. For the financial year ended 31 December 2012, the Company had awarded RM100,000 worth of scholarships to 4 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 Yayasan Mahawangsa, Pusat Penjagaan Kanak-Kanak Cacat Taman Megah, Heritage and Elderly Home and Agathians Orphanage Home.

- During the year, Mudajaya organised Recycling Days to collect recycle items. The recycle funds were donated to the charity homes.

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. In particular, our newly built office building in Mutiara Damansara, Petaling Jaya, incorporates 'green' features such as 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.

Mudajaya organised its 4th "Tree Planting Activity" on the 14 July 2012 at the Raja Musa Peat Swamp Forest, North Selangor. We were praised 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.

AUDIT COMMITTEE REPORT

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
Mr. Henry Choo Hon Fai (Member)	-	Independent Non-Executive Director
Dato' Yusli bin Mohamed Yusoff (Member)	-	Independent Non-Executive Director
Mr. David George Savage (Member)	-	Independent Non-Executive Director

En. Aminodin bin Ismail resigned on 10 February 2012.

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.

The members of the Committee shall elect a Chairman from among their members 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.

AUDIT COMMITTEE REPORT

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.

AUDIT COMMITTEE REPORT

Attendance at Meetings

During the financial year ended 31 December 2012, 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
Mr. Henry Choo Hon Fai	5/5
Dato' Yusli bin Mohamed Yusoff (appointed on 1 March 2012)	4/5
Mr. David George Savage (appointed on 1 March 2012)	4/5
En. Aminodin bin Ismail (resigned on 10 February 2012)	-

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 2012 in the discharge of its duties and responsibilities: -

- reviewed 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;
- reviewed the annual report and audited financial statements of the Group prior to submission to the Board of Directors for their consideration and approval;
- reviewed the Internal Audit Reports and assessed the Internal Auditor's findings and the management's responses thereto and thereafter, reported to the Board of Directors;
- reviewed the Statement on Risk Management and Internal Control and Statement on Corporate Governance for inclusion in the Annual Report; and
- reviewed 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.
- verified the allocation of options to ensure compliance with the criterias for allocation pursuant to the Employees' Share Option Scheme.

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) Reviewed and appraised the adequacy, effectiveness and reliability of the internal control systems, policies and procedures;
b) Monitored the adequacy, reliability, integrity, security and timeliness of management information systems;
c) Determined the extent of compliance with relevant laws, codes, standards, regulations, policies, contracts, plans and procedures;
d) Identified and recommended solutions and appropriate controls for identified potential problems; and
e) Reviewed and verified the means used to safeguard assets.

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

The Group has employed an in-house internal audit team to perform the internal audit functions. For the year ended 31 December 2012, the department has incurred a cost of approximately RM150,000.

CHAIRMAN'S STATEMENT

"DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Mudajaya Group Berhad, I am pleased to present to you the Annual Report and financial statements of the Company and the Group of Companies ("Mudajaya" or "Group") for the financial year ended 31 December 2012."

The Malaysian economy remained resilient in 2012 despite the challenging global economic environment. The Malaysian GDP growth in 2012 improved to 5.6% year-on-year from 5.1% in 2011 which was mainly driven by robust domestic demand and investments as the Economic Transformation Programme (ETP) initiatives have begun to post positive effects on the economy.

In particular, the Malaysian construction sector benefited from the implementation of infrastructure projects related to the ETP, such as the KLIA2, MRT, LRT, expansion of highways, RAPID projects, etc. It was indeed a busy and fruitful year for the industry.

CHAIRMAN'S STATEMENT

FINANCIAL AND OPERATIONS

The Group has another excellent performance year in 2012 with a revenue of RM1,655.7 million and profit before tax ("PBT") of RM284.1 million for the twelve months period ended 31 December 2012, as compared to RM1,347.1 million and RM293.9 million respectively in 2011. The major contributors to the above results were the Equipment Procurement contract for the 4 x 360MW coal-fired power plant project in the State of Chhattisgarh, India and new construction projects secured locally during the financial year.

During the year 2012, Mudajaya successfully clinched a few projects of approximately RM1.9 billion, namely the construction works for Tanjung Bin IV 1000MW Coal-Fired Power Plant of RM1.0 billion; MRT – Package V3 of RM816 million; Entrance/Exit road from Projek Lebuhraya Utara Selatan (TPPT) of RM30 million and KLIA II – Tune Hotel of RM65 million.

DIVIDEND

Mudajaya has declared and recommended a total single tier dividend equivalent to 45% (or 9.0 sen) per share of RM0.20 each for the financial year ended 31 December 2012.

With its current strong net cash position and coupled with the expected long-term stream of recurring income upon commencement of the commercial operations of the Independent Power Producer Project in the State of Chhattisgarh, India, the Group is expected to continue rewarding its shareholders in the future years.

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENT

The Group completed 2 corporate exercises in 2012. Mudajaya Corporation Berhad ("MCB"), a wholly-owned subsidiary of Mudajaya, acquired 49% and 70% of the issued and paid-up share capital of MJC Development Sdn. Bhd. ("MJC Dev") and Desiran Johan Sdn. Bhd. ("DJSB") for a total cash consideration of RM49,000 and RM350,000 respectively ("Acquisition"). Subsequent to the Acquisition, MJC Dev, which is principally involved in property management, development and building construction became a wholly-owned subsidiary of the Company whilst DJSB which is principally involved in building construction and property development became a 70% owned subsidiary of the Company.

INDUSTRY RECOGNITION

During the year, Mudajaya has again won the 3 awards given out by The Edge Billion Ringgit Club – Corporate Awards 2012 under the Construction Sector, namely the "Highest Growth in Profit Before Tax"; "Highest Returns to Shareholders" and "Highest Return on Equity".

Mudajaya has been the winner for the above awards for 3 consecutive years since 2010.

In addition to the above accolades, 'Forbes Asia's Best Under a Billion' again accredited Mudajaya as one of the 14 Malaysian firms out of 15,000 listed Asia-Pacific companies in 2012.

PROSPECTS OF THE GROUP

Moving forward, the Group is continually seeking to secure profitable projects to enhance its shareholders' value. The Group's excellent track record in its 48 years of experience in the construction industry coupled 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 in the coming years.

CHAIRMAN'S STATEMENT

As part of the corporate direction to broaden and sustain the income stream, the Group intends to acquire some strategic assets that can provide recurrent income stream for the future.

Abroad, the Group's venture in the 4 X 360MW coal-fired Independent Power Producer Project in the State of Chhattisgarh, India will substantially improve the Group's presence in India and will strengthen the experience and track record of the Group as an emerging 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 by the end of 2013.

Currently, the Group is also exploring various business opportunities in India, Myanmar, Middle East, Indonesia, Australia, Phillipines, Vietnam 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 expects the financial performance of the Group to be good in 2013.

APPRECIATION

I would like to sincerely thank our former director, En. Asgari bin Mohd Fuad Stephens, who left Mudajaya in June 2012, for his guidance and services offered to Mudajaya.

I would also like to warmly welcome on board our new alternate director, Mr Lee Eng Leong to the Board.

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.

Dato' Yusli bin Mohamed Yusoff
Chairman
23 May 2013

MANAGEMENT DISCUSSION & ANALYSIS

The outlook of the Malaysian economy, in which Mudajaya focuses in its core operations, continues to be stable and supportive of growth despite headwinds from the vulnerable external economic conditions and the rapidly changing regulatory landscape requirements for the construction & property development companies.

The construction and property development sectors in Malaysia are getting more challenging with increasing labour costs due to shortage in skilled and unskilled labour supply. Strict requirements for compliance with safety, health and environmental standard at construction sites is putting pressure to cost of construction, which in turn may have financial impacts to bottom line of construction and property development companies.

In order to keep up with the growth, Mudajaya has been exploring for projects and investment opportunities overseas, particularly in the Asean Region.

Financial Review

The Group achieved revenue of RM1,655.7 million and profit before tax ("PBT") of RM284.1 million for the twelve months period ended 31 December 2012, as compared to RM1,347.1 million and RM293.9 million respectively for the previous corresponding period.

Performance Overview	**2012 RM'000**	**2011 RM'000**
Revenue	1,655,722	1,347,059
Profit before tax	284,116	293,948
Profit after tax	273,553	276,928
PATMI	237,104	231,032
Return on Equity	21.28%	24.42%

The profit after tax remains fairly consistent with prior year whilst the PATMI has shown a 2.6% growth.

As at 31 December 2012, the Group's Net Assets stood at RM1,103.8 million whilst the Net Asset per share was RM2.05. The Group continues to operate under healthy financial position with Net Current Assets of RM381.6 million and Cash and Bank Balances of RM340.7 million with zero gearing.

REVIEW OF OPERATIONS

	2012 RM'000	**2011 RM'000**
Revenue:		
Construction	1,424,393	1,174,763
Manufacturing	48,804	51,474
Trading	137,402	75,807
Property development	45,123	45,015
Total Revenue	1,655,722	1,347,059

MANAGEMENT DISCUSSION & ANALYSIS

	2012 RM'000	2011 RM'000
Income:		
Construction	259,102	291,990
Manufacturing	2,456	9,321
Trading	3,896	2,326
Property development	8,508	7,717
Total Income	273,962	311,354
Other income	28,218	3,572
Overheads	(14,317)	(17,804)
Share of result of associate	(3,747)	(3,174)
Profit before tax	284,116	293,948

Year 2012 has been a good year for Mudajaya, as we secured a few major infrastructure projects to increase our construction activities and revenue. Construction projects secured in 2012 were as follows:

- Design and construction of civil structure works for a 1,000 MW Coal-Fired Power Plant at Tanjung Bin, Johor Darul Takzim with contract value of RM1.0 billion.
- Construction and completion of Projek Mass Rapid Transit Lembah Kelang Package V3 from Dataran Sunway Station to Section 17 with contract value of RM816 million.
- Construction and completion of the entrance / exit road from Projek Lebuhraya Utara Selatan (TPPT) to the construction site at Kampung Sungai Serai, Mukim Rawang with contract value of RM30 million.
- Construction and completion of a Tune Hotel at the KLIA II with contract value of RM65 million.

