MUDAJAYA
GROUP BERHAD





ANNUAL REPORT
2013

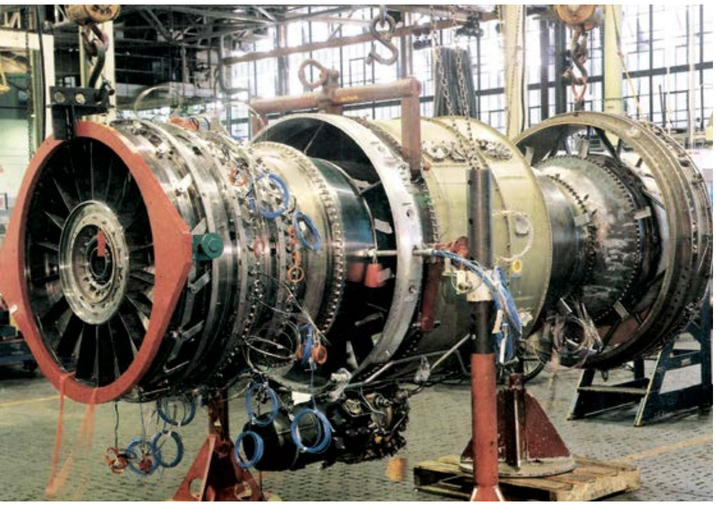
POWERING
A SUSTAINABLE FUTURE

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. James Wong Tet Foh
Executive Director
(Appointed on 2 May 2014)

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. Lee Eng Leong
(Alternate Director to Mr Lee Seng Huang
Non-Independent Non-Executive Director)

COMPANY SECRETARY

Mr. Chai Min Hon (MIA 11926)

REGISTERED OFFICE

Level 12, 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
United Overseas Bank (Malaysia) Bhd
OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Alliance Bank Malaysia Berhad
Deutsche Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
ICICI Bank Limited

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eleventh 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 Wednesday, 18 June 2014 at 3.00 p.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors' and the Auditors' thereon. **(Please refer to Explanatory Note A)**

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

   - Dato' Yusli bin Mohamed Yusoff **(Ordinary Resolution 1)**
   - Mr. Yong Yee Coi **(Ordinary Resolution 2)**

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

   - Mr. James Wong Tet Foh **(Ordinary Resolution 3)**

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 4)**

5. To approve the payment of Directors' fees for the financial year ended 31 December 2013. **(Ordinary Resolution 5)**

6. To appoint Messrs KPMG as Auditors of the Company in place of the existing Auditors, Messrs Ernst & Young and to authorise the Directors to fix their remuneration.

   Notice of Nomination pursuant to Section 172(11) of the Act (a copy of which is annexed and marked as "Appendix I" in the Annual Report 2013) has been received by the Company for the nomination of Messrs KPMG who have given their consent to act, for appointment as Auditors in place of the retiring Auditors, Messrs Ernst & Young and of the intention to propose the following ordinary resolution:-

   "That Messrs KPMG having consent to act, be and are hereby appointed as the Auditors of the Company for the financial year ending 31 December 2014 in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next AGM of the Company and that the Directors be authorised to fix their remuneration." **(Ordinary Resolution 6)**

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 7)**

8. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")**

   "THAT approval be and is hereby given, for the purposes of Chapter 10, Paragraph 10.09 of the Listing Requirements of Bursa Securities, for the Company and/or its subsidiary companies to enter into transactions falling within the types of recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations of the Group as set out in Section 4.1 and Section 4.2 of the Circular to Shareholders of the Company dated 27 May 2014 ("Circular"), with any party who is described as a related party in the Circular, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms which are not more favourable to the related parties than

NOTICE OF ANNUAL GENERAL MEETING

those generally available to the public and which will not be to the detriment of the minority shareholders of the Company and in accordance with the guidelines of the Company for Recurrent Related Party Transactions.

AND THAT such approval shall continue to be in force until:-

a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the general meeting, the authority is renewed; or

b) the expiration of the period within which the next AGM after the date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

c) revoked or varied by a resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT proper disclosures of the various transactions and the aggregate value of the transactions will be disclosed in the Annual Report of the Company.

AND FURTHER THAT the Directors be and hereby authorised to complete and do all such acts and things as may be required by the relevant authorities (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **(Ordinary Resolution 8)**

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

"THAT subject to provisions of the Act, the Articles of Association of the Company, the requirements of Bursa Securities and any other regulatory authorities, the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits and/or share premium account of the Company as at 31 December 2013 to purchase such number of ordinary shares of RM0.20 each of the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and/or held as treasury shares pursuant to this resolution does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase.

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

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

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

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

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

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

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depository) Act, 1991 designated as Share Buy-Back Account(s) and the entering into any agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit in the interest of the Company." **(Ordinary Resolution 9)**

10. **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 AGM:-

Mr. Yee Swee Choon **(Ordinary Resolution 10)**
Mr. Henry Choo Hon Fai" **(Ordinary Resolution 11)**

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

BY ORDER OF THE BOARD

CHAI MIN HON
Company Secretary

Petaling Jaya
27 May 2014

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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

2. Where a member 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 2014 (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 Note A

This agenda item is meant for discussion only as the provision of Section 169(1) of the Act does not require the Audited Financial Statements to be formally approved by the shareholders. As such, this item on the agenda is not put forward for voting.

Explanatory Notes on Special Business:-

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

   The Company had, during its Tenth AGM held on 18 June 2013, 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 7, 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 New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The explanatory notes for Ordinary Resolution 8 are set out in the Circular to Shareholders dated 27 May 2014.

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

   The proposed Ordinary Resolution 9, 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 Eleventh 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 to Shareholders dated 27 May 2014.

4. **Ordinary Resolutions 10 and 11 – 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 ten (10) 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 Securities. 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 ten (10) 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 Securities. 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.

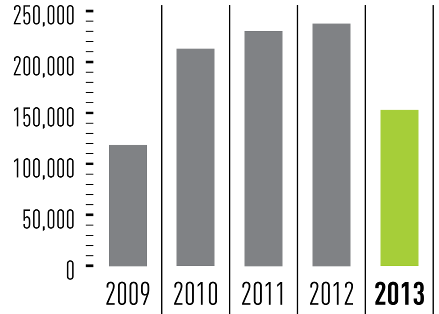
FIVE YEARS FINANCIAL HIGHLIGHTS

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000
ASSETS					
Non-Current Assets	858,383	722,812	505,875	406,147	243,175
Current Assets	806,190	921,698	930,780	713,560	434,250
Total Assets	**1,664,573**	**1,644,510**	**1,436,655**	**1,119,707**	**677,425**
EQUITY AND LIABILITIES					
Capital And Reserves					
Share Capital	110,342	109,949	109,665	82,248	74,800
Reserves	1,099,541	1,004,086	836,509	640,805	300,259
Equity Attributable To Equity Holders Of The Company	1,209,883	1,114,035	946,174	723,053	375,059
Non-Controlling Interest	(18,076)	(10,202)	61,551	37,935	47,781
Total Equity	**1,191,807**	**1,103,833**	**1,007,725**	**760,988**	**422,840**
Liabilities					
Non-Current Liabilities	24,894	621	256	256	256
Current Liabilities	447,872	540,056	428,674	358,463	254,329
Total Liabilities	**472,766**	**540,677**	**428,930**	**358,719**	**254,585**
Total Equity And Liabilities	**1,664,573**	**1,644,510**	**1,436,655**	**1,119,707**	**677,425**
GROUP RESULTS					
Profit Before Tax	195,627	284,116	293,948	278,386	167,957
Income Tax Expense	(21,960)	(10,563)	(17,020)	(41,388)	(30,416)
Non-Controlling Interest	22,491	36,449	(45,896)	(21,445)	(18,361)
Profit Attributable To Equity Holders Of The Company	151,176	237,104	231,032	215,553	119,180
SELECTED RATIOS					
Earnings Per Share (Sen)*	27.9	43.5	42.3	39.5	23.4
Net Dividend Per Share (%)	45.0	45.0	40.0	27.5	18.0
Net Assets Per Share attributable to equity holders of the Company (RM)*	2.20	2.05	1.73	1.76	1.01
Return On Equity (%)	12.50	21.3	24.4	29.8	31.8
Gearing Ratio (%)	2.30	-	-	-	-
Share Price (Year-End Closing) (RM)	2.90	2.62	2.19	4.27	4.97

* 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.

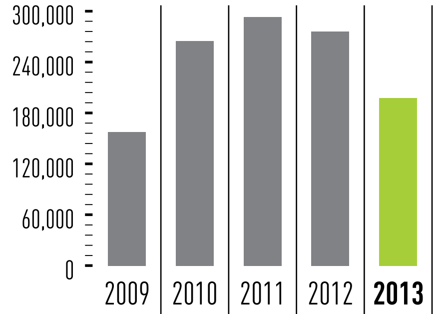
FIVE YEARS
FINANCIAL HIGHLIGHTS



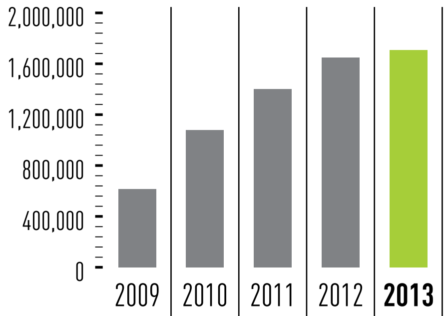
151,176
-36%

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)

195,627
-31%



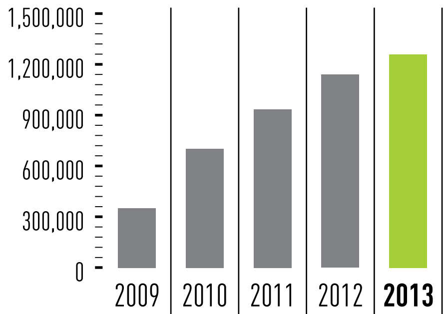
PROFIT BEFORE TAX (RM'000)



1,664,573
+1%

TOTAL ASSETS (RM'000)

1,209,883
+9%



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM'000)

DIRECTORS' PROFILE

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Chairman
Member of Audit Committee
Chairman of Nomination Committee

Dato' Yusli bin Mohamed Yusoff, a Malaysian, aged 55, was appointed as an Independent Non-Executive Director of Mudajaya Group Berhad ("Mudajaya") on 13 July 2011 and was later redesignated 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 from the University of Essex, United Kingdom with a Bachelor of Economics in 1981. He is a Member of the Institute of Chartered Accountants England and Wales, the Malaysian Institute of Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia. He commenced his professional career in 1981 as an Accountant with Peat Marwick Mitchell & Co in London, United Kingdom before joining Hugin Sweda PLC in 1986, where he was Chief Accountant until 1990.

He returned to Malaysia and served in various positions within the Renong Group of companies including as Senior Manager, Corporate Affairs in HBN Management Sdn Bhd (Renong's Group Management Office) in 1990, Faber Group Berhad as Financial Controller in 1992, TIME Engineering Berhad as Chief Operating Officer in 1993 and Renong Berhad as Executive Director/Chief Operating Officer from 1994 to 1995. Subsequently, he worked at Shapadu Corporation Sdn Bhd as Group Managing Director from 1995 to 1996, Sime Merchant Bankers Berhad as Chief General Manager from 1996 to 1998, Intria Berhad as Executive Vice Chairman and Metacorp Berhad as Managing Director from 1998 to 2000, providing him with experience in a number of different industries including property and infrastructure development, telecommunications, engineering and merchant banking. He entered the stockbroking industry when he was appointed the Chief Executive Director of CIMB Securities Sdn Bhd from 2000 to 2004. He also served as Chairman of the Association of Stockbroking Companies Malaysia from 2003 to 2004.

From 2004 till 2011, he was the Executive Director/Chief Executive Officer of Bursa Malaysia Berhad, previously known as the Kuala Lumpur Stock Exchange. During the same period, he also sat on the Board of the Capital Market Development Fund and was an executive committee member of the Financial Reporting Foundation of Malaysia.

Currently, he sits as an Independent Non-Executive Director on the Board of Directors of a few public listed companies in Malaysia namely YTL Power International Berhad, Mulpha International Berhad, Air Asia X Berhad and Westports Holdings Berhad. He is also the Deputy Chairman of Pelaburan MARA Berhad and a Director of PMB Tijari Berhad. Outside his professional engagements, he also serves as the Patron of the Victoria Institution Old Boys Association.

DIRECTORS' PROFILE

MR. ANTO A/L SF JOSEPH
Group Managing Director & Chief Executive Officer
Member of Remuneration Committee

Mr. Anto a/l SF Joseph, a Malaysian aged 62, was 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 redesignated as the Managing Director of Mudajaya and was subsequently promoted as the Group Managing Director & Chief Executive Officer ("CEO") 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. On 2 May 2014, Mr. Anto was redesignated as Chairman of MCB.

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 37 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, then 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.