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 RM1,424.4 million in the current financial year under review as compared to RM1,187.6 million recorded in the previous financial year, an increase of 19.9%. However, the profit before taxation for the segment dropped slightly to RM269.3 million in the current financial year as compared to RM274.6 million achieved in the previous financial year, a drop of 1.9%. The relatively lower gross profit margin for the current financial year was mainly due to the recognition of lower profit margin activities from the construction division. The construction division of the Group continues to perform well in securing some key momentous projects due to its innovation of providing optimization of resources such as plant, labour and material and good track record.

Some of the major on-going projects are as follows:

- 4 x 360 MW Coal-Fired Power plant at Chhattisgarh, India – Equipment Procurement contracts (Phase 1 & 2).
- Design and construction of civil structure works for a 1,000 MW Coal-Fired Power Plant at Tanjung Bin, Johor Darul Takzim.
- Design and construction of all civil works associated with the Balance of Plant component of Manjung No. 4 Power Plant Project.
- Construction and completion of Projek Mass Rapid Transit Lembah Kelang Package V3 from Dataran Sunway Station to Section 17.
- Construction and completion of the entrance / exit road from Projek Lebuhraya Utara Selatan (TPPT) to the construction site at Kampung Sungai Serai, Mukim Rawang.
- Construction and completion of a Tune Hotel at the KLIA II.
- Crest Sultan Ismail – Construction of service apartments & office block.
- Batu Kawah New Township – Construction projects.
- Rompin Hospital, Pahang – Design, Construction, Completion, Equipping, Commissioning & Maintenance.
- 10 Damansara Heights Housing project.

MANAGEMENT DISCUSSION & ANALYSIS

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 which 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). Phase 1 of the IPP Project is scheduled to complete by second half of 2013 and ready for commercial operations by the end of 2013. The remaining three units under Phase 2 are scheduled to come on-stream by the second half of 2014.

Mudajaya is also exploring other business opportunities, both locally and overseas. We are leveraging on our financial strength and established track record and focusing in certain niche sectors particularly in the power sector, which is expected to generate higher profit margin. We intend to venture into renewable energy sectors such as solar power, hydro power and wind power. Mudajaya aims to play its part in sustainable development to preserve the environment.

Property Development

Batu Kawah New Township in Kuching, Sarawak is a 529-acres modern integrated award winning township located 7 km from the capital city of Kuching. This township received many awards and accolades beginning with the Excellence Award for Innovative Design and Lifestyle Concept in 2009 and the Merit Award for the Best Township Master Plan for Completed Project in 2011. Batu Kawah New Township's lush greenery, civic convenience and facilities and its gated, guarded and secured residential enclaves have attracted local dignitaries and international community to make this township their homes. The township has set new benchmarks in innovative living concepts and continued to enjoy high demand due to its increasing vibrancy, accessibility, amenities and infrastructure. This self-contained township is undertaken via a 70% owned subsidiary of MCB, MJC City Development Sdn Bhd ("MJCC") in joint venture with ASSAR Development Sdn. Bhd.

MJCC's sales performance exceeded expectations despite the soft property market and growing competition in Kuching. We have launched RM 710 million worth of mixed developments in Kuching since 1997 where approximately 96% have been sold. Phases 1 to 6 comprising strata title 4-storey commercial cum apartments, walk up and high rise apartments, semi detached houses and bungalow lots are 99.9% sold.

Phase 7 One Residency is the first gated and guarded link homes with swimming pools and resort facilities in Kuching. It won the Excellence Award for Innovative Design and Lifestyle Concept awarded by SHEDA and the Sarawak Ministry of Housing. This phase is 93% sold.

Phase 8 Sky Villa Condominium comprising 5 blocks of residential apartments enjoyed brisk sale where Block A has been handed over to the buyers and Block B is 90% sold.

Phase 9 Papillon comprising of 4-storey mixed development with a central piazza for commercial outlets were launched in 2012 and is 82% sold. This is a Commercial Street Mall concept which targets to bring in new vibrancy to the Batu Kawa region.

Riding on the success, we will be embarking on the launch of Block C of Sky Villa Condominium in 2013.

Mudajaya Land Sdn Bhd ("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 RM40 million. This project comprises 8 units of 3 storey bungalows and 2 duplex condo villas. It is expected to complete in 2014.

The newly completed Menara Mudajaya sitting majestically on 1.05 acre of land in the Corporate Business Park of Mutiara Damansara, Petaling Jaya is the latest icon in town. This 16-storey office building with a gross build-up area of approximately 138,000 square feet houses several reputable public listed companies and their subsidiaries.

Manufacturing

The manufacturing division's activities consists of production and sales of ready-mixed concrete and precast concrete beam via wholly-owned subsidiaries of MCB, MJC Industries Sdn Bhd and MJC Precast Sdn Bhd. The ready-mixed concrete operation has been providing an integral support to the core construction, precast concrete production and property development activities of the Group.

The major precast concrete beam contracts secured and supplied in 2012 were :

- LRT project for Kelana Jaya Line Extension Package A
- South Klang Valley Expressway Section 2 and Section 3
- The supply of precast concrete planks and precast concrete main beams' frame for Malacca LNG Regastification Project
- LDP 5B Suria Bridge-Slip Road 2
- Besraya project for the supply of precast prestressed U12 beams

Trading

The trading division is undertaken by a wholly-owned subsidiary of MCB, 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.

DIVIDEND

The first tax exempt interim dividend of 20% (or 4 sen) per ordinary share of RM0.20 each under the single tier system for the financial year ended 31 December 2012 amounted to RM21.8 million was declared on 28 May 2012 and paid on 15 August 2012. A second tax exempt interim dividend of 12.5% (or 2.5 sen) per ordinary share of RM0.20 each under the single tier system for the financial year ended 31 December 2012 amounted to RM13.6 million was declared on 21 November 2012 and was paid on 11 January 2013.

In addition, the Board of Directors has also recommended the declaration of a final tax exempt dividend under the single tier system of 12.5% (or 2.5 sen) per ordinary share of RM0.20 each in respect of financial year ended 31 December 2012, subject to the shareholders' approval at the forthcoming Tenth Annual General Meeting.

If approved, the total single tier dividend declared for the financial year ended 31 December 2012 is equivalent to 45% (or 9.0 sen) per share of RM0.20 each.

The Group's stable growth coupled with strong net cash position has allowed us to increase the dividend amount and payout ratio from 14% in 2011 to 18% in the current year as illustrated below:

	2012 RM'000	2011 RM'000
Dividends recognised in the financial year	48,969	38,137
Profit net of tax	273,553	276,928
Dividend payout ratio	18%	14%

With the expected steady long-term stream of recurring income from the IPP for 4 x 360 MW Coal-Fired Power Plant in Chhattisgarh, India to commence by the end of 2013, the Group is expected to continue rewarding its shareholders in the future years.

OUTLOOK FOR 2013

Despite the continuing global crisis affecting the European countries and the US, the construction sector in Malaysia looks promising. The Economic Transformation Programme (ETP) projects which include Mass Rapid Transit (MRT), power plants, highways and infrastructure projects should benefit the Group in the coming years.

With global uncertainties where market is expected to remain volatile, the construction industry is expected to grow at a moderate pace in 2013. Mudajaya will continue to explore opportunities to further strengthen its book order and maintain healthy financial growth.

Barring any unforeseen circumstances, the financial performance of the Group for 2013 is expected to be good and the Group is confident in securing more projects.

DIRECTORS' REPORT

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 2012.

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	273,553	54,167
Attributable to:		
Equity holders of the parent	237,104	54,167
Non-controlling interests	36,449	-
	273,553	54,167

There were no material transfers to or from reserves or provisions during the financial year.

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 2011 were as follows:

	RM'000
In respect of the financial year ended 31 December 2011 as reported in the directors' report of that year:	
Final tax exempt (single tier) dividend of 2.5 sen per share, on 544,147,566 ordinary shares of RM0.20 each, approved by shareholders on 18 June 2012 and paid on 16 July 2012.	13,604
In respect of the financial year ended 31 December 2012:	
First tax exempt (single tier) interim dividend of 4 sen per share, on 544,133,166 ordinary shares of RM0.20 each, declared on 28 May 2012 and paid on 15 August 2012.	21,765
Second tax exempt (single tier) interim dividend of 2.5 sen per share, on 543,987,366 ordinary shares of RM0.20 each, declared on 21 November 2012 and paid on 11 January 2013.	13,600
	48,969

DIRECTORS' REPORT

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 2012, of 2.5 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 2013.

The number of ordinary shares for proposed 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:

Anto a/l SF Joseph	
Wee Teck Nam	
Ng Chee Kin	
Yong Yee Coi	
Yee Swee Choon	
Henry Choo Hon Fai	
Lee Seng Huang	
Dato' Yusli bin Mohamed Yusoff	
David George Savage	
Lee Eng Leong	(alternate director to Lee Seng Huang : appointed on 17 October 2012)
Asgari bin Mohd Fuad Stephens	(resigned on 27 June 2012)

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 34 to the financial statements.

DIRECTORS' REPORT

Directors' interests

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

	<—— Number of ordinary shares of RM0.20 each ——>			
	As at 1.1.2012	Acquired	Sold	As at 31.12.2012
The Company				
Direct interest				
Dato' Yusli bin Mohamed Yusoff	300,000	-	-	300,000
Anto a/l SF Joseph	2,166,666	-	-	2,166,666
Wee Teck Nam	1,300,000	-	-	1,300,000
Ng Chee Kin	476,999	-	-	476,999
Yong Yee Coi	1,229,333	-	(435,000)	794,333
Yee Swee Choon	285,000	-	-	285,000
Indirect interest				
Wee Teck Nam	133,413,333	-	-	133,413,333
Anto a/l SF Joseph	133,556,666	-	-	133,556,666
Ng Chee Kin	797,333	-	(150,000)	647,333
Yee Swee Choon	43,333	-	-	43,333
Lee Seng Huang	120,287,000	-	-	120,287,000
David George Savage	-	150,000	-	150,000

	<- Number of options over ordinary shares of RM0.20 each ->			
	As at 1.1.2012	Granted	Exercised	As at 31.12.2012
The Company				
Anto a/l SF Joseph	4,600,000	-	-	4,600,000
Wee Teck Nam	1,200,000	-	-	1,200,000
Ng Chee Kin	1,200,000	-	-	1,200,000
Yong Yee Coi	1,200,000	-	-	1,200,000

Anto a/l SF Joseph, Wee Teck Nam and Lee Seng Huang 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 of 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.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM109,665,293 to RM109,948,873 by way of:

(i) an issuance of 1,417,900 ordinary shares of RM0.20 each pursuant to the employees' share options at an average exercise price of RM1.90 per 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 2,895,100 ordinary shares of RM0.20 each from the open market at an average price of RM2.64 per share for a total consideration of RM7,666,096, inclusive of transaction costs.

As at 31 December 2012, a total of 5,770,400 ordinary shares of RM0.20 each were still retained as treasury shares in the Company in accordance with Section 67A of the Companies Act 1965. Further relevant details are disclosed in Note 28 to the financial statements.

Employees' share option scheme

Mudajaya Group Berhad's Employees' Share Option Scheme ("ESOS") is governed by the bylaws which were approved by the shareholders at the Extraordinary General Meeting held on 22 June 2011. The ESOS was implemented on 30 September 2011.

During the financial year, the Company granted 4,930,200 share options under the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 32 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 800,000 ordinary shares of RM0.20 each. The name of option holder granted options to subscribe for 800,000 or more ordinary shares of RM0.20 each during the financial year are as follows:

Name	Exercise price RM	As at 1.1.2012	Granted	Exercised	As at 31.12.2012
Wong Hock Beng	1.90	810,000	-	(162,000)	648,000
	2.70	-	72,000	-	72,000

All share options were granted between 3 October 2011 to 3 October 2012 and will expire on 30 September 2016.

Details of options granted to directors are disclosed in the section on Directors’ Interests in this report.

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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance 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) it necessary to write off any bad debts or the amount of the allowance for doubtful debts 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.

DIRECTORS' REPORT

Other statutory information (cont'd.)

(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.

(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.

Auditors

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

Signed on behalf of the Board in accordance witha resolution of the directors dated 22 March 2013.

Anto a/l SF Joseph

Wee Teck Nam

STATEMENT BY DIRECTORS

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

We, Anto a/l SF Joseph 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 50 to 102 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to givea true and fair view of the financial position of the Group and of the Company as at 31 December 2012 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 39 on page 103 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 22 March 2013.

Anto a/l SF Joseph

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 50 to 103 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 22 March 2013

Loi Kent Liak

Before me,

PESURUHJAYA SUMPAH
NO. B 390
S. AROKIADASS A.M.N
MALAYSIA

No. 34A (Tkt 1), Jalan SS2/67
47300 Petaling Jaya
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT

to the members of Mudajaya Group Berhad (Incorporated in 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 2012 of the Group and of the Company, statements of comprehensive income, statements of changes in equity and statements of cash flows 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 50 to 102.

Directors' responsibility for the financial statements

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

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 of the financial statements that give a true and fair view 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 2012 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.

INDEPENDENT AUDITORS' REPORT

to the members of Mudajaya Group Berhad (Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 39 on page 103 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.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Lee Seng Huat
No. 2518/12/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 March 2013

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	4	1,655,722	1,347,059	64,042	44,020
Cost of sales	5	(1,352,492)	(1,011,730)	-	-
Gross profit		303,230	335,329	64,042	44,020
Other income	6	30,816	11,581	1,382	74
Administrative expenses		(46,182)	(49,788)	(1,888)	(929)
Operating profit	7	287,864	297,122	63,536	43,165
Share of results of associates		(3,748)	(3,174)	-	-
Profit before tax		284,116	293,948	63,536	43,165
Income tax expense	10	(10,563)	(17,020)	(9,369)	(11,005)
Profit net of tax		273,553	276,928	54,167	32,160
Other comprehensive income for the year, net of tax					
Foreign currency translation		(25,477)	15,653	-	-
Total comprehensive income for the year		248,076	292,581	54,167	32,160
Profit attributable to:					
Equity holders of the parent		237,104	231,032	54,167	32,160
Non-controlling interests		36,449	45,896	-	-
		273,553	276,928	54,167	32,160
Total comprehensive income attributable to:					
Equity holders of the parent		211,627	246,685	54,167	32,160
Non-controlling interests		36,449	45,896	-	-
		248,076	292,581	54,167	32,160
Earnings per share attributable to equity holders of the parent (sen per share):					
Basic earnings per share	11	43.54	42.32		
Diluted earnings per share	11	42.72	42.26		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	42,401	75,114	-	-
Investments in subsidiaries	14	-	-	314,149	314,149
Investment property	15	50,181	-	-	-
Investment in an associate	16	630,128	430,659	-	-
Other investments	18	102	102	-	-
		722,812	505,875	314,149	314,149
Current assets					
Property development costs	19	51,398	53,793	-	-
Inventories	20	6,221	12,812	-	-
Trade and other receivables	21	239,382	592,611	182	7,439
Other current assets	22	280,666	113,640	-	-
Tax recoverable		3,335	3,108	364	9
Cash and bank balances	23	340,696	154,816	31,699	842
		921,698	930,780	32,245	8,290
Total assets		1,644,510	1,436,655	346,394	322,439
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	28	109,949	109,665	109,949	109,665
Share premium	28	214,481	210,628	214,481	210,628
Treasury shares	28	(13,992)	(6,326)	(13,992)	(6,326)
Capital reserve	29	4,900	4,900	-	-
Employees' share option reserve	30	16,054	7,322	16,054	7,322
Foreign currency translation reserve		(30,152)	(4,675)	-	-
Retained earnings	31	812,795	624,660	5,644	445
		1,114,035	946,174	332,136	321,734
Non-controlling interests		(10,202)	61,551	-	-
Total equity		1,103,833	1,007,725	332,136	321,734
Non-current liabilities					
Deferred tax	27	256	256	-	-
Refundable deposits		365	-	-	-
		621	256	-	-
Current liabilities					
Trade and other payables	25	536,879	413,864	14,258	705
Other current liability	26	102	74	-	-
Tax payable		3,075	14,736	-	-
		540,056	428,674	14,258	705
Total liabilities		540,677	428,930	14,258	705
Total equity and liabilities		1,644,510	1,436,655	346,394	322,439

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Employees' share option reserve RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to equity holders of the Company									
		<—— Non-distributable					——>	Distributable			
Group											
At 1 January 2012		109,665	210,628	4,900	7,322	(6,326)	(4,675)	624,660	946,174	61,551	1,007,725
Total comprehensive income		-	-	-	-	-	(25,477)	237,104	211,627	36,449	248,076
Transactions with equity holders of the company											
Grant of equity-settled share options to employees		-	-	-	10,174	-	-	-	10,174	-	10,174
ESOS exercised		284	3,853	-	(1,442)	-	-	-	2,695	-	2,695
Acquisition of non-controlling interests	14	-	-	-	-	-	-	-	-	(49)	(49)
Purchase of treasury shares	28	-	-	-	-	(7,666)	-	-	(7,666)	-	(7,666)
Dividends on ordinary shares	12	-	-	-	-	-	-	(48,969)	(48,969)	-	(48,969)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(108,153)	(108,153)
Total transactions with equity holders of the company		284	3,853	-	8,732	(7,666)	-	(48,969)	(43,766)	(108,202)	(151,968)
At 31 December 2012		109,949	214,484	4,900	16,054	(13,992)	(30,152)	812,795	1,114,035	(10,202)	1,103,833
Group											
At 1 January 2011		82,248	232,569	4,900	-	(8,101)	(20,328)	431,765	723,053	37,935	760,988
Total comprehensive income		-	-	-	-	-	15,653	231,032	246,685	45,896	292,581
Transactions with equity holders of the company											
Bonus shares issued	28	27,415	-	-	-	-	-	-	-	-	-
Grant of equity-settled share options to employees		-	-	-	7,437	-	-	-	7,437	-	7,437
ESOS exercised		2	17	-	-	-	-	-	19	-	19
Share issuance expense		-	(246)	-	-	-	-	-	(246)	-	(246)
Expenses related to ESOS		-	-	-	(115)	-	-	-	(115)	-	(115)
Purchase of treasury shares	28	-	-	-	-	(6,331)	-	-	(6,331)	-	(6,331)
Disposal of treasury shares	28	-	5,703	-	-	8,106	-	-	13,809	-	13,809
Dividends on ordinary shares	12	-	-	-	-	-	-	(38,137)	(38,137)	-	(38,137)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(22,280)	(22,280)
Total transactions with equity holders of the company		27,417	(21,941)	-	7,322	1,775	-	(38,137)	(23,564)	(22,280)	(45,844)
At 31 December 2011		109,665	210,628	4,900	7,322	(6,326)	(4,675)	624,660	946,174	61,551	1,007,725

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Note	<— Non-distributable			—>	Distributable	
		Share capital RM'000	Share premium RM'000	Employees' share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company							
At 1 January 2012		109,665	210,628	7,322	(6,326)	445	321,734
Total comprehensive income		-	-	-	-	54,167	54,167
Transactions with equity holders of the company							
Grant of equity-settled share options to employees	28	-	-	10,174	-	-	10,174
ESOS exercised		284	3,853	(1,442)	-	-	2,695
Purchase of treasury shares	28	-	-	-	(7,666)	-	(7,666)
Dividends on ordinary shares	12	-	-	-	-	(48,968)	(48,968)
Total transactions with equity holders of the company		284	3,853	8,732	(7,666)	(48,968)	(43,765)
At 31 December 2012		109,949	214,481	16,054	(13,992)	5,644	332,136
At 1 January 2011		82,248	232,569	-	(8,101)	6,422	313,138
Total comprehensive income		-	-	-	-	32,160	32,160
Transactions with equity holders of the company							
Bonus shares issued		27,415	(27,415)	-	-	-	-
Grant of equity-settled share options to employees		-	-	7,437	-	-	7,437
ESOS exercised		2	17	-	-	-	19
Expenses related to ESOS		-	-	(115)	-	-	(115)
Share issuance expense	28	-	(246)	-	-	-	(246)
Purchase of treasury shares	28	-	-	-	(6,331)	-	(6,331)
Disposal of treasury shares	28	-	5,703	-	8,106	-	13,809
Dividends on ordinary shares	12	-	-	-	-	(38,137)	(38,137)
Total transactions with equity holders of the company		27,417	(21,941)	7,322	1,775	(38,137)	(23,564)
At 31 December 2011		109,665	210,628	7,322	(6,326)	445	321,734