DIRECTORS' PROFILE

MR. WEE TECK NAM
Executive Director

Mr. Wee Teck Nam, a Malaysian aged 74, 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 Company of Malaysia, a member of the ICI Malaysia Group for over 9 years. From there, he progressed to be the 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 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. JAMES WONG TET FOH
Executive Director

Mr. James Wong Tet Foh, a Malaysian aged 53, was appointed as Executive Director of Mudajaya on 2 May 2014. He was appointed as Director and Chief Operating Officer (COO) of MCB on 2 May 2013 and subsequently re-designated as the Managing Director of MCB on 2 May 2014.

Mr. James Wong graduated with a Bachelor of Science (1st Class Honours) in Civil Engineering in 1984 and a Master of Science in 1985 from Imperial College of Science, Technology & Medicine, United Kingdom. He attained his Professional Engineer registration with the Board of Engineers Malaysia in 1989 after having spent the first five years of his career with a forensic engineering consultancy firm specializing in distressed buildings or infrastructure works covering the field of geotechnical, structural and material investigations.

He joined the UEM Group of Companies in 1989 where he served for 21 years in various capacities such as Chief Operating Officer for UE Construction Sdn Bhd (2002-2004) and Director of International Projects for UEM Builders Berhad (2004-2009). His stint with UEM covered projects in India, Middle East, Indonesia and Singapore. In 2009, he moved to Lafarge Concrete (M) Sdn Bhd as Vice President of Marketing and Strategy (Asia). Prior to his appointment at Mudajaya, he served as Business Development Director of IJM Corporation Bhd and subsequently as Managing Director of IJM's tolled highway concession asset companies in Malaysia and India.

DIRECTORS' PROFILE

MR. NG CHEE KIN
Executive Director

Mr. Ng Chee Kin, a Malaysian aged 52, was appointed as Executive Director of Mudajaya on 8 April 2011. He was appointed as a Director of MCB on 5 July 2004 and redesignated as an Executive Director of MCB in 2005. He previously held the position of General Manager, Special Projects of MCB.

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 27 years of experience in property development and construction. He has served as a council member of the Master Builders Association of Malaysia from 2008 to 2010.

MR. YONG YEE COI
Executive Director

Mr. Yong Yee Coi, a Malaysian aged 55, 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 Department of MCB.

Mr. Yong graduated with a Bachelor of Engineering (Civil) from the 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 28 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.

DIRECTORS' PROFILE

MR. LEE SENG HUANG

Non-Independent Non-Executive Director

Mr. Lee Seng Huang, a Malaysian aged 39, 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 wide experience in the financial services and real estate investment industry in Asia. He has previously served, in various capacities, on the Board of Directors of MIB, as well as Lippo Limited, Lippo China Resources Limited in Hong Kong, Auric Pacific Group Limited in Singapore as well as the Export and Industry Bank, Inc. in the Philippines.

He is currently the 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 also the Chairman of FKP Property Group, a leading property developer listed on the Australian Securities Exchange.

MR. YEE SWEE CHOON

Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination and Remuneration Committees

Mr. Yee Swee Choon, a Malaysian aged 63, 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.

DIRECTORS' PROFILE

MR. HENRY CHOO HON FAI
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Nomination Committees

Mr. Henry Choo Hon Fai, a Malaysian aged 42, 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. LEE ENG LEONG
Alternate Director to Mr. Lee Seng Huang
Non-Independent Non-Executive Director

Mr. Lee Eng Leong, a Malaysian aged 47, 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 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 Berhad 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. Save as disclosed, 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.
4. The details of the Directors' attendance at Board Meetings are set out on page 25 of this Annual Report.

GROUP STRUCTURE

MUDAJAYA GROUP BERHAD

MUDAJAYA GROUP BERHAD
(Investment holding)
Authorised Share Capital: RM250,000,000
Paid-up Share Capital: RM110,443,853

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
(Trading in construction related materials)
Authorised Share Capital: RM500,000
Paid-up Share Capital: RM300,000

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

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

100%
MJC Development Sdn Bhd
(Property management and development and building construction)
Authorised Share Capital: RM5,000,000
Paid-up Share Capital: RM100,000

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

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

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

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

75%
Indah Kirana (M) Sdn Bhd
(Has not commenced operations)
Authorised Share Capital: RM100,000
Paid-up Share Capital: RM4,000

100%
Mudajaya Energy Sdn Bhd
(formerly known as MJC Management Services Sdn Bhd)

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

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

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

100%
Active Flora Sdn Bhd
(Investment holding)
Authorised Share Capital: RM100,000
Paid-up Share Capital: RM10.00

100%
Positive Range Sdn Bhd
(Investment holding)
Authorised Share Capital: RM100,000
Paid-up Share Capital: RM1,000

30% 30%
Special Universal Sdn Bhd
(Photovoltaic power plant)
Authorised Share Capital: RM25,000,000.00
Paid-up Share Capital: RM14,400,000.00

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

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

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.

STATEMENT ON CORPORATE GOVERNANCE

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 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 standards 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.

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

www.mudajaya.com/image_governance/ce.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 have 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:

STATEMENT ON CORPORATE GOVERNANCE

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 of 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.

STATEMENT ON CORPORATE GOVERNANCE

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.

Activities Undertaken

The Nomination Committee assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director in 2013 including its size, structure and composition. The Board's performance evaluation is discussed in more detail in the section under "Performance evaluation" on page 22.

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 input 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2013, 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.

During the meeting held in February 2014, 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 the 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 decisions in respect of 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.

STATEMENT ON CORPORATE GOVERNANCE

Details of the Directors' Remuneration

The details of the Directors' remuneration for the financial year ended 31 December 2013 and the remuneration bands analysis are as follows:-

	Executive (RM'000)	Non-Executive (RM'000)
Salaries and other emoluments	4,453	-
Bonus	723	-
Defined contribution plan	677	-
Estimated money value of benefits-in-kind	140	-
Fees	463	463
Other emoluments	277	277
Total	**6,733**	**740**

	Executive	Non-Executive
50,001 – 100,000	-	1
100,001 – 150,000	-	2
150,001 – 200,000	-	1
250,001 – 300,000	1	-
300,001 – 350,000	-	1
650,001 – 700,000	2	-
2,550,001 – 3,000,000	1	-

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 and Mr Henry Choo Hon Fai 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 on Mudajaya's operations and therefore, provide increasing contribution to the effectiveness of the Board as a whole. The Board therefore is of the view that imposing a fixed term limit for Independent Directors does not necessarily assure their independence and objectivity.

STATEMENT ON CORPORATE GOVERNANCE

3.3 Shareholders' approval for the re-appointment of Independent Directors who have served for nine years 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 10 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 10 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 10 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 11th 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, two (2) Independent Non-Executive Directors, five (5) 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 10 to 15 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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.

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 (Chairman)	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	3/4
Mr. Lee Seng Huang	3/4
Mr. Yee Swee Choon	4/4
Mr. Henry Choo Hon Fai	4/4
Mr. Lee Eng Leong (Alternate Director to Mr. Lee Seng Huang)	4/4
Mr. James Wong Tet Foh (appointed on 2 May 2014)	-
Mr. David George Savage (resigned on 7 October 2013)	3/3

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.

STATEMENT ON CORPORATE GOVERNANCE

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 visits to the business operations.

During the financial year ended 31 December 2013, 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	Date
Dato' Yusli bin Mohamed Yusoff	Board Chairman Series	The Iclif Leadership & Governance Centre	14 November 2013
Anto a/l SF Joseph	Bursa Malaysia: Sustainability	Bursa Malaysia Berhad	21 March 2013
Ng Chee Kin	Bursa Malaysia: Sustainability	Bursa Malaysia Berhad	21 March 2013
Ng Chee Kin	India: The Road Ahead Conference & Round Table	Malaysia India Business Council	26 March 2013
Yong Yee Coi	Bursa Malaysia: Sustainability	Bursa Malaysia Berhad	21 March 2013
Yong Yee Coi	Advocacy Sessions on Corporate Disclosure for Directors	Bursa Malaysia Berhad	21 August 2013
Yong Yee Coi	Delivering a Sustainable Energy Future for Malaysia	Malaysian Gas Association	3 September 2013
Yee Swee Choon	Bursa Malaysia: Sustainability	Bursa Malaysia Berhad	21 March 2013
Yee Swee Choon	Nominating Committee Program	The Iclif Leadership & Governance Centre	15 May 2013
Yee Swee Choon	Bursa: Corporate Social Responsibility Statement Reporting Workshop for Practitioners	Bursa Malaysia Berhad	10 & 11 June 2013
Yee Swee Choon	Advocacy Sessions on Corporate Disclosure for Directors	Bursa Malaysia Berhad	20 June 2013
Yee Swee Choon	Corporate Entity Valuation	Malaysian Institute of Accountants	23 & 24 July 2013
David George Savage	Advocacy Sessions on Corporate Disclosure for Directors	Bursa Malaysia Berhad	5 September 2013
Lee Seng Huang	A Brief Overview of the Companies Ordinance Rewrite	P. C. Woo & Co.	12 July 2013

STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Course Title	Organiser	Date
Henry Choo	Total Shareholders' Return for the Board & Blue Ocean Strategy	Smart Focus Business Consulting	27 November 2013
Lee Eng Leong	Annual Conference 2013: Ethical Leadership – Key to Business Growth	The Malaysian Institute of Chartered Secretaries and Administrators	2 & 3 July 2013
Lee Eng Leong	Advocacy Session on Corporate Disclosure for Directors	Bursa Malaysia Berhad	5 September 2013
Lee Eng Leong	Board Chairman Series: The Role of the Board Chairman	The Iclif Leadership & Governance Centre and Bursa Malaysia Berhad	14 November 2013
Lee Eng Leong	MIA International Accountants Conference 2013	Malaysian Institute of Accountants	26 & 27 November 2013
Lee Eng Leong	Total Shareholders' Return for the Board & Blue Ocean Strategy	Smart Focus Business Consulting	27 November 2013
Lee Eng Leong	Risk Management & Internal Control Workshops for Audit Committee Members	Bursa Malaysia Berhad	29 November 2013

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.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 35 to 37 of the Annual Report. A summary of the activities of the Audit Committee during the year are set out on page 37 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 only audit-related services to Mudajaya.

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 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 RM289,000 (2012: RM259,500) for audit services. The external auditors attended two of the Audit Committee meetings held to review the Audit Findings 2012 and Audit Planning Memorandum 2013.

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 on pages 32 to 33 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2013
- 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/investor.htm

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, Mudajaya's website also offers additional information which includes Board of Directors, Senior Management team as well as corporate governance commitments to investors.

Mudajaya will continue our efforts to bring increased transparency to its financial reporting, and will continually add new interactive capabilities to its website.

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 their rights at Mudajaya's AGM. The date, venue and time of these meetings are determined in advance to provide maximum opportunity to as many shareholders as possible to attend personally.

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. In addition, a full copy of the Annual Report together with 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.

STATEMENT ON CORPORATE GOVERNANCE

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 also 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 and 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 10th AGM held on 18 June 2013 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.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Back

As at 1 January 2013, the Company had a balance of 5,770,400 ordinary shares of RM0.20 each as treasury shares.

During the financial year ended 31 December 2013, the Company repurchased 3,446,500 of its own shares from the open market of Bursa Securities for a total consideration of RM8,712,906. Details of the shares repurchased are as follows:-

2013 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)
Jan	235,700	606,648	2.540	2.576	2.563
Feb	255,800	643,105	2.476	2.543	2.503
Mar	666,400	1,607,999	2.360	2.463	2.401
Apr	452,300	1,103,902	2.375	2.480	2.430
May	151,200	366,164	2.404	2.420	2.411
Jun	918,900	2,370,051	2.514	2.651	2.569

STATEMENT ON CORPORATE GOVERNANCE

2013 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)
Jul	140,300	366,819	2.580	2.640	2.600
Aug	90,000	222,460	2.430	2.480	2.458
Sep	534,900	1,422,874	2.504	2.696	2.648
Oct	-	-	-	-	-
Nov	1,000	2,884	2.840	2.840	2.840
Dec	-	-	-	-	-
	3,446,500	8,712,906			

As at 31 December 2013, 9,216,900 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	10,662,000	20,942,100	31,604,100
Total number of options exercised	(486,000)	(2,909,700)	(3,395,700)
Total options outstanding	10,176,000	18,032,400	28,208,400

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, 19.44% 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 2012 requires listed issuers to maintain a sound system of internal control to safeguard shareholders' investments and the company's assets. Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the listed issuer 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 Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidance") issued by the Taskforce on Internal Control with the support and endorsement of 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 is designed to safeguard shareholders' investments and the Group's assets which covers not only financial control but also operational and compliance controls and risk management. The system is designed to manage rather than to completely eliminate risks that may hinder the achievement of the Group's business objectives. Thus, the system only provides reasonable but not absolute assurance against any 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. The Group includes material joint ventures and associated companies.

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 comprised 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. Risk appetite is defined as the amount of risk that a company is willing to seek or accept in the pursuit of its value. As the Group 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 control 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 control 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 the management. Various Board Committees have been established to assist the Board in discharging its duties, namely:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- o Audit Committee
- o Nomination Committee
- o Remuneration Committee
- o Executive Committee
- o Risk Management Committee
- o Employee Share Option Committee

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

- Reporting systems are in place. Financial and operational performance reports are furnished to the Board of Directors and the 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 have been 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 demonstrate the Group's concerns in ensuring adequate controls and good governance are in place to manage environmental and safety matters at project sites. 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 review 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 control, 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 risk appetite is 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 possibility of 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 strives to be a responsible corporate citizen and remains committed towards the social well-being of society. The Group is mindful that it is creating value for all its stakeholders, emphasizing long-term sustainability and realizing that profits are not the only measure of value.