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 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities					
Profit before tax		284,116	293,948	63,536	43,165
Adjustments for:					
Interest income	6	(7,111)	(3,572)	(213)	(74)
Dividend income	4	-	-	(64,042)	(44,020)
Depreciation of property, plant and equipment	7	3,990	2,787	-	-
Depreciation of investment property	7	152	-	-	-
Gain on disposal of property, plant and equipment	6	(675)	(5,467)	-	-
Reversal of impairment losses	6	(594)	(108)	-	-
ESOS expenses	8	10,174	7,437	24	-
Unrealised (gain)/loss on foreign exchange	7	(439)	7,580	-	-
Share of results of associates		3,748	3,174	-	-
Operating profit before changes in working capital		293,361	305,779	(695)	(929)
Property development costs		2,395	9,900	-	-
Inventories		6,591	(526)	-	-
Trade and other receivables		160,694	(310,148)	17,013	(7,437)
Trade and other payables		71,335	133,574	(9,415)	(337)
Cash generated from/(used in) operations		534,376	138,579	6,903	(1,266)
Taxes paid		(22,421)	(24,163)	(30)	(11,005)
Taxes refunded		838	304	69	-
Net cash generated from/(used in) operating activities		512,793	114,720	6,942	(12,271)
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(20,832)	(36,134)	-	-
Proceeds from disposal of property, plant and equipment		875	7,084	-	-
Additional expenditure in investment property	15	(978)	-	-	-
Subscription of shares in associate	16	(264,365)	(152,268)	-	-
Acquisition of non-controlling interests	14	(49)	-	-	-
Interest received	6	7,111	3,572	213	74
Dividend received	4	-	-	64,042	44,020
Net cash (used in)/generated from investing activities		(278,238)	(177,746)	64,255	44,094
Cash flows from financing activities					
Purchase of treasury shares	28	(7,666)	(6,331)	(7,666)	(6,331)
Disposal of treasury shares		-	13,809	-	13,809
Proceeds from ESOS exercised		2,695	19	2,695	19
Share issuance expenses	28	-	(246)	-	(246)
Expenses related to ESOS		-	(115)	-	(115)
Dividends paid on ordinary shares		(35,369)	(38,137)	(35,369)	(38,137)
Dividends paid to non-controlling interests		(8,335)	(6,072)	-	-
Net cash (used in)/generated from financing activities		(48,675)	(37,073)	(40,340)	(31,001)
Net increase/(decrease) in cash and cash equivalents		185,880	(100,099)	30,857	822
Cash and bank balances at beginning of year		154,816	254,915	842	20
Cash and bank balances at end of year	23	340,696	154,816	31,699	842

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

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 respectively at Level 12 and Level 11 of Menara Mudajaya, No. 12 A, Jalan PJU 7/3 Mutiara Damansara, 47810 Petaling Jaya, Selangor.

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 22 March 2013.

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 2012 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:

On1 January 2012, 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 2012.

Amendments to IC Interpretation 14: *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124 : *Related Party Disclosures (revised)*	1 January 2012
Amendments to FRS 1: *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 January 2012
Amendments to FRS 7: *Disclosures - Transfers of Financial Assets*	1 January 2012
Amendments to FRS 112: *Deferred tax - Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 101: *Presentation of Items of Other Comprehensive Income*	1 July 2012

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

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

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
FRS 101: *Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)*	1 July 2012
Amendments to FRS 101: *Presentation of Financial Statements (Improvements to FRSs (2012))*	1 January 2013
FRS 10: *Consolidated Financial Statements*	1 January 2013
FRS 11: *Joint Arrangements*	1 January 2013
FRS 12: *Disclosures of Interest in Other Entities*	1 January 2013
FRS 13: *Fair Value Measurements*	1 January 2013
FRS 119: *Employee Benefits*	1 January 2013
FRS 127: *Separate Financial Statements*	1 January 2013
FRS 128: *Investment in Associates and Joint Ventures*	1 January 2013
Amendments to IC Interpretations 2: *Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))*	1 January 2013
IC Interpretations 20: *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 7: *Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRS 1: *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*	1 January 2013
Amendments to FRS 1: *First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))*	1 January 2013
Amendments to FRS 116: *Property, Plant and Equipment (Improvements to FRSs (2012))*	1 January 2013
Amendments to FRS 132: *Financial Instruments: Presentation (Improvements to FRSs (2012))*	1 January 2013
Amendments to FRS 134: *Interim Financial Reporting (Improvements to FRSs (2012))*	1 January 2013
Amendments to FRS 10: *Consolidated Financial Statements: Transition Guidance*	1 January 2013
Amendments to FRS 11: *Joint Arrangements: Transition Guidance*	1 January 2013
Amendments to FRS 12: *Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013
Amendments to FRS 132: *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: *Investment Entites*	1 January 2014
FRS 9: *Financial Instruments*	1 January 2015

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

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

2.3 Standards issued but not yet effective (cont'd.)

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the MFRS Framework for additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group is in the process of assessing the financial effects of the differences between the accounting standards under Financial Reporting Standards and under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

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

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 acquisition method. Identifiable assets acquired and liabilities assumed ina business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss at the acquisition date.

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 non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to equity holders of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result ina loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the parent.

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

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.

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 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, property, plant and equipment 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

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

2.7 Property, plant and equipment

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% - 33%
Office equipment, furniture and fittings	20% - 33%
Motor vehicles	20% - 33%

Assets under construction included in property, 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 Investment Property

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

A property interest under an operating lease is classified and accounted for as an investment property ona property-by-property basis when the Group holds it to earn rental or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

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

2.9 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.

2.10 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 asa revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

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

2.11 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.

2.12 Associates

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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associates are 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 associates' 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.

2.13 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.

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

2.13 Joint venture (cont'd.)

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 into line with those of the Group.

In the Company's separate financial statements, its investment in joint venture is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

2.14 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company becomea 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 date 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's 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 such as the date that the Group and the Company commit to purchase or sell the asset.

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

2.15 Other current assets

The properties secured by way of contra arrangement are classified as current assets as the Group and Company have no intention to hold the properties for long term investment. Such properties are classified within current assets and is stated at cost less any accumulated impairment loss. Gain or loss is recognised to statement of comprehensive income when the selling price can be reliably measured.

2.16 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. Whena 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 fora similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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

2.17 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.

2.18 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.

2.19 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 profit or loss 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 other current assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within other current liabilities.

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

2.20 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.

2.21 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.

2.22 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.

(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.

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

2.22 Financial liabilities (cont'd.)

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.

2.23 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 the 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.

(a) Defined contribution plans

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.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, witha corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.25 Leases

(a) As lessee

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss ona 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.

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

2.25 Leases (cont'd.)

(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 2.26(f).

2.26 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.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method.

(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 ona 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.

2.27 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.)

2.27 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.

(c) Sales tax

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

- Where the sales tax incurred ina purchase of assets or services is not recoverable from the taxation authority, in which the case 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.

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

2.28 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 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 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.

2.30 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.

2.31 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 requirea 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 havea significant risk of causinga material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Equipment procurement

The Group recognises revenue from equipment procurement upon the transfer of significant risk and rewards of ownership of the goods to the customer where it is determined upon completion of the delivery process determined by Free On Board (FOB) basis.

3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(b) 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 Notes 19 and 24 respectively. A 5% difference in the estimated total property development revenue or costs would result in approximately 0.13% (2011: 0.12%) variance in the Group's revenue and 0.12% (2011: 0.15%) 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 4.30% (2011: 4.41%) variance in the Group's revenue and 4.24% (2011: 4.48%) variance in the Group's cost of sales.

(c) Useful lives of plant, machinery and equipment

The cost of plant, machinery and equipment for the manufacture of building materials is depreciated ona 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 causea 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 1.44% (2011: 0.05%) variance in the Group's profit for the year.

(d) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 32.

4. Revenue

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Construction contracts	1,424,916	1,187,623	-	-
Sale of development properties	44,125	32,065	-	-
Sale of completed units	-	1,570	-	-
Sale of construction materials	186,206	125,801	-	-
Rental of office space	475	-	-	-
Dividend income from a subsidiary	-	-	64,042	44,020
	1,655,722	1,347,059	64,042	44,020

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5. Cost of sales

	Group 2012 RM'000	Group 2011 RM'000
Construction contract costs	1,147,580	869,541
Property development costs (Note 19)	33,579	28,961
Cost of completed units	-	1,501
Cost of inventories sold	171,333	111,727
	1,352,492	1,011,730

6. Other income

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income from loans and receivables	7,111	3,572	213	74
Rental of land and buildings	276	211	-	-
Reversal of impairment losses (Note 21(d))	594	108	-	-
Gain on disposal of property, plant and equipment	675	5,467	-	-
Unrealised gain on foreign exchange	439	-	-	-
Realised gain on foreign exchange	20,668	-	-	-
Miscellaneous	1,053	2,223	1,169	-
	30,816	11,581	1,382	74

7. Operating profit

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Auditors' remuneration				
- statutory auditors	258	230	77	60
- other auditors	41	41	-	-
Depreciation of property, plant and equipment (Note 13)	3,990	2,787	-	-
Depreciation of investment property (Note 15)	152	-	-	-
Employee benefits expenses (Note 8)	30,253	29,694	-	-
Non-executive directors' remuneration (Note 9)	841	697	841	697
Rental expense for:				
- land and buildings	317	403	-	-
Unrealised (gain)/loss on foreign exchange	(439)	7,580	-	-

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8. Employee benefits expense

	Group	
	2012 RM'000	2011 RM'000
Wages and salaries	17,905	19,698
Social security contributions	57	57
Contributions to defined contribution plan	1,591	1 ,743
Share options granted under ESOS	10,174	7,437
Other benefits	526	759
	30,253	29,694

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM4,852,000 (2011: RM7,282,000) as further disclosed in Note 9.

9. Directors' remuneration

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Executive directors' remuneration (Note 8):				
Salaries and other emoluments	3,530	5,371	-	-
Bonus	766	1,074	-	-
Defined contribution plan	556	837	-	-
	4,852	7,282	-	-
Non-executive directors'				
Remuneration (Note 7):				
Fees	521	513	521	513
Other emoluments	320	184	320	184
	841	697	841	697
Total directors' remuneration (Note 34(c)):	5,693	7,979	841	697
Estimated money value of benefits-in-kind	95	136	-	-
Total directors' remuneration including benefits-in-kind	5,788	8,115	841	697

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9. Directors' remuneration (cont'd.)

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

	Number of directors	
	2012	2011
Executive directors:		
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-
RM450,001 - RM500,000	-	-
RM550,001 - RM600,000	-	1
RM650,001 - RM700,000	2	1
RM1,550,001 - RM2,000,000	-	1
RM2,000,001 - RM2,550,000	1	-
RM2,550,001 - RM3,000,000	-	1
Non-executive directors:		
Below RM50,000	2	1
RM50,001 - RM100,000	1	3
RM100,001 - RM150,000	2	4
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	1	-
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	-

10. Income tax expense

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current income tax:				
Malaysian income tax	27,219	17,130	9,763	11,005
Overprovision in prior years	(16,656)	(110)	(394)	-
Income tax expense	10,563	17,020	9,369	11,005

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. Income tax expense (cont'd.)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	2012 RM'000	2011 RM'000
Group		
Profit before tax	284,116	293,948
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	71,029	73,487
Income not subject to tax	(44,469)	(57,142)
Expenses not deductible for tax purposes	659	811
Utilisation of previously unrecognised tax losses	-	(26)
Overprovision of income tax expense in prior years	(16,656)	(110)
Income tax expense for the year	10,563	17,020
Company		
Profit before tax	63,536	43,165
Taxation at Malaysian statutory tax rate of 25% (2011: 25%)	15,884	10,791
Income not subject to tax	(6,248)	-
Expenses not deductible for tax purposes	127	214
Overprovision of income tax expense in prior years	(394)	-
Income tax expense for the year	9,369	11,005

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

Tax savings during the financial year arising from:

	Group	
	2012 RM'000	2011 RM'000
Utilisation of previously unrecognised tax losses	-	(26)

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11. Earnings per share

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

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2012 RM'000	2011 RM'000
Profit net of tax attributable to equity holders of the parent used in the computation of basic/diluted earnings per share	237,104	231,032

	Number of shares RM'000	Number of shares RM'000
Weighted average number of ordinary shares for basic earnings per share computation	544,577	545,881
Effects of dilution:		
- ESOS	10,500	849
Weighted average number of ordinary shares for diluted earnings per share computation	555,077	546,730

	Group	
	2012 sen	2011 sen
Basic earnings per share	43.54	42.32
Diluted earnings per share	42.72	42.26

Comparative earnings per share information has been adjusted to take into account the effect of the bonus issue during the year.

12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Recognised during the year:				
Final tax exempt (single tier) dividend for 2010: 3 sen per share on 408,140,500 ordinary shares of RM0.20 each	-	-	-	12,244
First tax exempt (single tier) interim dividend for 2011: 3 sen per share on 408,140,500 ordinary shares of RM0.20 each	-	12,244	-	12,244
Second tax exempt (single tier) interim dividend for 2011: 2.5 sen per share on 545,956,266 ordinary shares of RM0.20 each	-	13,649	-	13,649
Final tax exempt (single tier) dividend for 2011: 2.5 sen per share on 544,147,566 ordinary shares of RM0.20 each	-	13,604	13,604	-
First tax exempt (single tier) interim dividend for 2012: 4 sen per share on 544,133,166 ordinary shares of RM0.20 each	21,765	-	21,765	-
Second tax exempt (single tier) interim dividend for 2012: 2.5 sen per share on 543,987,366 ordinary shares of RM0.20 each	13,600	-	13,600	-
Dividend recognised during the financial year (Note 38)	35,365	39,497	48,969	38,137

At the forthcoming Annual General Meeting, a final tax exempt (single tier) dividend in respect of the financial year ended 31 December 2012, of 2.5 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 2013.

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

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13. Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Assets under construction 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 2012									
Cost									
At 1 January 2012	25,018	-	4,017	37,509	4,811	36,590	3,656	9,255	120,856
Additions	3,250	-	7,854	1,473	172	1,603	1,958	4,522	20,832
Transfer to investment property (Note 15)	(15,177)	-	(5,746)	(28,432)	-	-	-	-	(49,355)
Disposals	-	-	-	-	-	(3,894)	(208)	(756)	(4,858)
Reclassification	(4,116)	4,116	9,077	(9,077)	-	-	-	-	-
At 31 December 2012	8,975	4,116	15,202	1,473	4,983	34,299	5,406	13,021	87,475
Accumulated depreciation									
At 1 January 2012	-	-	158	-	3,427	34,274	2,577	5,306	45,742
Depreciation charge for the year (Note 7)	-	88	73	-	225	1,190	761	1,653	3,990
Disposals	-	-	-	-	-	(3,894)	(180)	(584)	(4,658)
At 31 December 2012	-	88	231	-	3,652	31,570	3,158	6,375	45,074
Net carrying amount									
At 31 December 2012	8,975	4,028	14,971	1,473	1,331	2,729	2,248	6,646	42,401

13. Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings RM'000	Assets under construction 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 2011								
Cost								
At 1 January 2011	20,902	2,024	13,207	3,633	43,940	3,258	9,209	96,173
Additions	4,116	1,993	24,302	1,178	2,139	528	1,878	36,134
Disposals	-	-	-	-	(9,489)	(130)	(1,832)	(11,451)
At 31 December 2011	25,018	4,017	37,509	4,811	36,590	3,656	9,255	120,856
Accumulated depreciation								
At 1 January 2011	-	108	-	3,310	41,475	2,273	5,623	52,789
Depreciation charge for the year (Note 7)	-	50	-	117	874	425	1,321	2,787
Disposals	-	-	-	-	(8,075)	(121)	(1,638)	(9,834)
At 31 December 2011	-	158	-	3,427	34,274	2,577	5,306	45,742
Net carrying amount								
At 31 December 2011	25,018	3,859	37,509	1,384	2,316	1,079	3,949	75,114

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14. Investments in subsidiaries

	Company 2012 RM'000	Company 2011 RM'000
Unquoted shares at cost	314,149	314,149

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2012 %	Effective equity interest 2011 %
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	100	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	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
Oracle International Co., Ltd.	Negara Brunei Darussalam	Has not commenced operations	100	100

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14. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2012 %	Effective equity interest 2011 %
Held through MCB: (cont'd.)				
MJC Plantations Sdn. Bhd.	Malaysia	Dormant	100	100
MJC Management Services Sdn. Bhd.	Malaysia	Property management	100	100
MIPP International Ltd. ("MIPP")	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	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

Acquisition of non-controlling interests

On 17 October 2012, the Group's subsidiary company, Mudajaya Corporation Berhad ("MCB"), acquired 49% equity interest in MJC Development Sdn Bhd ("MJC Development") from its non-controlling interests for a cash consideration of RM49,000. As a result of this acquisition, MJC Development became a wholly-owned subsidiary of MCB.

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15. Investment property

	Group 2012 RM'000	Group 2011 RM'000
At 1 January	-	-
Transfer from property, plant and equipment (Note 13)	49,355	-
Additional expenditure in investment property	978	-
Depreciation for the year	(152)	-
At 31 December	50,181	-
Estimated fair value	62,201	-

The fair values of the office premises were internally appraised by reference to observed market price in other similar property transactions.

16. Investment in an associate

	Group 2012 RM'000	Group 2011 RM'000
Unquoted shares in India, at cost	861,911	597,546
Share of post-acquisition reserves	(6,616)	(2,868)
	855,295	594,678
Less: Unrealised profits	(225,167)	(164,019)
	630,128	430,659

Details of the associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective equity interest 2012 %	Effective equity interest 2011 %
R.K.M Powergen Private Limited ("RKM")	India	Power plant operations	26.00	26.00

Shares held in RKM with a carrying amount of INR5,245,051,250 (equivalent to RM300,576,003 at exchange rate RM1: INR17.45), (2011: INR4,397,477,250 (equivalent to RM270,445,710 at exchange rate RM1: INR16.26)) are pledged against RKM's borrowing with a foreign financial institution.

16. Investment in an associate (cont'd.)

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

	Group 2012 RM'000	Group 2011 RM'000
Assets and liabilities		
Current assets	2,887,304	1,244,287
Non-current assets	77,623	119,003
Total assets	2,964,927	1,363,290
Current liabilities	119,614	5,814
Non-current liabilities	1,996,763	790,265
Total liabilities	2,116,377	796,079
Results		
Loss for the year	(14,415)	(12,207)

RKM is currently undertaking a Coal-Fired Independent Power Producer Project witha project cost of INR66.546billion (RM4.74billion) 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 26% and 74% by MCB and RKP respectively.

The recoverable amount of the Group's investment in the associate is determined on fair value less cost to sell based on a valuation on the coal-fired power plant mentioned above 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 flows projection discounted at a pre tax rate of 13%. Based on the valuation performed, there is no indication of impairment.

The unrealised profit represents the unrealised gain on the equipment supply contract betweena 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 statement of comprehensive income ona proportionate basis when the related asset in RKM is put to use or when it is sold to a third party.