Throughout the year, Mudajaya organised various technical in-house training and external courses for employees. 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.

Drawing on the area close to its operations, Mudajaya has conceived a Corporate Social Responsibility (CSR) programme that centres on the community around its project sites. The Group believes these CSR activities will leave a permanent impression on the people living in these areas and maintain goodwill amongst the local community.

To kickstart the community programme, Mudajaya held a donation drive for Sekolah Menengah Rantau Panjang in June 2013. The school, with about 350 students is located approximately 12km from the Group's precasting concrete plant in Ijok, Selangor. Themed "Deserving School", Mudajaya identified and shortlisted four schools in the vicinity of Ijok. After site visits and deliberations by management and staff, SM Rantau Panjang was chosen because it needed the most assistance and met the Group's selection criteria. In particular, the majority of students come from difficult backgrounds, lacking confidence due to limited exposure to the outside world and the drive to improve beyond their existing circumstances. The school also experienced missing taps and windows and cracked floors. Classrooms had old white boards and were without notice boards, while washrooms had non-functioning sanitary fittings, leaked pipes and broken doors and tiles.

Witnessed by the District Education Director General, Mudajaya handed over much needed notice boards, soft boards, white boards, and graph boards to the school. All Form 4 and Form 5 students were also assembled for a motivational session by the Group's employees. Prior to the visit, 180 CSR tags were distributed to head office staff to pen down individualized motivational messages for each Form 4 and Form 5 student, which came together with souvenirs.

Mudajaya is committed towards the continual improvement of its management system and round-the-clock application of best practice methodologies to ensure that all client requirements are met. The Group adopted the ISO 9000 standard and achieved the ISO 9001:2000 certification in 2002. The scope was subsequently extended to ISO 9001:2008. The internationally recognised ISO 9000 is testament to the Group's commitment to maintaining the highest standards of quality.

Health and safety has always been a permanent feature of Mudajaya's operations. The Group takes pride in ensuring that all employees operate in a secure environment, and this is accomplished by implementing a proactive approach towards mitigating risks. By adopting the Occupational Health and Safety Management System (OHS MS) and subsequently receiving OHSAS 18001:2007 certification, the Group demonstrates its continued commitment to prevent occupational ill health and injury at the work place.

Mudajaya recognizes that its actions have a significant impact on the environment and are committed towards pollution prevention, environmental protection and sustainability. In this regard, the ISO 14001 standard which sets out the criteria for an environmental management system (EMS) is vital to the Group's continued efforts in maintaining the highest environmental standards possible.

Mudajaya supports environmental protection initiatives and encourages employees to take a proactive approach towards the care of the environment. Various programmes were introduced to raise environmental conservation awareness amongst staff such as promoting the use of recycled office stationeries and the conservation of energy resources.

Mudajaya incorporates environmental-friendly features into its design and build projects. Menara Mudajaya, the Group's newly completed 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 energy efficient light tubes and LED lights for lower electricity consumption.

Going forward, Mudajaya will continue to remain focused on its CSR initiatives and implement activities that are a good fit to its core values. This approach will allow the Group to contribute effectively to society and the environment, now and far into the future.

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. Presently, 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

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 2013, the Committee held six (6) meetings. The details of attendance of the Committee members are as follows: -

Committee Member	No. of meetings attended
Mr. Yee Swee Choon	6/6
Mr. Henry Choo Hon Fai	6/6
Dato' Yusli bin Mohamed Yusoff	5/6
Mr. David George Savage (resigned on 7 October 2013)	5/5

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 31 December 2013 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;
- reviewed the Company's compliance with the Main Market Listing Requirements of Bursa Securities and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board; and
- 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 following 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 2013, the department has incurred a cost of approximately RM165,000.

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 2013.

CHAIRMAN'S STATEMENT

In 2013, Malaysia's GDP grew at a slower pace of 4.7% compared to the 5.6% growth experienced in 2012. Lingering external uncertainties and volatility as well as the changing fiscal and regulatory landscape will continue to pose a challenge to economic growth.

In particular, the construction sector in Malaysia experienced a slowdown in 2013, recording lower growth of 10.9% compared to 18.1% in the previous year. However, the sector stands to benefit from the implementation of infrastructure projects related to the Economic Transformation Programme (ETP) and mega projects such as the Klang Valley Mass Rapid Transit (MRT), major highways, power plants, the Refinery and Petrochemical Integrated Development (RAPID) in Pengerang and the Sarawak Corridor of Renewable Energy (SCORE).

FINANCIAL RESULTS AND OPERATIONAL ACTIVITIES

Despite the challenging market conditions, the Group recorded revenue of RM1,535.8 million and profit before tax ("PBT") of RM195.6 million for the year ended 31 December 2013, compared to RM1,655.7 million and RM284.1 million respectively in 2012, which were mainly due to lower contribution from its construction segment.

During the past year, the Group's focus has been on delivering on its projects whilst broadening the income stream from mainly construction projects which may be intermittent and subject to business cycles, to acquiring strategic assets that provide recurring income for the future. The year 2013 has thus been a period of consolidation for the Group.

On its construction front, major on-going projects include the Equipment Procurement contracts for the 4x360 MW coal-fired power plant in Chhattisgarh, India; Tanjung Bin IV 1000 MW coal-fired power plant; Janamanjung IV 1000 MW coal-fired power plant; and the MRT – Package V3 from Dataran Sunway to Section 17. Construction projects continue to be the Group's main revenue earner.

RETURNS TO SHAREHOLDERS

Mudajaya has declared a total interim single tier dividend equivalent to 45% (or 9.0 sen) per share of RM0.20 each for the financial year ended 31 December 2013.

With its current strong financial position coupled with the expected long-term stream of recurring income upon commercial operations of the Independent Power Producer ("IPP") project in Chhattisgarh, India and increased contribution from the property segment, the Group is expected to continue rewarding its shareholders in the future.

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENTS

During the financial year, the Group completed a number of corporate exercises.

MJC Development Sdn Bhd ("MJC"), a wholly-owned subsidiary of Mudajaya Corporation Berhad ("MCB") which in turn is a wholly-owned subsidiary of Mudajaya, had on 30 August 2013 entered into a joint venture ("JV") with Mulpha Land Berhad to acquire 49% stake in Mayfair Ventures Sdn Bhd ("MVSB") whilst the balance 51% is owned by Mulpha Land Bhd. MVSB is to develop a mixed residential and commercial project on a parcel of land adjacent to the Tropicana Golf and Country Resort with an estimated GDV of RM700 million.

The Group, through Mudajaya Energy Sdn Bhd (formerly known as MJC Management Services Sdn Bhd), acquired an effective stake of 60% in Special Universal Sdn Bhd ("SUSB") during the year. SUSB is the developer and concession owner of a 10 MW capacity solar power farm in Gebeng, Pahang which has achieved Commercial Operation Date for 5MW each on 24 December 2013 and 15 April 2014 respectively. The acquisition is aligned with the corporate strategy to acquire assets that can provide recurrent income streams for the future.

Mudajaya Power International Sdn Bhd ("MPI"), a wholly-owned subsidiary of the Company, had on 26 October 2013 entered into a Share Purchase Agreement with Windelsey Inc ("WI") to acquire a 40% stake in Amihan Energy Corporation ("AEC"). AEC will undertake a wind energy project involving the potential development in stages of up to 200MW wind energy farm in Cebu, Philippines, over the next few years.

Mudajaya has also successfully issued the first tranche of RM360 million of Islamic Medium Term Notes ("IMTN") in January 2014. This is part of the Group's Sukuk Murabahah Programme consisting of Islamic Commercial Papers ("ICP") and IMTN of up to RM1.0 billion in nominal value over a tenure of up to fifteen (15) years. The issuance of the Programme has further enhanced the cash position and availed the cash reserve facility of the Group for opportunities to acquire assets of a recurring income nature in the future.

ACCOLADES TO THE GROUP

During the year, Mudajaya was awarded The Edge Billion Ringgit Club Corporate Awards 2013 "Highest Growth in Profit Before Tax" under the Construction Sector.

Mudajaya has been a winner of The Edge Billion Ringgit Club awards for the last four consecutive years since 2010.

In addition to the above awards, 'Forbes Asia's 200 Best Under a Billion' has again recognised Mudajaya as one of the outstanding companies in its list of 200 of the best firms, out of over 15,000 listed companies throughout the Asia Pacific region in 2013.

CORPORATE STRATEGY AND PROSPECTS OF THE GROUP

Locally, domestic demand will remain supportive of growth even though it is expected to moderate following the ongoing fiscal consolidation. On the other hand, improving global conditions will benefit the external sector. The growth momentum is therefore expected to remain on a steady trajectory.

Moving forward, the Group is continually seeking to secure profitable projects to enhance its shareholders' value. The Group's excellent track record in its 49 years of experience in the construction industry, supported by a strong and professional management team coupled with its healthy financial position will provide the Group with competitive advantages to secure and undertake new and major projects in the future.

In the coming years, construction earnings are expected to be underpinned by Government initiatives involving large-scale infrastructure projects, which include the MRT Lines 2 and 3 and major highways. The Group stands to benefit from these infrastructure projects given its past track record in the industry.

CHAIRMAN'S STATEMENT

In addition, initiatives to meet the ever-increasing energy demands of the country have been making steady progress. Through the Energy Commission as the central statutory body responsible for regulating the energy sector for electricity supply, major power plant projects are expected to come on-stream in the near future. Generally, power plant construction projects are massive undertakings, with long construction periods, complex technical requirements and huge capital outlays. With Mudajaya's strong track record, proven technical capabilities in power plant construction and healthy balance sheet, the Group will be in a strong position to capitalize on these energy sector initiatives.

As part of the corporate direction to broaden and sustain the income stream, the Group intends to acquire or develop strategic assets that satisfy the risk-return profile and provide future recurrent income streams. The Group will continue to seek out investments in the power sector in the ASEAN region. Currently, the Group is exploring various business opportunities in India, Philippines, Indonesia, Myanmar and Vietnam.

Abroad, the Group's venture in the 4x360MW coal-fired IPP project in Chhattisgarh, India will fortify 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. Upon the commencement of commercial operations of the power plant in stages in 2014, the Group stands to benefit from a steady long-term stream of recurring income.

The Group's on-going diversification strategy will also see increased contribution from property development, going forward. The property arm's focus is now geared towards increasing the growth momentum through the launching of new projects such as the Tropicana development and a potential township project in Klang Valley.

Despite the optimism, the Group remains cautious given the highly competitive environment in the construction and property sectors in Malaysia. The Group's attention is directed at accelerating the transformation from a pure construction outfit into areas that provide recurring income. This also serves to lessen the Group's exposure to the construction sector's business cycles and the resultant impact on revenues. The Group's current financial strength, potential project wins and recurring income contributions have provided management with the opportunity to realize this transformation and chart the next phase of growth for the company.

Against this backdrop and barring any unforeseen circumstances, the Board expects the financial performance of the Group to be satisfactory in 2014.

ACKNOWLEDGEMENT

I would like to sincerely thank our former Independent Non-Executive Director, Mr. David George Savage, who left Mudajaya in October 2013 for his guidance and services offered to Mudajaya.

I would also like to warmly welcome on board our new Executive Director, Mr. James Wong Tet Foh to the Board. The Group stands to benefit greatly from his many years of diverse and invaluable experience in the industry.

I would also like to express my sincere gratitude and appreciation to all the directors, members of the management and staff for their loyalty, commitment and dedication. Finally, I would like to take this opportunity to thank our stakeholders - 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
27 May 2014

MANAGEMENT DISCUSSION & ANALYSIS

Overview of Business and Operations

The core business segments of the Group are Construction, Property, Manufacturing and Trading.

The Group has been selective in its pursuit of construction projects to preserve its profit margins while it transitions from being largely dependent on construction projects as a source of revenue to pursuing strategic assets that provide recurring income. The year's results are borne of the Group's ability to undertake a significant reorganization of the business despite operating under challenging market conditions.

Overview of Objectives and Strategies

In the long-term, the Group's growth strategy will continue to focus on broadening its revenue stream, preserving its healthy profit margins and capitalizing on investment opportunities. The strategic moves into Independent Power Production ("IPP"), renewable energy projects and increased focus on property development are examples of the Group's transformation.

The year saw the Group's capital structure optimized through the issuance of a sukuk bond consisting of Islamic Commercial Papers and Islamic Medium Term Notes of up to RM1.0 billion in nominal value for a tenure of up to fifteen years. The bond issuance will further strengthen Mudajaya's financial position, giving the Group the flexibility to pursue investment opportunities as and when they arise, particularly those in the IPP and renewable energy sectors.