17. Jointly controlled entities

Details of the unincorporated jointly controlled entities are as follows:

Name of joint venture	Country of incorporation	Principal activities	Proportion of ownership interest 2012 %	Proportion of ownership interest 2011 %
Mudajaya - BSBK Joint Venture	India	Engineering and construction of Chhattisgarh Road Project from Kumhari (KM 0) to Bemetera (KM 67.39) Section in Chhattisgarh	60	60

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17. Jointly controlled entities (cont'd.)

Name of joint venture	Country of incorporation	Principal activities	Effective equity interest 2012 %	Effective equity interest 2011 %
Bina Rezeki - Mudajaya Joint Venture	Malaysia	Design and construction of the Boulevard Plaza Development at Lot 3C7 at Putrajaya	51	51

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 2012 RM'000	Group 2011 RM'000
Assets and liabilities		
Current assets/total assets	20,899	26,651
Current liabilities/total liabilities	16,470	22,202
Income	397	73,046
Expenses	417	73,094

18. Other investments

	Group 2012 RM'000	Group 2011 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

19. Property development costs

	Group 2012 RM'000	Group 2011 RM'000
Cumulative property development costs		
At 1 January:		
Leasehold land	44,474	44,474
Development costs	300,838	281,777
	345,312	326,251
Costs incurred during the year:		
Development costs	31,184	19,061
	31,184	19,061
At 31 December	376,496	345,312
Cumulative costs recognised in statement of comprehensive income:		
At 1 January	(291,519)	(262,558)
Recognised during the year (Note 5)	(33,579)	(28,961)
At 31 December	(325,098)	(291,519)
Property development costs at 31 December	51,398	53,793

The leasehold land is registered under a third party and is being developed by a subsidiary pursuant to the Development Agreement anda Supplemental Agreement entered into between the subsidiary and the said third 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 third party.

20. Inventories

	Group 2012 RM'000	Group 2011 RM'000
Cost		
Properties held for sale	3,977	5,017
Raw materials	2,244	7,795
	6,221	12,812

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21. Trade and other receivables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables				
Third parties	293,931	423,712	-	-
Retention sum (Note 24)	40,554	59,913	-	-
Advance payments received (e)	(127,674)	-	-	-
Total gross trade receivables (a)	206,811	483,625	-	-
Less: Allowance for impairment (d)	(1,733)	(2,327)	-	-
Trade receivables, net	205,078	481,298	-	-
Other receivables				
Other receivables	19,702	37,386	-	-
Subsidiary (f)	-	-	180	7,437
Other receivables, net	19,702	37,386	180	7,437
Deposits	5,139	3,440	2	2
Advance payments (g)	9,463	70,487	-	-
	34,304	111,313	182	7,439
	239,382	592,611	182	7,439
Total trade and other receivables	239,382	592,611	182	7,439
Add: Cash and bank balances (Note 23)	340,696	154,816	31,699	842
Less: Advance payments (g)	(9,463)	(70,487)	-	-
Total loans and receivables	570,615	676,940	31,881	8,281

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2011: 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 follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired (b)	116,532	368,052
1 to 30 days past due but not impaired	41,438	32,823
31 to 60 days past due but not impaired	3,089	17,137
61 to 90 days past due but not impaired	21,234	7,246
91 to 120 days past due but not impaired	1,343	5,892
More than 120 days past due but not impaired	21,442	50,148
Total receivables that are past due but not impaired (c)	88,546	113,246
Trade receivables that are impaired (d)	1,733	2,327
Total gross trade receivables	206,811	483,625

21. Trade and other receivables (cont'd.)

(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 97% (2011: 75%) of the Group's trade receivables arise from customers with long term relationship with the Group and losses have occurred 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 RM88,546,000 (2011: RM113,246,000) that are past due at the reporting date but not impaired.

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

(d) Trade and other receivables that are impaired

The Group's trade and other 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	
	2012 RM'000	2011 RM'000
Trade receivables-nominal amounts	1,733	2,327
Less: Allowance for impairment	(1,733)	(2,327)
	-	-

Movement in allowance account:

	Group	
	2012 RM'000	2011 RM'000
At 1 January	2,327	3,778
Written off	-	(1,343)
Reversal of impairment losses (Note 6)	(594)	(108)
At 31 December	1,733	2,327

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

Other information on financial risks of trade and other receivables are disclosed in Note 36.

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21. Trade and other receivables (cont'd.)

(e) Advance payments received

These are mainly contractual advance payments received from project clients in relation to the projects awarded to MCB.

(f) Subsidiary

The amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

(g) Advance payments

These are mainly contractual advance payments to subcontractors for civil works and various equipment suppliers in relation to the equipment supply contract awarded to subsidiaries by the associated company as detailed in Note 16. The civil works and equipment supply contract is in relation to construction of an independent power plant undertaken by the associated company.

22. Other current assets

	Group	
	2012 RM'000	2011 RM'000
Due from customers on contracts (Note 24)	152,306	113,640
Contra properties	128,360	-
	280,666	113,640

During the financial year, a subsidiary, MCB has entered into a Compromise and Settlement Agreement with one of its debtors whereby the amount due from the debtor will be settled via transfer of properties ("contra properties") to MCB. The contra properties comprise of service apartments, office suites, and retail areas in Kuala Lumpur, Malaysia.

The properties secured by way of contra arrangement are classified as current assets as the Group has no intention to hold the properties for long term investment. Such properties are classified within current assets and is stated at cost less any accumulated impairment loss. Gain or loss is recognised to statement of comprehensive income when the selling price can be reliably measured.

23. Cash and bank balances

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash on hand and at banks	71,521	50,481	540	842
Deposits with other financial institutions	269,175	104,335	31,159	-
	340,696	154,816	31,699	842

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 2.01% and 3.62% (2011: 2.18% and 4.63%) per annum during the financial year.

24. Due (to)/from customers on contracts

	Group	
	2012 RM'000	2011 RM'000
Construction costs incurred to date	3,832,327	2,862,460
Attributable profits	1,345,111	1,053,224
	5,177,438	3,915,684
Less: Progress billings	(5,025,234)	(3,802,118)
	152,204	113,566
Presented as:		
Due from customers on contracts (Note 22)	152,306	113,640
Due to customers on contracts (Note 26)	(102)	(74)
	152,204	113,566

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

	2012 RM'000	2011 RM'000
Retention sum on contract, included within trade receivables (Note 21)	40,554	59,913

The retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts. The defect liability periods range from 12 to 36 months.

25. Trade and other payables

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables				
Third parties (a)	368,983	309,838	-	-
Other payables				
Deposits	53	2	-	-
Accruals	9,567	1,743	659	565
Other payables	18,344	18,850	13,599	140
Dividend payable to non-controlling interest of a subsidiary	139,932	39,114	-	-
Advances received (b)	-	44,317	-	-
	167,896	104,026	14,258	705
	536,879	413,864	14,258	705
Total trade and other payables	536,879	413,864	14,258	705
Add: Refundable deposits	365	-	-	-
Total financial liabilities	537,244	413,864	14,258	705

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25. Trade and other payables (cont'd.)

(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 (2011: 7 to 90 days).

(b) Advances received

Amount in previous financial year was related to advances received from the associate for contract work awarded in 2010. The contract work related to certain civil engineering work for the coal-fired independent power plant project at Chhattisgarh, India. The advances were unsecured and non-interest bearing.

26. Other current liability

	Group	
	2012 RM'000	2011 RM'000
Due to customers on contracts (Note 24)	102	74

27. Deferred tax

The deferred tax liabilities are in respect of excess of capital allowances claimed over depreciation of property, plant and equipment.

28. Share capital and treasury shares

	Ordinary shares of RM0.20 each	
	Number '000	Amount RM'000
Authorised share capital:		
At 1 January 2012/ 31 December 2012	1,250,000	250,000
At 1 January 2011/ 31 December 2011	1,250,000	250,000

28. Share capital and treasury shares (cont'd.)

Issued and fully paid:

	Ordinary shares of RM0.20 each					
	Number		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 2012	548,326	(2,875)	109,665	210,628	320,293	(6,326)
Treasury shares:						
Purchased	-	(2,895)	-	-	-	(7,666)
ESOS exercised (Note (a)(i))	1,418	-	284	3,853	4,137	-
At 31 December 2012	549,744	(5,770)	109,949	214,481	324,430	(13,992)

	Ordinary shares of RM0.20 each					
	Number		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 2011	411,239	(3,098)	82,248	232,569	314,817	(8,101)
Treasury shares:						
Purchased	-	(2,876)	-	-	-	(6,331)
Disposed	-	3,099	-	5,703	5,703	8,106
Issued during the year (Note (b)(i))	137,077	-	27,415	(27,415)	-	-
ESOS exercised (Note (b)(ii))	10	-	2	17	19	-
Share issuance expense	-	-	-	(246)	(246)	-
At 31 December 2011	548,326	(2,875)	109,665	210,628	320,293	(6,326)

(a) During the financial year, the Company increased its issued and paid-up ordinary share capital from RM109,665,293 to RM109,948,873 by way of:

   (i) an issuance of 1,417,900 ordinary shares of RM0.20 each pursuant to the employees' share options at an average exercise price of RM1.90 per share.

(b) During the previous financial year, the Company increased its issued and paid-up ordinary share capital from RM82,247,700 to RM109,665,293 by way of:

   (i) a bonus issue of 137,077,966 ordinary shares of RM0.20 each on the basis of one bonus share for every three existing shares held ("Bonus Issue"); and

   (ii) an issuance of 10,000 ordinary shares of RM0.20 each pursuant to the employees' share options at an average exercise price of RM1.90 per share.

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31 December 2012

28. Share capital and treasury shares (cont'd.)

Issued and fully paid: (cont'd.)

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 22 June 2011, 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 2,895,100 (2011: 2,875,300) of its issued ordinary shares from the open market at an average price of RM2.64 (2011: RM2.20) per share. The total consideration paid for the repurchase was RM7,666,096 (2011: RM6,325,889) comprising consideration paid amounting to RM7,634,504 (2011: RM6,300,121) and transaction costs of RM31,592 (2011: RM25,768). 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 549,744,366 (2011: 548,326,466) issued and fully paid ordinary shares as at 31 December 2012, 5,770,400 (2011: 2,875,300) are held as treasury shares by the Company. As at 31 December 2012, the number of outstanding ordinary shares in issue after the set•off is therefore 543,973,966 (2011: 545,451,166) ordinary shares of RM0.20 (2011: RM0.20) each.