Review of Financial Results

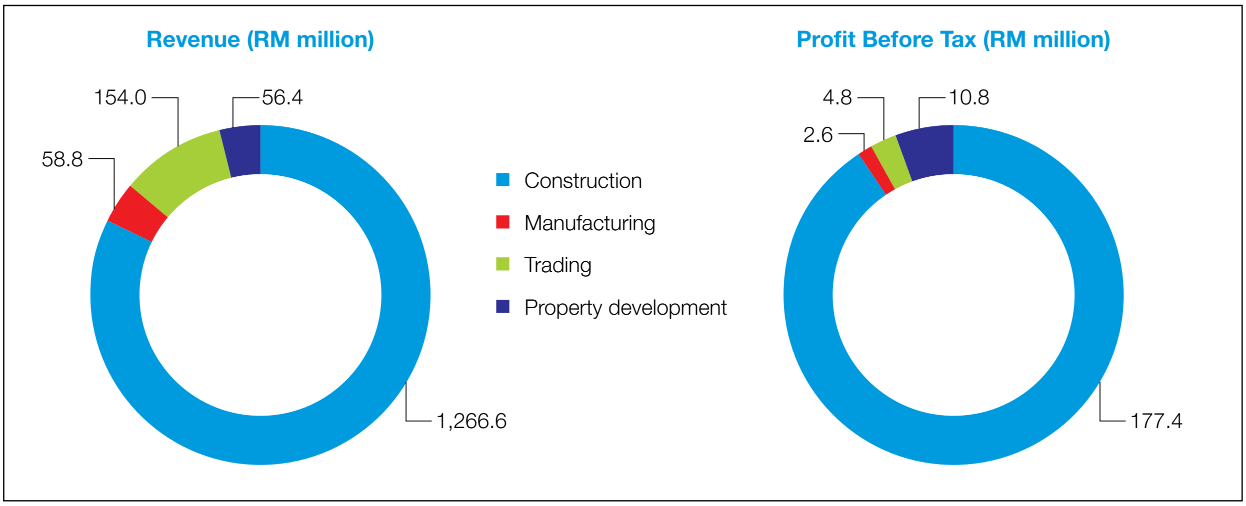
The Group achieved revenue of RM1,535.8 million and profit before tax ("PBT") of RM195.6 million for the twelve months period ended 31 December 2013, compared to RM1,655.7 million and RM284.1 million respectively for the previous corresponding period.

Performance Overview	2013 RM '000	2012 RM '000
Revenue	1,535,786	1,655,722
Profit after tax	173,667	273,553
Profit attributable to Equity holders of the Company	151,176	237,104
Return on Equity (%)	12.50	21.28

As at 31 December 2013, the Group's Net Assets stood at RM1,191.8 million whilst the Net Asset per share was RM2.20. The Group continues to operate under healthy financial position with Net Current Assets of RM358.3 million and Cash and Bank Balances of RM67.5 million with nominal gearing.

MANAGEMENT DISCUSSION & ANALYSIS

- Segmental results for twelve months period ended 31 December 2013



Review of Operating Activities

The major on-going construction projects are as follows:-

- 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 the Janamanjung IV 1,000 MW coal-fired power plant project
- Construction and completion of Projek Mass Rapid Transit Lembah Kelang Package V3 from Dataran Sunway Station to Section 17
- Equipment Procurement contracts (Phase 1 & 2) for a 4 x 360 MW Coal-Fired Power plant in Chhattisgarh, India

During the financial year, the Group's associate, RKM Powergen Pte Ltd ("RKM") has continued to make progress on the 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 is scheduled to come on-stream by the second half of 2014 whilst Phase 2 is to commence commercial operations in stages by next year with expected completion in the first half of 2015.

Construction

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

The construction sector in Malaysia experienced a slowdown in 2013, recording lower growth of 10.9% as compared to 18.1% in the previous year. Increasing construction material prices and escalating labour costs due to a shortage in skilled and unskilled labour supply poses a challenge to the sector. The highly competitive construction sector coupled with the industry's cyclical nature and various risk factors such as rising raw material and labour costs has led to lower profit margins. Strict requirements for compliance with safety, health and environmental standards at construction sites also places pressure on costs, which in turn may cause a financial strain to the bottom line.

MANAGEMENT DISCUSSION & ANALYSIS

The revenue derived from the construction sector has declined to RM1,266.6 million in the current financial year under review as compared to RM1,424.4 million recorded in the previous financial year. The profit before taxation for the segment dropped to RM177.4 million in the current financial year as compared to RM269.3 million achieved in the previous financial year. This is mainly due to the tapering-off in equipment components delivery of the Equipment Procurement contract for the 4 x 360 MW coal-fired power plant at Chhattisgarh, India. The construction division of the Group continues to perform commendably due to its streamlined operations, optimization of resources such as plant, labour and material and good track record.

The other on-going construction projects include the following: -

- 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 Tune Hotel at the KLIA II
- Construction of a block of 44-storey service apartment and a block of 26-storey office tower with 5-storey podium and 3 level of basement car park (Crest, Sultan Ismail) on Persiaran Sultan Ismail, Kuala Lumpur
- Construction of 8 units of 3-storey strata bungalows and 2 units of 4-storey duplex penthouses (10 Damansara Heights) at Damansara Heights, Kuala Lumpur

Property

The revenue derived from the property sector has increased to RM56.4 million in the current financial year under review as compared to RM45.1 million recorded in the previous financial year. The profit before taxation for the segment increased to RM10.8 million in the current financial year as compared to RM8.5 million achieved in the previous financial year. The higher revenue and PBT were mainly attributable to higher sales of new properties launched during the year.

Batu Kawah New Township in Kuching, Sarawak is a 265-acre modern integrated award-winning township located 7 km from the capital city of Kuching. This township received many awards and accolades beginning with the SHEDA Excellence Award for Innovative Design and Lifestyle Concept in 2009 for One Residency, the SHEDA Merit Award for the Best Township Master Plan for Completed Project in 2011 and the SHEDA Excellence Award for Best Residential High Rise Strata Development for Skyvilla Residences in 2013. This self-contained township is undertaken via a 70% owned subsidiary of MCB, MJC City Development Sdn. Bhd. (“MJCC”) through a joint venture with ASSAR Development Sdn. Bhd. MJCC has launched approximately RM760 million worth of mixed developments in Kuching since 1997 where approximately 93% of the properties launched have been sold. Currently, MJCC still has a remaining land-bank of approximately 70 acres with projected Gross Development Value of RM1 billion.

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. Menara Mudajaya sitting on the Corporate Business Park of Mutiara Damansara, Petaling Jaya is a 16-storey office building with a gross build-up area of approximately 138,000 square feet.

In 2013, the Group entered into a joint venture with Mulpha Land Berhad to develop a mixed commercial and residential project with an expected GDV of RM700 million on a six-acre piece of land in Tropicana, Petaling Jaya. The development is expected to be launched in the second half of 2014.

Manufacturing

The revenue derived from the manufacturing sector has increased to RM58.8 million in the current financial year as compared to RM48.8 million recorded in the previous financial year. The profit before taxation for the segment increased to RM2.6 million in the current financial year as compared to RM2.5 million achieved in the previous financial year. The higher revenue and PBT were mainly attributable to higher profit margin products sold during the year.

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 provides integral support to the core construction, pre-cast concrete production and property development activities of the Group.

MANAGEMENT DISCUSSION & ANALYSIS

Major pre-cast concrete beam contracts secured and supplied in 2013 were:

- LRT project for Kelana Jaya Line Extension Package A & Package B
- South Klang Valley Expressway Section 2 and Section 3
- The supply of precast concrete planks and recast concrete main beams for Westport & Northport
- Bukit Gambir Interchange & Toll Plaza Muar, Johor
- Besraya project for the supply of precast prestressed U12 beams
- Independent Deep Water Petroleum Terminal (IDPT), Pengerang (Phase 1)
- Bridge Crossing R5 Highway, Putrajaya

Trading

The trading division is undertaken by MJC Trading Sdn. Bhd., a wholly-owned subsidiary of MCB.

The revenue derived from the trading sector has increased to RM154.0 million in the current financial year as compared to RM137.4 million recorded in the previous financial year. The profit before taxation for the segment increased to RM4.8 million in the current financial year as compared to RM3.9 million achieved in the previous financial year. The higher revenue and PBT were mainly attributable to higher trading activities of construction materials during the year. The division continues 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.

Power

To leverage on the expertise and experience gained from its construction of power plants and highways in India in the past, Mudajaya acquired a 26% equity stake in RKM, a 4 x 360 MW coal-fired power plant in Chhattisgarh, India. The project represents a strategic long term move to stabilize earnings through recurring income streams.

Renewable energy has been identified as a growth sector moving forward. To spur the development of alternative sources of energy, Malaysia and several ASEAN countries have offered attractive power tariffs to attract investors into the sector.

Taking advantage of these favorable conditions, the Group has developed a 10 MW solar power farm in Gebeng, Pahang. The Group, through Mudajaya Energy Sdn. Bhd. (formerly known as MJC Management Services. Sdn. Bhd.) had acquired an effective stake of 60% in Special Universal Sdn. Bhd. ("SUSB") during the year. The acquisition of SUSB, which has commenced commercial operations, is aligned to the Group's corporate strategy to acquire assets that provide recurring income.

Additionally, the Group is also currently developing a 50 MW wind energy project in Cebu, Phillippines. The Group's wholly-owned subsidiary Mudajaya Power International Sdn. Bhd. ("MPI"), had on 26 October 2013 entered into a Share Purchase Agreement with Windelsey Inc. ("WI") to acquire a 40% stake in Amihan Energy Corporation ("AEC"). AEC has plans to undertake a wind energy project involving the potential development in stages of up to 200MW wind energy farm in Cebu, Philippines over the next few years. AEC had been given the exclusive right for 25 years to explore, develop and utilise wind energy resources within a designated area of 18,225 hectares in Cebu under a Wind Energy Service Contract with the Phillippines Department of Energy.

Dividend

The Group has declared the following dividend:

	2013 RM '000	2012 RM '000
Dividends in respect of the financial year	48,735	48,969
Profit net of tax	173,667	273,553
Dividend payout ratio (%)	28	18

The Group's stable growth coupled with strong net cash position has allowed it to increase the dividend payout ratio from 18% in 2012 to 28% in the current year.

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK

Despite slower growth, the construction sector in Malaysia remains promising backed by the on-going infrastructure developments related to the Economic Transformation Programme (ETP) and mega projects in railways, highways, oil and gas constructions, and mixed developments. Projects of interest include the Refinery and Petrochemical Integrated Development (RAPID) in Pengerang, Johor and the Iskandar Development Region in Johor. In addition, there is a long list of mega infrastructure projects including the Klang Valley MRT Sg Buloh - Serdang – Putrajaya (SBSP) Line 2 and highways such as the West Coast Expressway (WCE), Kinrara-Damansara Expressway (KIDEX), Damansara-Shah Alam Highway (DASH), and Sungai Besi-Ulu Kelang Elevated Expressway (SUKE) to be launched in the near future. With its current tender book of approximately RM5 billion, Mudajaya is confident of securing some of the tendered contracts.

Malaysia's power sector remains encouraging with energy demand in the country and the region set to rise in line with population and economic growth. Power plant construction projects, to replace end-of-life plants and to meet increased energy needs provide excellent opportunities for the Group. Projects of interest include the upcoming coal-fired power plant projects announced recently by the Energy Commission. In renewable energy, the Group's foray into solar energy generation in Gebeng, Pahang has helped raise the company's profile as it seeks further opportunities in the sector. Abroad, the Group has plans to expand its footprint in the power sector in the ASEAN region. In Indonesia, the Group has formalized agreements to enter into investments in coal-fired power plants.

The Group is leveraging on its financial strength and established track record and focusing in certain niche sectors in the power sector, which is expected to generate higher returns. In particular, the Group intends to venture into renewable energy sectors such as solar, wind and hydro power projects.

On the property front, the Group has plans to expand its landbank. Currently, the Group is in discussions for a potential land swap deal involving a piece of freehold land in the Klang Valley. The Group plans to develop the sizable land into a township with a gross development value of approximately RM1.5 billion. Going forward, the property arm is expected to play a bigger role in the Group as the sector typically enjoys higher profit margins.

Mudajaya will continue to explore opportunities to further strengthen its order book and maintain healthy financial growth. The financial performance of the Group for 2014 is expected to be satisfactory.

FINANCIAL STATEMENTS

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 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and associates are disclosed in Notes 14 and 16 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	173,667	64,231
Attributable to:		
Equity holders of the parent	151,176	64,231
Non-controlling interests	22,491	-
Total	173,667	64,231

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the notes to the financial statements.

DIVIDENDS

The amount of dividends paid or declared by the Company since 31 December 2012 were as follows:

	RM'000
In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:	
Second interim tax exempt (single tier) 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
Final tax exempt (single tier) dividend of 2.5 sen per share, on 542,089,466 ordinary shares of RM 0.20 each, approved by shareholders on 18 June 2013 and paid on 16 July 2013.	13,552
In respect of the financial year ended 31 December 2013:	
First interim tax exempt (single tier) interim dividend of 3 sen per share, on 541,637,766 ordinary shares of RM0.20 each, declared on 21 May 2013 and paid on 16 August 2013.	16,249

DIRECTORS' REPORT

DIVIDENDS (cont'd.)

The amount of dividends paid or declared by the Company since 31 December 2012 were as follows (cont'd.):

	RM'000
In respect of the financial year ended 31 December 2013 (cont'd.):	
Second interim tax exempt (single tier) interim dividend of 3 sen per share, on 541,423,766 ordinary shares of RM0.20 each, declared on 28 August 2013 and paid on 22 November 2013.	16,243
Third interim tax exempt (single tier) interim dividend of 3 sen per share, on 541,423,766 ordinary shares of RM0.20 each, declared on 27 November 2013.	16,243
Total	75,887

DIRECTORS

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

Dato' Yusli bin Mohamed Yusoff	
Anto a/l SF Joseph	
Wee Teck Nam	
Ng Chee Kin	
Yong Yee Coi	
Lee Seng Huang	
Yee Swee Choon	
Henry Choo Hon Fai	
Lee Eng Leong	(alternate director to Lee Seng Huang)
David George Savage	(resigned on 7 October 2013)

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, other than those arising from the share options granted under the Employees' Share Option Scheme.

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) 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 35 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 and its related corporations during the financial year were as follows:

	← Number of ordinary shares of RM0.20 each →			
	As at 1.1.2013	Acquired	Sold	As at 31.12.2013
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	794,333	-	-	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	130,000	-	133,686,666
Ng Chee Kin	647,333	-	-	647,333
Yee Swee Choon	43,333	-	-	43,333
Lee Seng Huang	120,287,000	-	-	120,287,000

	← Number of options over ordinary shares of RM0.20 each →			
	As at 1.1.2013	Granted	Exercised	As at 31.12.2013
The Company				
Anto a/l SF Joseph	4,600,000	150,000	-	4,750,000
Wee Teck Nam	1,200,000	-	-	1,200,000
Ng Chee Kin	1,200,000	100,000	-	1,300,000
Yong Yee Coi	1,200,000	100,000	-	1,300,000

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 RM109,948,873 to RM110,342,433 by way of:

(i) an issuance of 1,967,800 ordinary shares of RM0.20 each pursuant to the employees' share option scheme 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.

DIRECTORS' REPORT

TREASURY SHARES

During the financial year, the Company repurchased 3,446,500 ordinary shares of RM0.20 each from the open market at an average price of RM2.53 per share for a total consideration of RM8,712,906 inclusive of transaction costs. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2013, a total of 9,216,900 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 30 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

Mudajaya Group Berhad's Employees' Share Option Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 22 June 2011. The ESOS was implemented on 30 September 2011 and to be in force for a period of 5 years from date of implementation.

During the financial year, the Company granted 5,622,200 share options under the ESOS.

The salient features and other terms of the ESOS are disclosed in Note 35 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 1,200,000 ordinary shares of RM0.20 each. The name of option holder granted options to subscribe for 1,200,000 or more ordinary shares of RM0.20 each during the financial year is as follows:

Name	Exercise price RM	As at 1.1.2013	Granted	Exercised	As at 31.12.2013
James Wong Tet Foh	2.44	-	1,200,000	-	1,200,000

All share options were granted between 3 October 2011 to 3 October 2013 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 in the financial statements of the Group. The directors also satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary in the financial statements of the Company; 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (cont'd.)

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

(i) it is 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.

(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) 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.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 37 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 March 2014.

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 56 to 116 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 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 43 on page 117 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 26 March 2014.

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 56 to 117 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Loi Kent Liak at Petaling Jaya in the State of Selangor Darul Ehsan on 26 March 2014

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 2013 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 information, as set out on pages 56 to 116.

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. The directors are also responsible for such internal control as the directors determine is 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 2013 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 43 on page 117 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. 2518/12/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia
26 March 2014

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	4	1,535,786	1,655,722	64,468	64,042
Cost of sales	5	(1,297,372)	(1,352,492)	-	-
Gross profit		238,414	303,230	64,468	64,042
Other income	6	7,604	30,816	1,303	1,382
Administrative expenses		(51,454)	(46,182)	(1,514)	(1,888)
Operating profit	7	194,564	287,864	64,257	63,536
Share of results of associates		1,063	(3,748)	-	-
Profit before tax		195,627	284,116	64,257	63,536
Income tax expense	10	(21,960)	(10,563)	(26)	(9,369)
Profit net of tax		173,667	273,553	64,231	54,167
Other comprehensive income/ (expense), net of tax:					
Foreign currency translation		5,098	(25,477)	-	-
Total comprehensive income for the year		178,765	248,076	64,231	54,167
Profit attributable to:					
Equity holders of the parent		151,176	237,104	64,231	54,167
Non-controlling interests		22,491	36,449	-	-
		173,667	273,553	64,231	54,167
Total comprehensive income attributable to:					
Equity holders of the parent		156,274	211,627	64,231	54,167
Non-controlling interests		22,491	36,449	-	-
		178,765	248,076	64,231	54,167
Earnings per share attributable to equity holders of the parent (sen per share):					
Basic earnings per share	11	27.88	43.54		
Diluted earnings per share	11	27.00	42.72		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	118,172	42,401	-	-
Investments in subsidiaries	14	-	-	314,149	314,149
Investment property	15	48,240	50,181	-	-
Investments in associates	16	679,036	630,128	-	-
Other investments	18	542	102	-	-
Intangible assets	19	12,393	-	-	-
		858,383	722,812	314,149	314,149
Current assets					
Property development costs	20	43,405	51,398	-	-
Inventories	21	5,397	6,221	-	-
Trade and other receivables	22	450,981	239,382	37,324	182
Other current assets	23	236,833	280,666	-	-
Tax recoverable		1,946	3,335	513	364
Cash and cash equivalents	24	67,628	340,696	816	31,699
		806,190	921,698	38,653	32,245
Total assets		1,664,573	1,644,510	352,802	346,394
Equity and liabilities					
Equity attributable to equity holders of the parent					
Share capital	30	110,342	109,949	110,342	109,949
Share premium	30	219,819	214,481	219,819	214,481
Treasury shares	30	(22,705)	(13,992)	(22,705)	(13,992)
Capital reserve	31	4,900	4,900	-	-
Employees' share option reserve	32	20,897	16,054	20,897	16,054
Foreign currency translation reserve	33	(25,054)	(30,152)	-	-
Retained earnings	34	901,684	812,795	7,588	5,644
		1,209,883	1,114,035	335,941	332,136
Non-controlling interests		(18,076)	(10,202)	-	-
Total equity		1,191,807	1,103,833	335,941	332,136
Non-current liabilities					
Deferred tax	28	256	256	-	-
Borrowings	29	22,999	-	-	-
Refundable deposits		1,639	365	-	-
		24,894	621	-	-
Current liabilities					
Trade and other payables	26	442,625	536,879	16,861	14,258
Borrowings	29	4,547	-	-	-
Other current liabilities	27	49	102	-	-
Tax payable		651	3,075	-	-
		447,872	540,056	16,861	14,258
Total liabilities		472,766	540,677	16,861	14,258
Total equity and liabilities		1,664,573	1,644,510	352,802	346,394

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 2013

		Attributable to equity holders of the parent									
		Non-distributable					Distributable				
	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
Group											
At 1 January 2013		109,949	214,481	4,900	16,054	(13,992)	(30,152)	812,795	1,114,035	(10,202)	1,103,833
Total comprehensive income		-	-	-	-	-	5,098	151,176	156,274	22,491	178,765
Transactions with equity holders of the parent											
Grant of equity-settled share options to employees		-	-	-	6,825	-	-	-	6,825	-	6,825
ESOS exercised		393	5,338	-	(1,982)	-	-	-	3,749	-	3,749
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	1,888	1,888
Purchase of treasury shares	30	-	-	-	-	(8,713)	-	-	(8,713)	-	(8,713)
Dividends on ordinary shares	12	-	-	-	-	-	-	(62,287)	(62,287)	-	(62,287)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(32,253)	(32,253)
Total transactions with equity holders of the parent		393	5,338	-	4,843	(8,713)	-	(62,287)	(60,426)	(30,365)	(90,791)
At 31 December 2013		110,342	219,819	4,900	20,897	(22,705)	(25,054)	901,684	1,209,883	(18,076)	1,191,807
At 1 January 2012		109,665	210,628	4,900	7,322	(6,326)	(4,675)	624,659	946,173	61,551	1,007,724
Total comprehensive income		-	-	-	-	-	(25,477)	237,104	211,627	36,449	248,076
Transactions with equity holders of the parent											
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		-	-	-	-	-	-	-	-	(49)	(49)
Purchase of treasury shares	30	-	-	-	-	(7,666)	-	-	(7,666)	-	(7,666)
Dividends on ordinary shares	12	-	-	-	-	-	-	(48,968)	(48,968)	-	(48,968)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(108,153)	(108,153)
Total transactions with equity holders of the parent		284	3,853	-	8,732	(7,666)	-	(48,968)	(43,765)	(108,202)	(151,967)
At 31 December 2012		109,949	214,481	4,900	16,054	(13,992)	(30,152)	812,795	1,114,035	(10,202)	1,103,833

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 2013

	Note	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
		← Non-distributable			→	Distributable	
Company							
At 1 January 2013		109,949	214,481	16,054	(13,992)	5,644	332,136
Total comprehensive income		-	-	-	-	64,231	64,231
Transactions with equity holders of the Company							
Grant of equity-settled share options to employees		-	-	6,825	-	-	6,825
ESOS exercised		393	5,338	(1,982)	-	-	3,749
Purchase of treasury shares	30	-	-	-	(8,713)	-	(8,713)
Dividends on ordinary shares	12	-	-	-	-	(62,287)	(62,287)
Total transactions with equity holders of the Company		393	5,338	4,843	(8,713)	(62,287)	(60,426)
At 31 December 2013		110,342	219,819	20,897	(22,705)	7,588	335,941
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		-	-	10,174	-	-	10,174
ESOS exercised		284	3,853	(1,442)	-	-	2,695
Purchase of treasury shares	30	-	-	-	(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

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 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Cash flows from operating activities					
Profit before tax		195,627	284,116	64,257	63,536
Adjustments for:					
Interest income	6	(3,606)	(7,111)	(363)	(213)
Dividend income	4	-	-	(64,468)	(64,042)
Depreciation of property, plant and equipment	13	7,989	3,990	-	-
Depreciation of investment property	15	796	152	-	-
Gain on disposal of property, plant and equipment	6	(1,017)	(675)	-	-
Reversal of impairment losses of trade receivables	6/22(d)	(6)	(594)	-	-
ESOS expenses	8	6,843	10,174	18	24
Unrealised gain on foreign exchange	6	(525)	(439)	-	-
Share of results of associates		(1,063)	3,748	-	-
Operating profit/(loss) before changes in working capital		205,038	293,361	(556)	(695)
Property development costs		8,452	2,395	-	-
Inventories		824	6,591	-	-
Trade and other receivables		(161,408)	161,550	(13,268)	17,013
Trade and other payables		(71,232)	71,335	(13,666)	(9,415)
Cash (used in)/generated from operations		(18,326)	535,232	(27,490)	6,903
Tax paid		(25,922)	(22,421)	(182)	(30)
Tax refunded		2,868	838	6	69
Net cash (used in)/generated from operating activities		(41,380)	513,649	(27,666)	6,942
Cash flows from investing activities					
Purchase of property, plant and equipment	13	(82,134)	(20,832)	-	-
Proceeds from disposal of property, plant and equipment		1,059	875	-	-
Increase in other investments	18	(440)	-	-	-
Additional expenditure in investment property	15	(523)	(978)	-	-
Subscription of shares in associates	16	(84,353)	(264,365)	-	-
Acquisition of non-controlling interests	14(ii)	(15,348)	(49)	-	-
Interest received	6	3,606	7,111	363	213
Dividend received	4	-	-	47,428	64,042
Net cash (used in)/generated from investing activities		(178,133)	(278,238)	47,791	64,255
Cash flows from financing activities					
Purchase of treasury shares	30	(8,713)	(7,666)	(8,713)	(7,666)
Proceeds from ESOS exercised		3,749	2,695	3,749	2,695
Proceeds from borrowings		27,546	-	-	-
Dividends paid on ordinary shares		(46,044)	(35,369)	(46,044)	(35,369)
Dividends paid to non-controlling interests		(32,253)	(8,335)	-	-
Net cash used in financing activities		(55,715)	(48,675)	(51,008)	(40,340)
Net (decrease)/increase in cash and cash equivalents		(275,228)	186,736	(30,883)	30,857
Effect of exchange rate changes on cash and cash equivalents		2,160	(856)	-	-
Cash and cash equivalents at beginning of year		340,696	154,816	31,699	842
Cash and cash equivalents at end of year	24	67,628	340,696	816	31,699

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2013

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 investment holding. The principal activities of the subsidiaries and associates are disclosed in Notes 14 and 16. 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 26 March 2014.

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 2013 as disclosed fully in Note 2.2.