29. Capital reserve

The capital reserve represents reserves set aside for the bonus issue of shares by subsidiaries through capitalisation of retained earnings.

30. Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees (Note 32). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the expiry or exercise of the share options.

31. 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 may distribute dividends out of its entire retained earnings as at 31 December 2012 under the single tier system.

32. Employee benefits

Employees' share option scheme ("ESOS")

The ESOS of the Company ("Mudajaya ESOS") became effective on 30 September 2011.

Pursuant to the Mudajaya ESOS, the following share options were granted by the Company to eligible employees, including executive directors of the Group:

- On3 October 2011, a total of 21,051,700 share options were granted at a subscription price of RM1.90 per share;
- On 16 July 2012, a total of 4,103,500 share options were granted at a subscription price of RM2.73 per share; and
- On 3 October 2012, a total of 826,700 share options were granted at a subscription price of RM2.70 per share.

32. Employee benefits (cont'd.)

Employees' share option scheme ("ESOS") (cont'd.)

The salient features of the Mudajaya ESOS are as follows:

(i) The scheme is in force for a period of 5 years from 30 September 2011 being the date of implementation;

(ii) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS is allocated, in aggregate, to directors and senior management;

(iii) Not more than 10% of the shares available under the ESOS is allocated to any individual director or employee who, either individually or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company;

(iv) An executive director of the Group or an employee of the Group who is employed full time (at least one year of continuous service prior to and up to the Date of Offer) and is on the payroll of the Group, but does not include employees under probation, are eligible to participate in the scheme, subject to the final decision of the Board;

(v) The option price under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad, for the five market days preceding the offer date, or the par value of the shares of the Company of RM0.20, whichever is the higher;

(vi) The options granted are exercisable after vesting periods and will expire in 5 years from 30 September 2011 unless it is extended.

(vii) Options granted under the ESOS carry no dividend or voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

2012

	Group Number of options				
Grant date	**As at 1.1.2012 '000**	**Granted '000**	**Exercised '000**	**As at 31.12.2012 '000**	**Exercisable 31.12.2012 '000**
3 October 2011	21,042	-	(1,418)	19,624	8,476
16 July 2012	-	4,104	-	4,104	1,229
3 October 2012	-	827	-	827	304
	21,042	4,931	(1,418)	24,555	10,009
WAEP (RM)	1.90	-	1.90	1.90	1.90

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31 December 2012

32. Employee benefits (cont'd.)

Employees' share option scheme ("ESOS") (cont'd.)

2011

	Group Number of options				
Grant date	**As at 1.1.2011 '000**	**Granted '000**	**Exercised '000**	**As at 31.12.2011 '000**	**Exercisable 31.12.2011 '000**
3 October 2011	-	21,052	(10)	21,042	5,105
WAEP (RM)	-	-	1.90	1.90	1.90

The weighted average fair value of options granted during the financial year was RM0.99 (2011: RM1.01).

The weighted average share price at the date of exercise of the options exercised during the financial year was RM2.81 (2011:RM2.25).

The range of exercise prices for options outstanding at the end of the year was RM1.90 to RM2.73. The weighted average remaining contractual life for these options is 4 years (2011: 5 years).

Fair value of share options granted

The fair value of the share options granted under ESOS is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models:

	Grant date		
	3.10.2012	**16.7.2012**	**3.10.2011**
Dividend yield (%)	1.78	1.78	1.90
Expected volatility (%)	41.22	41.22	50.15
Risk-free interest rate (%p.a)	3.18	3.08	3.32
Expected life of option (years)	4	4	5
Weighted average share price (RM)	2.72	2.72	2.25

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

33. Commitments and contingencies

(a) Capital commitment

	Group	
	2012 RM'000	**2011 RM'000**
Approved and contracted for		
- Property, plant and equipment	-	3,696

The Group is also committed to further invest in equity of its associate, RKM, up to an aggregate amount of RM32,980,000 (2011: RM277,210,000).

33. Commitments and contingencies (cont'd.)

(b) Operating lease commitments - As lessor

The Group has entered into commercial property leases on its investment property. These non-cancellable leases have remaining lease terms of between two and three years.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2012 RM'000	2011 RM'000
Not later than 1 year	1,678	-
Later than 1 year but not later than 5 years	2,468	-
	4,146	-

(c) Contingent liabilities

	Group	
	2012 RM'000	2011 RM'000
Unsecured		
Corporate guarantee given to bank in respect of credit facilities utilised by subsidiaries	526,485	369,011

34. Related party disclosures

(a) Transaction with associate

	Group	
	2012 RM'000	2011 RM'000
Billings to RKM	708,589	458,067
Investment in RKM	264,365	152,268

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

	Group	
	2012 RM'000	2011 RM'000
Rent paid/payable to Mulpha Properties Sdn. Bhd., a related company of an associated investor	317	403
Construction contract billings receivable from:		
- Bina Rezeki Sdn. Bhd., a joint venture partner	-	(76,271)
Progress claim recognised on construction contract with Enerk International, a non-controlling shareholder in MIPP	24,524	40,788

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

34. Related party disclosures (cont'd.)

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 were as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' remuneration (Note 9)	5,693	7,979	841	697

35. Fair value of financial instruments

The carrying amounts of the Company's financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature except for other investments described in Note 18.

36. 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 trades 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.

36. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

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			
	2012		2011	
	2012 RM'000	2011 % of total	2012 RM'000	2011 % of total
By country:				
Malaysia	100,374	49%	271,159	56%
Republic of Mauritius	104,704	51%	210,139	44%
	205,078	100%	481,298	100%
By business segments:				
Construction	184,157	90%	447,719	93%
Property development	4,925	2%	3,145	1%
Manufacturing	15,178	7%	15,334	3%
Others	818	1%	15,100	3%
	205,078	100%	481,298	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(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 instruments 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 23.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

36. Financial risk management objectives and policies (cont'd.)

(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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2012	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	536,879	-	-	536,879
Refundable deposits	-	365	-	365
Total undiscounted financial liabilities	536,879	365	-	537,244
Company				
Financial liabilities:				
Trade and other payables, representing total undiscounted financial liabilities	14,258	-	-	14,258

(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 the Group entities, primarily RM, Unites States Dollar ("US Dollar") and Indian Rupee ("INR"). The foreign currencies in which these transactions are denominated are mainly Euro, Singapore Dollar ("SGD") and Brunei Dollar ("BND") .

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

Functional currency of group companies	Net financial assets held in non-functional currencies				
	INR RM'000	SGD RM'000	BND RM'000	Euro RM'000	Total RM'000
At 31 December 2012					
Trade and other receivables	1,095	-	-	2,846	3,941
Cash and bank balances	1,056	88	416	1,005	2,565
	2,151	88	416	3,851	6,506

36. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

Functional currency of group companies	Net financial assets held in non-functional currencies INR RM'000	SGD RM'000	US Dollar RM'000	Euro RM'000	Total RM'000
At 31 December 2011					
Trade and other receivables	55,370	160	237,818	2,879	296,227
Cash and bank balances	14,121	666	10,389	11	25,187
Other assets	112	-	113,640	-	113,752
	69,603	826	361,847	2,890	435,166

The Group has overseas operations and is exposed to currency risk as a result of the foreign currency transactions entered into by companies in currencies other than their functional currencies. The Group has a natural hedge to the extent that payments for the foreign currency payables will be matched against receivables denominated in the same currency.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group Profit net of tax 2012 RM'000	2011 RM'000
INR / RM		
- strengthened 3%	65	121
- weakened 3%	(65)	(121)
SGD / RM		
- strengthened 3%	3	3
- weakened 3%	(3)	(3)
BND / RM		
- strengthened 3%	12	-
- weakened 3%	(12)	-
Euro / RM		
- strengthened 3%	116	116
- weakened 3%	(116)	(116)

37. 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 contracts - 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.

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 have been entered into in the normal course of business and have been established on mutually agreed terms and conditions.

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		Others		Adjustments and eliminations			Per consolidated financial statements	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	Note	2012 RM'000	2011 RM'000
Revenue:															
External customers	1,374,530	1,172,787	44,600	33,635	48,804	49,994	137,402	75,807	50,386	14,836	-	-		1,655,722	1,347,059
Inter-segment	40,893	68,849	523	11,380	-	1,479	-	-	64,042	44,020	(105,458)	(125,728)	(i)	-	-
Total revenue	1,415,423	1,241,636	45,123	45,015	48,804	51,473	137,402	75,807	114,428	58,856	(105,458)	(125,728)		1,655,722	1,347,059
Results:															
Interest income	7,492	4,680	39	440	467	494	43	141	730	-	(1,660)	(2,183)		7,111	3,572
Dividend income	432,611	89,124	-	-	-	-	-	-	64,042	44,020	(496,653)	(133,144)	(i)	-	-
Depreciation	2,446	1,939	324	55	1,256	766	-	-	116	27	-	-		4,142	2,787
Segment profit/(loss)	767,103	452,802	7,916	7,717	2,456	9,321	3,896	2,326	66,631	42,978	(563,886)	(221,196)		284,116	293,948
Assets:															
Investment in associates	630,128	430,659	-	-	-	-	-	-	-	-	-	-		630,128	430,659
Additions to non-current assets	11,642	13,763	21,702	27,620	1,309	3,265	-	-	26	35	(12,869)	(8,549)	(iii)	21,810	36,134
Segment assets	1,643,437	1,481,585	135,993	139,922	42,526	46,213	1,082	11,128	71,211	397,216	(249,739)	(639,409)	(iv)	1,644,510	1,436,655
Segment liabilities	493,146	236,063	6	27,890	4,429	11,878	30,216	5,721	20,764	86,263	(7,884)	61,115	(v)	540,677	428,930

37. Segment information (cont'd.)

A Business segments (cont'd.)