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

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

2.2 Changes in accounting policies

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

On 1 January 2013, 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 2013.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 101: *Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 3: *Business Combinations* (IFRS 3 *Business Combinations* issued by IASB in March 2004)	1 January 2013
FRS 127: *Consolidated and Separate Financial Statements* (IAS 27 revised by IASB in December 2003)	1 January 2013
FRS 10: *Consolidated Financial Statements*	1 January 2013
FRS 11: *Joint Arrangements*	1 January 2013
FRS 12: *Disclosure of Interests in Other Entities*	1 January 2013
FRS 13: *Fair Value Measurements*	1 January 2013
FRS 119: *Employee Benefits* (IAS 19 as amended by IASB in June 2011)	1 January 2013
FRS 127: *Separate Financial Statements* (IAS 27 as amended by IASB in May 2011)	1 January 2013
FRS 128: *Investment in Associate and Joint Ventures* (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 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
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to FRS 1: *Government Loans*	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:* Transition Guidance	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

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

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 - Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation - Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

The application of FRS 10 did not have any significant effect on the financial performance and position of the Group and of the Company.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 - Interests in Joint Ventures and IC Interpretation 113 Joint Ventures - Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

FRS 11 has been applied in accordance with the relevant transitional provisions set out in FRS 11. The initial investment as at 1 January 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

The application of FRS 11 did not have any significant effect on the financial performance and position of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

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, joint ventures and associates in separate financial statements.

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 Items of Other Comprehensive Income

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

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
Amendments to FRS 132: *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 10, FRS 11 and FRS 12: *Investment Entities*	1 January 2014
Amendments to FRS 136: *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014
Amendments to FRS 139: *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21: *Levies*	1 January 2014
Amendments to FRS 119: *Defined Benefit Plans: Employee Contribution*	1 July 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9 Financial Instruments: *Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139*	To be announced

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

The directors expect that the adoption of the above standards and interpretations will not have any significant effect on the financial statements of the Group and the Company in the period of initial application except as those discussed below:

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

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 2015.

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 2015. 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 2013 could be different if prepared under the MFRS Framework.

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 for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Basis of consolidation (cont'd.)

Business combination (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.9.

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 in a 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.

2.6 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.6 Foreign currency (cont'd.)

(b) Foreign currency transactions (cont'd.)

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

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

(c) Foreign operations

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

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

Buildings	2%
Leasehold land	60 years
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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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 property which is held either to earn rental income or for capital appreciation or for both.

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 on a 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 cost.

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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.9 Goodwill (cont'd.)

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.

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. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.12 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for 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 Investments in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group as a joint operator recognises in relation to its interest in a joint operation:

(i) its assets, including its share of any assets held jointly;
(ii) its liabilities, including its share of any liabilities incurred jointly;
(iii) its revenue from the sale of its share of the output arising from the joint operation;
(iv) its share of the revenue from the sale of the output by the joint operation; and
(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.14 Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit and loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

(b) 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.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.14 Financial assets (cont'd.)

(d) 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 three preceding 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.16 Impairment of financial assets (cont'd.)

(a) Trade and other receivables and other financial assets carried at amortised costs (cont'd.)

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

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

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

(b) Unquoted equity securities at cost

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

(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.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hands, 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.18 Construction contracts (cont'd.)

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.

2.20 Inventories

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

Cost of raw materials 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.21 Provisions

Provisions are recognised when the Group and the Company have 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, other payables and loans and borrowings.

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.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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.

2.24 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.25 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) 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.

(c) Employees' share option scheme

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, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a 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 and the Company'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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.25 Employee benefits (cont'd.)

(c) Employees' share option scheme (cont'd.)

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. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group and the Company or the employee, this is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit of loss upon cancellation. 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.

2.26 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 on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group and the Company retain 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 2.27(f).

2.27 Revenue

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

(a) Sale of goods

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

(b) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.19.

(c) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.18.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.27 Revenue (cont'd.)

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

(f) Rental income

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

2.28 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.28 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

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 in a 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.

2.29 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 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.31 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.

2.32 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 and the Company.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

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

(a) 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 based on completion of the delivery process determined by Free On Board (FOB) basis.

(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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd.)

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

(c) Depreciation of plant, machinery and equipment

The cost of plant, machinery and equipment for the manufacture of building materials is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant, machinery and equipment to be within 3 to 5 years. These are common life expectancies applied in the industry of building materials manufacturing. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. However, management believes that no reasonable probable change in the above key assumptions would cause a material impact to the future depreciation charges. The carrying amounts of the Group's plant, machinery and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.10% (2012: 0.02%) variance in the Group's profit for the year.

(d) Employees' share option scheme

The Group and the Company measure 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 for share-based payment transactions 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 estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 35.

4. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Construction contracts	1,268,044	1,424,916	-	-
Sale of development properties	51,512	44,125	-	-
Sale of construction materials	212,714	186,206	-	-
Rental of office space	3,516	475	-	-
Dividend income from a subsidiary	-	-	64,468	64,042
	1,535,786	1,655,722	64,468	64,042

5. COST OF SALES

	Group	
	2013 RM'000	2012 RM'000
Construction contract costs	1,063,839	1,147,580
Property development costs (Note 20)	38,480	33,579
Cost of inventories sold	195,053	171,333
	1,297,372	1,352,492

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

6. OTHER INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income from loans and receivables	3,606	7,111	363	213
Rental of land and buildings	717	276	-	-
Reversal of allowance for impairment of trade receivables (Note 22(d))	6	594	-	-
Gain on disposal of property, plant and equipment	1,017	675	-	-
Gain on foreign exchange				
- realised	209	20,668	-	-
- unrealised	525	439	-	-
Miscellaneous	1,524	1,053	940	1,169
	7,604	30,816	1,303	1,382

7. OPERATING PROFIT

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Auditors' remuneration				
- statutory auditors	289	260	82	77
- other auditors	36	41	-	-
Depreciation of property, plant and equipment (Note 13)	7,989	3,990	-	-
Depreciation of investment property (Note 15)	796	152	-	-
Employee benefits expenses (Note 8)	28,248	30,253	-	-
Non-executive directors' remuneration (Note 9)	740	841	740	841
Rental expense for land and buildings	-	317	-	-

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013 RM'000	2012 RM'000
Wages and salaries	19,056	17,905
Social security contributions	79	57
Contributions to defined contribution plan	1,743	1,591
Share options granted under ESOS	6,843	10,174
Other benefits	527	526
	28,248	30,253

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM5,853,000 (2012: RM4,852,000) as further disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

9. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Executive directors' remuneration (Note 8):				
Salaries and other emoluments	4,453	3,530	-	-
Bonus	723	766	-	-
Defined contribution plan	677	556	-	-
	5,853	4,852	-	-
Non-executive directors' remuneration (Note 7):				
Fees	463	521	463	521
Other emoluments	277	320	277	320
	740	841	740	841
Total directors' remuneration (Note 38(c)):	6,593	5,693	740	841
Estimated money value of benefits-in-kind	140	95	-	-
Total directors' remuneration including benefits-in-kind	6,733	5,788	740	841

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

	Number of directors	
	2013	2012
Executive directors:		
RM200,001 - RM250,000	-	-
RM250,001 - RM300,000	1	1
RM450,001 - RM500,000	-	-
RM500,001 - RM550,000	-	-
RM550,001 - RM600,000	-	-
RM650,001 - RM700,000	2	2
RM2,000,001 - RM2,550,000	-	1
RM2,550,001 - RM3,000,000	1	-
Non-executive directors:		
Below RM50,000	-	2
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	-	-
RM300,001 - RM350,000	1	1

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

10. INCOME TAX EXPENSE

Major components of income tax expense

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current income tax:				
Malaysian income tax	22,020	27,219	26	9,763
Overprovision in prior years	(60)	(16,656)	-	(394)
Income tax expense	21,960	10,563	26	9,369

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	2013 RM'000	2012 RM'000
Group		
Profit before tax	195,627	284,116
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	48,907	71,029
Income not subject to tax	(27,922)	(44,469)
Expenses not deductible for tax purposes	808	659
Underprovision of deferred tax expenses in prior years	227	-
Overprovision of income tax expense in prior years	(60)	(16,656)
Income tax expense for the year	21,960	10,563
Company		
Profit before tax	64,257	63,536
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	16,064	15,884
Income not subject to tax	(16,208)	(6,248)
Expenses not deductible for tax purposes	170	127
Overprovision of income tax expense in prior years	-	(394)
Income tax expense for the year	26	9,369

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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.

Diluted earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to equity holders of the parent by weighted average number of ordinary shares in issue during the year excluding treasury shares held by the Company plus the weighted average number of ordinary shares that would be issued on dilutive potential ordinary shares via share options granted to employees.

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 2013 and 2012:

	Group	
	2013 RM'000	2012 RM'000
Profit net of tax attributable to equity holders of the parent used in the computation of basic/diluted earnings per share	151,176	237,104

	Number of shares '000	
Weighted average number of ordinary shares, excluding treasury shares, for basic earnings per share computation	542,263	544,577
Effects of dilution:		
- ESOS	17,662	10,500
Weighted average number of ordinary shares for diluted earnings per share computation	559,925	555,077

	Group	
	2013 sen	2012 sen
Basic earnings per share	27.88	43.54
Diluted earnings per share	27.00	42.72

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Recognised during the year:				
Final tax exempt (single tier) dividend for 2011: 2.5 sen per share on 544,147,566 ordinary shares of RM0.20 each	-	-	-	13,603
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
Final tax exempt (single tier) dividend for 2012: 2.5 sen per share on 542,089,466 ordinary shares of RM0.20 each	-	13,552	13,552	-
First tax exempt (single tier) interim dividend for 2013: 3 sen per share on 541,637,766 ordinary shares of RM0.20 each	16,249	-	16,249	-
Second tax exempt (single tier) interim dividend for 2013: 3 sen per share on 541,423,766 ordinary shares of RM0.20 each	16,243	-	16,243	-
Third tax exempt (single tier) interim dividend for 2013: 3 sen per share on 541,423,766 ordinary shares of RM0.20 each	16,243	-	16,243	-
Dividend recognised during the financial year (Note 42)	48,735	48,917	62,287	48,968

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 and subject to ESOS exercised by employees.

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 2013									
Cost									
At 1 January 2013	8,975	4,116	15,202	1,473	4,983	34,299	5,406	13,021	87,475
Additions	-	-	297	51,950	194	26,728	1,489	1,476	82,134
Transfer from investment property (Note 15)	-	-	1,668	-	-	-	-	-	1,668
Disposals	-	-	-	-	-	(6,492)	(32)	(279)	(6,803)
At 31 December 2013	8,975	4,116	17,167	53,423	5,177	54,535	6,863	14,218	164,474
Accumulated depreciation									
At 1 January 2013	-	88	231	-	3,652	31,570	3,158	6,375	45,074
Depreciation charge for the year (Note 7)	-	406	334	-	199	3,768	1,062	2,220	7,989
Disposals	-	-	-	-	-	(6,490)	(20)	(251)	(6,761)
At 31 December 2013	-	494	565	-	3,851	28,848	4,200	8,344	46,302
Net carrying amount									
At 31 December 2013	8,975	3,622	16,602	53,423	1,326	25,687	2,663	5,874	118,172

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

13. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

14. INVESTMENTS IN SUBSIDIARIES

	Company 2013 RM'000	Company 2012 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 2013 %	Effective equity interest 2012 %
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. ("MJCD")	Malaysia	Property management and development and building construction	100	100
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
MJC Plantations Sdn. Bhd.	Malaysia	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2013 %	Effective equity interest 2012 %
Held through MCB: (cont'd.)				
MJC Management Services Sdn. Bhd. ("MMSSB")	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	100	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. # ("MMEL")	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
Desiran Johan Sdn. Bhd. #	Malaysia	Property development	70	-
Held through MIIL:				
Mudajaya Construction (India) Private Limited #	India	Construction and related business	100	100
Held through MMSSB:				
Active Flora Sdn. Bhd. # ("AFSB")	Malaysia	Investment holding	100	-
Positive Range Sdn. Bhd. # ("PRSB")	Malaysia	Investment holding	100	-
Held through AFSB and PRSB:				
Special Universal Sdn. Bhd. #	Malaysia	Photovoltaic power plant	60	-

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Acquisitions of subsidiaries

(i) Acquisition of Desiran Johan Sdn. Bhd.

On 22 March 2013, MCB, a wholly-owned subsidiary of the Company acquired 350,000 ordinary shares of RM1.00 each in Desiran Johan Sdn. Bhd. ("DJSB"), a company incorporated in Malaysia, representing 70% of the total issued and paid-up share capital of DJSB, for a total cash consideration of RM350,000.

(ii) Acquisitions of Active Flora Sdn. Bhd. and Positive Range Sdn. Bhd.

On 6 September 2013, MJC Management Services Sdn. Bhd. ("MMSB"), a wholly-owned subsidiary of MCB acquired 10 ordinary shares of RM1.00 each in Active Flora Sdn. Bhd. ("AFSB") and 1,000 ordinary shares of RM1.00 each in Positive Range Sdn. Bhd. ("PRSB") representing 100% of the total issued and paid-up capital of AFSB and PRSB, for a total cash consideration of RM7,500,000 for each company.

Upon the completion of the acquisitions of AFSB and PRSB, Special Universal Sdn. Bhd. ("SUSB"), an associate to AFSB and PRSB with 30% equity interest held by AFSB and PRSB respectively, became a subsidiary of the Group.

Group

The fair values of the identifiable assets and liabilities as at the date of acquisitions were:

	Fair values recognised on acquisitions				
	DJSB RM'000	**AFSB RM'000**	**PRSB RM'000**	**SUSB RM'000**	**Total RM'000**
Assets					
Investment in associates	-	1,312	1,313	-	2,625
Property development costs	350	-	-	181	531
Trade and other receivables	-	-	-	4,164	4,164
Cash and cash equivalents	-	-	2	-	2
	350	1,312	1,315	4,345	7,322
Liabilities					
Trade and other payables	-	-	(2)	-	(2)
Net identifiable assets	350	1,312	1,313	4,345	7,320
Non-controlling interests measured at fair values	-	-	-	(1,738)	(1,738)
Deconsolidation of an associate	-	1,312	1,313	-	2,625
Intangible assets (Note 19)	-	6,188	6,187	18	12,393
Purchase consideration transferred	350	7,500	7,500	-	15,350

The effect of the acquisitions on cash flows is as follows:

	Group RM'000
Consideration settled in cash	15,350
Less: Cash and cash equivalents of subsidiaries acquired	(2)
Net cash outflows on acquisition	15,348

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

14. INVESTMENTS IN SUBSIDIARIES (cont'd.)

Acquisitions of subsidiaries (cont'd.)

(iii) Acquisition of MGB Enterprise Sdn. Bhd.

On 24 September 2013, MCB acquired the remaining 1 ordinary shares of RM1.00 each in MGB Enterprise Sdn. Bhd. ("MGBE") from its non-controlling interest, Mulpha International Bhd. for a total consideration of RM1.00. Subsequent to the acquisition, MGBE became a wholly-owned subsidiary of MCB.

15. INVESTMENT PROPERTY

	Group	
	2013 RM'000	2012 RM'000
Cost:		
At 1 January	50,181	-
Transfer (to)/from property, plant and equipment (Note 13)	(1,668)	49,355
Additional expenditure in investment property	523	978
Depreciation for the year (Note 7)	(796)	(152)
At 31 December	48,240	50,181
Estimated fair value	61,558	53,790

The fair value of the investment property was internally appraised by using the rental income yield method.

The key assumptions used in the rental income yield method calculations are as follows:

(i) Rental income

Rental income derived based on the existing tenants which have entered into the tenancy agreement with the Group.

(ii) Property management costs

Property management costs included utilities, cleaning fees, security fees and other maintenance fees. The costs are estimated based on actual amount incurred during the year and to be varied in proportion to the change in rental income throughout the tenancy period.

(iii) Occupancy rate

The occupancy rate for the investment property is 94% (2012: 58%).

(iv) Growth rate

The growth rate is based on the average historical growth rate in rental per square feet contracted with the tenants.

(v) Discount rate

The discount rate used in the value in use calculation is 12.2% (2012: 12.2%).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

16. INVESTMENTS IN ASSOCIATES

	Group 2013 RM'000	Group 2012 RM'000
Unquoted shares, at cost	946,264	861,911
Share of post-acquisition reserves	(5,553)	(6,616)
	940,711	855,295
Less: Unrealised profits	(261,675)	(225,167)
	679,036	630,128

Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Effective equity interest 2013 %	Effective equity interest 2012 %	Accounting model applied
Held by the Company:					
R.K.M Powergen Private Limited ("RKM") (i) #	India	Power plant operations	26	26	Equity method
Held through MJCD:					
Mayfair Ventures Sdn. Bhd ("MVSB") (ii) #	Malaysia	Property development	49	-	Equity method
Held through MMEL:					
Mudajaya Power and Water Ltd. (iii) #	Kingdom of Saudi Arabia	Dormant	34	34	Equity method

Audited by firms other than Ernst & Young

The financial statements of the associates are coterminous with those of the Group, except for RKM which have a financial year end of 31 March. For the purpose of applying the equity method of accounting, the management accounts of the associate as at 31 December 2013 have been used.

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

	RKM 2013 RM'000	RKM 2012 RM'000
Summarised statement of financial position		
Current assets	4,156,251	2,887,304
Non-current-assets	201,127	77,623
Total assets	4,357,378	2,964,927
Current liabilities	99,186	119,614
Non-current liabilities	3,096,932	1,996,763
Total liabilities	3,196,118	2,116,377
Summarised statement of comprehensive income		
Profit/(loss) for the year	4,048	(14,415)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

16. INVESTMENTS IN ASSOCIATES (cont'd.)

The reconciliation of summarised financial information presented above to the carrying amount of the Group's interest in a material associate, is as follows:

	RKM	
	2013 RM'000	2012 RM'000
Net assets at 1 January	848,550	567,211
Additions	308,662	295,754
Profit for the year	4,048	(14,415)
Interest in a associate	1,161,260	848,550
Group's share of net assets	26%	26%
	301,928	220,623

The aggregate information of associates that are not individually material, is as follows:

	2013 RM'000	2012 RM'000
The Group's share of profit/(loss) for the year	10	-

(i) Shares held in RKM with a carrying amount of Indian Rupee ("INR") 5,245,051,250 (equivalent to RM285,678,173 at exchange rate of RM1: INR18.36), (2012: INR5,245,051,250 (equivalent to RM300,576,003 at exchange rate of RM1: INR17.45))are pledged against RKM's borrowings with a foreign financial institution.

RKM is currently undertaking a Coal-Fired Independent Power Producer Project with a project cost amounting to INR74,748 billion (RM4.07 billion) in the state of Chhattisgarh, India. The shareholders agreement dated 8 February 2007 between MCB and RK Powergen Private Limited ("RKP"), a company incorporated in India, 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 based on the value in use and was determined by the cash generating unit's (CGU) 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 value in use for the CGU was determined using a 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 between a subsidiary, MIPP and RKM. This unrealised gain is eliminated to the extent of the Group's interest in RKM and will be credited to the statement of comprehensive income on a proportionate basis when the related asset in RKM is put to use or when it is sold to a third party.

(ii) On 30 August 2013, MJC Development Sdn. Bhd. (MJCDSB), a wholly-owned subsidiary of MCB, entered into a Subscription and Shareholders' Agreement with Mulpha Land Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad to subscribe for 980,000 ordinary shares of RM1.00 each in Mayfair Venture Sdn. Bhd. ("MVSB") for total cash consideration of RM980,000. This represents 49% of the total issued and paid-up ordinary share capital of MVSB. In addition, MJCDSB also subscribed for 245,000 redeemable preference shares of RM1.00 each for total cash consideration of RM11,617,900 or approximately RM47.42 per MVSB Redeemable Preference Shares ("RPS").

(iii) Mudajaya Power and Water Ltd. is a dormant company and is in the process of liquidation.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

17. INVESTMENTS IN JOINT OPERATIONS

Details of the unincorporated joint operations are as follows:

Names of joint operations	Country	Principal activities	Proportion of ownership interest 2013 %	2012 %
Held by MCB				
Mudajaya - BSBK Joint Venture	India	Engineering and construction of Chhattisgarh Road Project from Kumhari (KM 0) to Bemetera (KM 67.39) Section in Chhattisgarh, India	60	60
Bina Rezeki - Mudajaya Joint Venture	Malaysia	Design and construction of the Boulevard Plaza Development at Lot 3C7 at Putrajaya, Malaysia	51	51

All joint operations are unincorporated.

The aggregate amount of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the group's interests in the joint operations are as follows:

	Group 2013 RM'000	2012 RM'000
Assets and liabilities		
Current assets/total assets	17,239	20,899
Current liabilities/total liabilities	16,470	16,470
Income	-	397
Expenses	-	417

18. OTHER INVESTMENTS

	Group 2013 RM'000	2012 RM'000
At cost:		
Club memberships	542	102
Unquoted shares	1,000	1,000
	1,542	1,102
Less: Accumulated impairment losses	(1,000)	(1,000)
	542	102

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

19. INTANGIBLE ASSETS

	Provisional amount 2013 RM'000
Group	
Cost:	
At 1 January 2013	-
Acquisitions of subsidiaries (Note 14)	12,393
At 31 December 2013	12,393

The purchase price allocation ("PPA") exercise on the acquisitions of Active Flora Sdn. Bhd., Positive Range Sdn. Bhd. and Special Universal Sdn. Bhd. is still being carried out by the Group. The intangible assets above represents a provisional amounts pending the completion of the PPA exercise.

In accordance with Paragraph 45 of FRS 3 Business Combination, the Group has a grace period of twelve months from the acquisition date to complete the PPA exercise. Management will retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

20. PROPERTY DEVELOPMENT COSTS

	Group	
	2013 RM'000	2012 RM'000
Cumulative property development costs		
At 1 January:		
Leasehold land	44,474	44,474
Development costs	332,022	300,838
	376,496	345,312
Costs incurred during the year:		
Development costs	30,487	31,184
At 31 December	406,983	376,496
Cumulative costs recognised in statement of comprehensive income:		
At 1 January	(325,098)	(291,519)
Recognised during the year (Note 5)	(38,480)	(33,579)
At 31 December	(363,578)	(325,098)
Property development costs at 31 December	43,405	51,398

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

21. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
Cost		
Properties held for sale	3,418	3,977
Raw materials	1,979	2,244
	5,397	6,221

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Third parties	492,011	293,931	-	-
Retention sum (Note 25)	48,311	40,554	-	-
Advance payments received (e)	(111,968)	(127,674)		
Total gross trade receivables (a)	428,354	206,811	-	-
Less: Allowance for impairment (d)	(607)	(1,733)	-	-
Trade receivables, net	427,747	205,078	-	-
Other receivables				
Other receivables	15,515	19,702	-	-
Amount due from a subsidiary (f)	-	-	37,322	180
Other receivables, net	15,515	19,702	37,322	180
Deposits	5,400	5,139	2	2
Advance payments (g)	2,319	9,463	-	-
	23,234	34,304	37,324	182
	450,981	239,382	37,324	182
Total trade and other receivables	450,981	239,382	37,324	182
Add: Cash and cash equivalents (Note 24)	67,628	340,696	816	31,699
Less: Advance payments (g)	(2,319)	(9,463)	-	-
Total loans and receivables	516,290	570,615	38,140	31,881

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2012: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2013

22. TRADE AND OTHER RECEIVABLES (cont'd.)

(a) Trade receivables

Ageing analysis of trade receivables are as follows:

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired (b)	392,945	116,532
1 to 30 days past due but not impaired	12,088	41,438
31 to 60 days past due but not impaired	3,835	3,089
61 to 90 days past due but not impaired	3,106	21,234
91 to 120 days past due but not impaired	-	1,343
More than 120 days past due but not impaired	15,773	21,442
Total receivables that are past due but not impaired (c)	34,802	88,546
Trade receivables that are impaired (d)	607	1,733
Total gross trade receivables	428,354	206,811

(b) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment record with the Group. More than 92% (2012: 97%) of the Group's trade receivables arise from customers with long term relationship with the Group.

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 approximately RM34,802,000 (2012: RM88,546,000) 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.

None of the Group's trade receivables that are past due but not impaired have been renegotiated during the financial year. All amounts are also unsecured in nature.

(d) Receivables that are impaired

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

	Group Individually impaired	
	2013 RM'000	2012 RM'000
Trade receivables - nominal amounts	607	1,733
Less: Allowance for impairment	(607)	(1,733)
	-	-

22. TRADE AND OTHER RECEIVABLES (cont'd.)

(d) Receivables that are impaired (cont'd.)

Movement in allowance accounts:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	1,733	2,327
Written off	(1,120)	-
Reversal of impairment losses (Note 6)	(6)	(594)
At 31 December	607	1,733

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 40.

(e) Advance payments received

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

(f) Amount due from a 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 a subsidiary by the associate 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 associate.

Further details on related party transactions are disclosed in Note 38.

23. OTHER CURRENT ASSETS

	Group	
	2013 RM'000	2012 RM'000
Amounts due from customers on contracts (Note 25)	72,865	152,306
Contra properties	163,968	128,360
	236,833	280,666

In the previous 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand and at banks	66,897	71,521	815	540
Deposits with other financial institutions	731	269,175	1	31,159
	67,628	340,696	816	31,699

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

Cash at banks and deposits earn interest at floating rates based on daily bank deposit rates that cater for immediate cash requirements of the Group and the Company. 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 rates of between 2.06% and 3.27% (2012: 2.01% and 3.62%) per annum during the financial year.

Other information on financial risk of cash and cash equivalents are disclosed in Note 40.

25. AMOUNTS DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2013 RM'000	2012 RM'000
Construction costs incurred to date	4,349,007	3,832,327
Attributable profits	1,565,124	1,345,111
	5,914,131	5,177,438
Less: Progress billings	(5,841,315)	(5,025,234)
	72,816	152,204
Presented as:		
Amounts due from customers on contracts (Note 23)	72,865	152,306
Amounts due to customers on contracts (Note 27)	(49)	(102)
	72,816	152,204

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

	Group	
	2013 RM'000	2012 RM'000
Retention sum on contract, included within trade receivables (Note 22)	48,311	40,554

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables				
Third parties (a)	361,679	368,983	-	-
Other payables				
Deposits	103	53	-	-
Accruals	9,227	9,567	618	659
Other payables	71,616	18,344	16,243	13,599
Dividend payable to non-controlling interests of a subsidiary	-	139,932	-	-
	80,946	167,896	16,861	14,258
	442,625	536,879	16,861	14,258
Total trade and other payables	442,625	536,879	16,861	14,258
Add: Refundable deposits	1,639	365	-	-
Add: Loans and borrowings (Note 29)	27,546	-	-	-
Total financial liabilities carried at amortised cost	444,264	537,244	16,861	14,258

(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 (2012: 7 to 90 days).