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

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

	2012 RM'000	2011 RM'000
Profit from inter-segment sales	(559,103)	(206,088)
Share of results of associates	(3,748)	(3,174)
Unallocated corporate expenses	(1,035)	(11,934)
	(563,886)	(221,196)

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

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

	2012 RM'000	2011 RM'000
Inter-segment assets	(232,715)	(636,301)
Unallocated assets	(17,024)	(3,108)
	(249,739)	(639,409)

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

	2012 RM'000	2011 RM'000
Deferred tax liabilities	256	256
Income tax payable	3,075	14,736
Unallocated liabilities	(11,215)	46,123
	(7,884)	61,115

NOTES TO THE FINANCIAL STATEMENTS

31 December 2012

37. 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, 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 provides equipment procurement services.

	Total revenue from external customers		Segment assets		Additions to non-current assets	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	920,003	614,544	1,329,381	998,804	21,801	36,099
India	397	11,611	2,404	72,047	-	-
Republic of Mauritius	685,006	720,904	293,660	364,978	-	-
Negara Brunei Darussalam	50,316	-	19,065	826	9	35
Consolidated	1,655,722	1,347,059	1,644,510	1,436,655	21,810	36,134

38. 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.

	2012 RM'000	2011 RM'000
Dividends recognised during the financial year (Note 12)	48,969	38,137
Profit net of tax	273,553	276,928
Dividend payout ratio	18%	14%

39. Supplementary information

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, 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		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained profits				
- realised	1,595,946	977,389	5,644	445
- unrealised	458	1,758	-	-
Total share of accumulated losses from associate				
- realised	(6,616)	(2,869)	-	-
	1,589,788	976,278	5,644	445
Less: Consolidation adjustments	(776,993)	(351,618)	-	-
Retained profits as per financial statements	812,795	624,660	5,644	445

PROPERTIES OF THE GROUP

	Location	Acquisition	Year of Tenure	Age of building	Land area / built up area (sq.m)	Description	Net book value RM'000
1.	12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	2008	Freehold	1	4,269	Commercial land and office building	62,962
2.	Lot 2454 Kuching North Land District	2011	Leasehold (60 years from Year 1998)	N/A	43,440	Residential land	11,292
3.	Lot No. 31 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	2004	Freehold	N/A	20,234	Agriculture land	1,650
4.	Lot No. 32 & 33 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	1998	Freehold	16	40,486/ 2,480	Industrial land and building	4,058
5.	Lot 65 Mukim Ijok Jalan Bukit Badang Daerah Kuala Selangor	2012	Freehold	N/A	20,234	Agriculture land	3,250
6.	Villa Angsana Condominium 56, Off Jalan Ipoh 51000 Kuala Lumpur	1999	Freehold	14	260	One (1) unit of Condominium	278

ANALYSIS OF SHAREHOLDINGS
as at 30 April 2013

Authorised Share Capital	:	1,250,000,000 ordinary shares of RM0.20 each
Issued and Fully Paid-Up Share Capital	:	549,822,266 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	%	Number of Shares held	% [1]
Less than 100	245	3.53	11,256	0.00
100 - 1,000	713	10.25	561,770	0.10
1,001 - 10,000	4,263	61.34	18,616,516	3.43
10,001 - 100,000	1,492	21.47	44,051,970	8.12
100,001 to less than 5% of issued shares	234	3.37	176,374,021	32.50
5% and above of issued shares	3	0.04	303,032,333	55.85
Total	**6,950**	**100.00**	**542,647,866** [1]	**100.00**

[1] Excluding a total of 7,174,400 ordinary shares of RM0.20 each bought-back by the Company and retained as treasury shares

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
	Name of Substantial Shareholders	Number of Shares held	%[1]	Number of Shares held	%[1]
1.	Dataran Sentral (M) Sdn Bhd	133,413,333	24.59	-	-
2.	Mulpha Infrastructure Holdings Sdn Bhd	120,287,000	22.17	-	
3.	Lembaga Tabung Haji	49,332,000	9.09	-	-
4.	Winners Spectrum Investment Holdings Sdn Bhd	143,333	0.03	[2]133,413,333	24.59
5.	First Positive Sdn Bhd	-	-	[2]133,413,333	24.59
6.	Mulpha International Bhd	-	-	[3]120,287,000	22.17
7.	Nautical Investments Ltd	-	-	[4]120,287,000	22.17
8.	Lee Seng Huang	-	-	[5]120,287,000	22.17
9.	Ng Ying Loong	3,184,200	0.59	[2][6]133,556,666	24.61
10.	Anto a/l SF Joseph	2,166,666	0.40	[2][6]133,556,666	24.61
11.	Wee Teck Nam	1,300,000	0.24	[2]133,413,333	24.59

Notes :

[1] *Excluding the 7,174,400 treasury shares held by the Company*

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

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

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

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

[6] *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Winners Spectrum Investment Holdings Sdn Bhd*

ANALYSIS OF SHAREHOLDINGS

as at 30 April 2013

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

	Name of Substantial Shareholders	Direct Number of Shares	Direct %[(1)]	Indirect Number of Shares	Indirect %[(1)]
1.	Dato' Yusli bin Mohamed Yusoff	300,000	0.06	-	-
2.	Anto a/l SF Joseph	2,166,666	0.40	[(2)(3)]133,556,666	24.61
3.	Wee Teck Nam	1,300,000	0.24	[(2)]133,413,333	24.59
4.	Ng Chee Kin	476,999	0.09	[(4)]647,333	0.12
5.	Yong Yee Coi	794,333	0.15	-	-
6.	Lee Seng Huang	-	-	[(5)]120,287,000	22.17
7.	Yee Swee Choon	285,000	0.05	[(4)]43,333	0.01
8.	Henry Choo Hon Fai	-	-	-	-
9.	David George Savage	150,000	0.03	-	-
10.	Lee Eng Leong (Alternate Director to Lee Seng Huang)	-	-	-	-

Notes :

[(1)] *Excluding the 7,174,400 treasury shares held by the Company*

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

[(3)] *Deemed interest pursuant to Section 6A of the Act by virtue of his shareholdings in Winners Spectrum Investment Holdings Sdn Bhd*

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

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

30 Largest Shareholders

	Name of Shareholders	No. of Shares	held % [(1)]
1	CIMB Group Nominees (Tempatan) Sdn Bhd Dataran Sentral (M) Sdn Bhd	133,413,333	24.59
2	Mulpha Infrastructure Holdings Sdn Bhd	120,287,000	22.17
3	Lembaga Tabung Haji	49,332,000	9.09
4	Hsbc Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (SG BR-TST-Asing)	16,193,066	2.98
5	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (HK BR-TST-Asing)	14,176,566	2.61
6	Global Investments (BVI) Ltd	10,666,666	1.97
7	Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Citibank Na, Singapore (Julius Baer)	10,200,000	1.88
8	Cimsec Nominees (Asing) Sdn Bhd CIMB For Global Investments (BVI) Ltd	5,333,333	0.98
9	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	3,615,100	0.67
10	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For Royal Bank Of Canada (Asia) Limited - Clients A/C	3,559,700	0.66

ANALYSIS OF SHAREHOLDINGS

as at 30 April 2013

	Name of Shareholders	No. of Shares	held % (1)
11	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For Barclays Bank Plc, Singapore (Wealth Mgmt Nr)	3,500,000	0.64
12	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	3,340,000	0.62
13	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Anto a/l S F Joseph (PB)	2,166,666	0.40
14	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	2,166,333	0.40
15	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Jpmorgan Chase Bank, National Association (U.K.)	2,161,018	0.40
16	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Skandinaviska Enskilda Banken AB (Finnish Clients)	2,000,000	0.37
17	Shanthene A/P K Kunaratnam	2,000,000	0.37
18	Ng Ying Loong	1,928,100	0.36
19	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For American International Assurance Berhad	1,859,867	0.34
20	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	1,772,932	0.33
21	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin (M)	1,608,100	0.30
22	HLIB Nominees (Asing) Sdn Bhd Exempt AN For DBS Bank (Hong Kong) Limited (A/C 5)	1,600,000	0.29
23	HSBC Nominees (Asing) Sdn Bhd Exempt AN For The Bank Of New York Mellon (Mellon Acct)	1,560,200	0.29
24	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd	1,528,466	0.28
25	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund SD4N For Government Of The Province Of Alberta	1,498,100	0.28
26	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Singular Asia Flexible Fund	1,467,000	0.27
27	ECML Nominees (Tempatan) Sdn. Bhd Pledged Securities Account For Koon Yew Yin	1,461,200	0.27
28	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng	1,450,000	0.27
29	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Koon Yew Yin	1,420,000	0.26
30	Hong Leong Assurance Berhad As Beneficial Owner (Unitlinked GF)	1,333,333	0.25
	Total	**404,598,079**	**74.56**

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

No. of shares held	
CDS Account No.	

FORM OF THE PROXY

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 Tenth Annual General Meeting of the Company to be held at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 18 June 2013 at 10.00 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 2012 together with the Reports of the Directors and the Auditors thereon		
2.	To approve the payment of a final tax exempt dividend of 12.5% (or 2.5 sen) under the single tier system		
3.	To re-elect Mr. Anto A/L SF Joseph as Director		
4.	To re-elect Mr. Lee Seng Huang as Director		
5.	To re-elect Mr. Ng Chee Kin as Director		
6.	To re-appoint Mr. Wee Teck Nam as Director pursuant to Section 129(6) of the Companies Act, 1965		
7.	To approve the payment of Directors' fees		
8.	To re-appoint Messrs Ernst & Young as Auditors		
9.	To approve the Authority to Allot and Issue Shares		
10.	To approve the Renewal of Share Buy-Back Authority		
11.	Retention of Mr. Yee Swee Choon as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012		
12.	Retention of Mr. Henry Choo Hon Fai as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012		

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

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

____

Signature of shareholder and /or common seal

Date :___________________________________

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 of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
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 Level 12, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 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.
5. In respect of deposited securities, only members whose names appear on the record of Depositors on 11 June 2013 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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STAMP

The Company Secretary

MUDAJAYA GROUP BERHAD

(605539 H)

Level12, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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MUDAJAYA GROUP BERHAD (605539-H)
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