27. OTHER CURRENT LIABILITIES

	Group	
	2013 RM'000	2012 RM'000
Amounts due to customers on contracts (Note 25)	49	102

28. DEFERRED TAX

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

29. BORROWINGS

	Maturity	Group 2013 RM'000	Group 2012 RM'000
Current			
Secured:			
RM loans COF + 2.00% p.a.	2014	4,547	-
Non-current			
Secured:			
RM loans COF + 2.00% p.a.	2016	22,999	-
Total borrowings		27,546	-

The remaining maturities of the borrowings as at 31 December 2013 are as follows:

	Group 2013 RM'000	Group 2012 RM'000
Within one year	4,547	-
More than 1 year and less than 2 years	22,999	-
	27,546	-

The loans of the Group mainly comprise the following:

(i) A term loan of RM50,000,000 which bear interest rate of 2.00% per annum above the bank's cost of funds ("COF") and the bank's cost of maintaining statutory and liquidity reserves (if any).

The loan is repayable by 37 equal quarterly installments commencing 6 months from the date of first drawdown.

(ii) A term loan of RM7,600,000 which bear interest rate of 2.00% per annum above the bank's COF and the bank's cost of maintaining statutory and liquidity reserves (if any).

The loan is repayable by 38 equal quarterly installments commencing 6 months from the date of first drawdown.

The loans are secured by the following:

(i) charge over cash deposits into Designated Collection Account ("DCA") and Finance Service Reserve Account ("FSRA");

(ii) assignment of contract proceeds;

(iii) assignment of all rights, interest and benefit under the all risk insurance policy and/or warranty by supplier/manufacturer;

(iv) letter of undertaking from MCB to replenish finance service reserve account ("FSRA"); and

(v) corporate guarantee by MCB.

Other information on financial risk of borrowings is disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

30. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	Ordinary shares of RM0.20 each Number '000	Ordinary shares of RM0.20 each Amount RM'000
Authorised share capital:		
At 1 January 2013/31 December 2013	1,250,000	250,000
At 1 January 2012/31 December 2012	1,250,000	250,000

Issued and fully paid:

	Ordinary shares of RM0.20 each — Number: Share capital (issued and fully paid) '000	Number: Treasury shares '000	Amount: Share capital (issued and fully paid) RM'000	Amount: Share premium RM'000	Amount: Total share capital and share premium RM'000	Amount: Treasury shares RM'000
1 January 2013	549,744	(5,770)	109,949	214,481	324,430	(13,992)
Treasury shares: Purchased	-	(3,447)	-	-	-	(8,713)
ESOS exercised (Note (a)(i))	1,968	-	393	5,338	5,731	-
At 31 December 2013	551,712	(9,217)	110,342	219,819	330,161	(22,705)
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 (b)(i))	1,418	-	284	3,853	4,137	-
At 31 December 2012	549,744	(5,770)	109,949	214,481	324,430	(13,992)

(a) During the financial year, the Company increased its issued and paid-up ordinary share capital from RM109,948,873 to RM110,342,433 by way of:

(i) an issuance of 1,967,800 ordinary shares of RM0.20 each pursuant to the employees' share options scheme at an average exercise price of RM1.90 per share.

(b) In the previous 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 scheme at an average exercise price of RM1.90 per share.

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.

The Company has an employees' share option scheme under which options to subscribe for the Company's ordinary shares have been granted to employees of the Group.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

30. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (cont'd.)

Treasury shares

Treasury shares related to ordinary shares of the Company that are held by the Company. 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 3,446,500 (2012: 2,895,100) of its issued ordinary shares from the open market at an average price of RM2.53 (2012: RM2.64) per share. The total consideration paid for the repurchase was RM8,712,906 (2012: RM7,666,096) comprising consideration paid amounting to RM8,673,888 (2012: RM7,634,504) and transaction costs of RM39,018 (2012: RM31,592). 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 551,712,166 (2012: 549,744,366) issued and fully paid ordinary shares as at 31 December 2013, 9,216,900 (2012: 5,770,400) are held as treasury shares by the Company. As at 31 December 2013, the number of outstanding ordinary shares in issue after the set-off is therefore 542,495,266 (2012: 543,973,966) ordinary shares of RM0.20 (2012: RM0.20) each.

31. CAPITAL RESERVE

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

32. EMPLOYEES' SHARE OPTION RESERVE

Employees' share option reserve represents the equity-settled share options granted to employees (Note 35). 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.

33. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

34. 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"). However, 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. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings. Any 108 balance which has not been utilised as at 31 December 2013 is disregarded. Thereafter, the Company may distribute dividends out of its entire retained earnings under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

35. 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:

- On 3 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;
- On 3 October 2012, a total of 826,700 share options were granted at a subscription price of RM2.70 per share.
- On 2 May 2013, a total of 2,195,000 share options were granted at a subscription price of RM2.44 per share;
- On 3 October 2013, a total of 3,427,200 share options were granted at a subscription price of RM2.75 per share.

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; and

(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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

35. EMPLOYEE BENEFITS (cont'd.)

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

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

2013

Grant date	Group Number of options As at 1.1.2013 '000	Granted '000	Exercised '000	As at 31.12.2013 '000	Exercisable 31.12.2013 '000
3 October 2011	19,624	-	(1,950)	17,674	11,243
16 July 2012	4,104	-	(3)	4,101	2,386
3 October 2012	827	-	-	827	478
2 May 2013	-	2,195	(15)	2,180	886
3 October 2013	-	3,427	-	3,427	1,279
	24,555	5,622	(1,968)	28,209	16,272
WAEP (RM)	2.07	2.63	1.91	2.73	2.47

2012

Grant date	Group Number of options 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 2011	-	827	-	827	304
	21,042	4,931	(1,418)	24,555	10,009
WAEP (RM)	1.90	2.72	1.90	2.07	2.03

The weighted average fair value of options granted during the financial year was RM0.70 (2012: RM0.88).

The weighted average share price at the date of exercise of the options exercised during the financial year was RM2.77 (2012 : RM2.81).

The range of exercise prices for options outstanding at the end of the year was RM1.90 to RM2.75. The weighted average remaining contractual life for these options is 3 years (2012: 4 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

35. EMPLOYEE BENEFITS (cont'd.)

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

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

			Grant date		
	3.10.2013	3.5.2013	3.10.2012	16.7.2012	3.10.2011
Dividend yield (%)	1.90	1.90	1.78	1.78	1.90
Expected volatility (%)	39.00	39.00	41.22	41.22	50.15
Risk-free interest rate (% p.a)	3.28	3.02	3.18	3.08	3.32
Expected life of option (years)	3	3	4	4	5
Weighted average share price (RM)	2.77	2.77	2.81	2.81	-

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.

36. CAPITAL COMMITMENTS AND CONTINGENCIES

(a) 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	
	2013 RM'000	2012 RM'000
Not later than 1 year	3,745	1,678
Later than 1 year but not later than 5 years	3,305	2,468
	7,050	4,146

(b) Corporate guarantee

	Group	
	2013 RM'000	2012 RM'000
Unsecured		
Corporate guarantee given to banks in respect of credit facilities	395,338	526,485

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

37. SUBSEQUENT EVENT

On 23 January 2014, the Company's wholly-owned subsidiary, MCB, issued the 1st tranche of a RM360 million Islamic Medium Term Notes ("IMTN"). MCB has proposed to undertake a RM1.0 billion 15 years period Sukuk Programmes in November 2013 and has mandated CIMB Investment Bank Berhad ("CIMB") as, amongst others, the Principal Adviser and Lead Arranger for the Sukuk Programmes. The Joint Lead Managers for the Sukuk Programmes comprised CIMB and OCBC Al-Amin Bank Berhad.

The Islamic Commercial Paper ("ICP") and/or IMTN to be issued from the Sukuk Programmes shall be based on the Shariah principle of Murabahah. RAM Rating Services Berhad has assigned a short-term rating of P1 to the ICP Programme and a long-term rating of AA3 with stable outlook to the Group's IMTN Programme.

38. RELATED PARTY DISCLOSURES

(a) Transactions with an associate

	Group	
	2013 RM'000	2012 RM'000
Billings to RKM	564,046	708,589
Investment in RKM	70,286	264,365

(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	
	2013 RM'000	2012 RM'000
Rent paid from Mulpha Properties Sdn. Bhd., a related company of an associate's investor	-	317
Progress claim recognised on construction contract with Enerk International, a non-controlling shareholder in MIPP	138,848	24,524
Rent receivable from Mulpha International Bhd., a related company of an associate's investor	(690)	-

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors' remuneration (Note 9)	6,593	5,693	740	841

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

39. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

(a) Fair value of financial instruments that are carried at fair value

Fair value hierarchy
The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfer between Levels 1, 2 and 3 during the financial year.

(b) Determination of fair value

The carrying amounts of the Company's financial assets and liabilities are reasonable approximation of their fair values due to their short-term nature or they are floating instruments that are re-priced to market interest rates on or near the reporting date.

It is not practical to estimate the fair values of other investments due to the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs.

The carrying amounts of the borrowings and refundable deposits are reasonable approximations of fair values due to the insignificant impact of discounting.

40. 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.

It has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(a) Credit risk (cont'd.)

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.

Credit risk concentration profile

The Group and the Company determine 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			
	2013		2012	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	333,280	78%	100,374	49%
Republic of Mauritius	94,467	22%	104,704	51%
	427,747	100%	205,078	100%
By business segments:				
Construction	393,563	92%	184,157	90%
Property development	20,217	5%	4,925	2%
Manufacturing	13,967	3%	15,178	8%
Others	-	0%	818	0%
	427,747	100%	205,078	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 22. 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 22.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its interest-bearing borrowings as the Group had no substantial long-term interest-bearing assets as at 31 December 2013. The investment in financial assets are mainly short term in nature and have been placed in fixed deposits or managed funds by licensed investment banks and fund managers.

The information on effective interest rates of the financial assets and borrowings are disclosed in Notes 24 and 29.

As at reporting date, the Group do not have significant interest risk exposure except as disclosed below.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit for the year would have been RM60,632 lower/higher, arising mainly as a result of lower/higher interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market.

(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 financial liabilities used for managing liquidity risk at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2013				
Group				
Financial liabilities:				
Trade and other payables	442,625	-	-	442,625
Refundable deposits	-	1,639	-	1,639
Borrowings	4,547	23,459	-	28,006
Total undiscounted financial liabilities	447,172	25,098	-	472,270
Company				
Financial liabilities:				
Trade and other payables, epresenting total undiscounted financial liabilities	16,861	-	-	16,861

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(c) Liquidity risk (cont'd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2012				
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, United States Dollar ("US Dollar") and INR. The foreign currencies in which these transactions are denominated are mainly Euro Dollar ("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:

	Net financial assets held in non-functional currencies				
Functional currency of group companies	INR RM'000	SGD RM'000	BND RM'000	Euro RM'000	Total RM'000
At 31 December 2013					
Trade and other receivables	1,167	-	219	3,187	4,573
Cash and bank balances	1,011	91	503	459	2,064
	2,178	91	722	3,646	6,637
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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

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

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 INR, SGD, BND, EURO exchange rates against RM, with all other variables held constant.

	Group Increase/(decrease) Profit net of tax	
	2013 RM'000	2012 RM'000
INR / RM		
- strengthened 3%	65	65
- weakened 3%	(65)	(65)
SGD / RM		
- strengthened 3%	3	3
- weakened 3%	(3)	(3)
BND / RM		
- strengthened 3%	22	12
- weakened 3%	(22)	(12)
Euro / RM		
- strengthened 3%	109	116
- weakened 3%	(109)	(116)

41. 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 aspects 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		Note	Per consolidated financial statements	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000		2013 RM'000	2012 RM'000
Revenue:															
External customers	1,268,044	1,374,530	51,512	44,600	58,761	48,804	153,953	137,402	3,516	50,386	-	-		1,535,786	1,655,722
Inter-segment	16,036	40,893	1,396	523	-	-	-	-	64,468	64,042	(81,900)	(105,458)	(i)	-	-
Total revenue	1,284,080	1,415,423	52,908	45,123	58,761	48,804	153,953	137,402	67,984	114,428	(81,900)	(105,458)		1,535,786	1,655,722
Results:															
Interest income	2,598	7,492	149	39	276	467	124	43	582	730	(123)	(1,660)		3,606	7,111
Dividend income	133,685	432,611	-	-	-	-	-	-	64,468	64,042	(198,153)	(496,653)	(i)	-	-
Depreciation	6,202	2,446	1,068	324	1,511	1,256	-	-	4	116	-	-		8,785	4,142
Segment profit/(loss)	346,727	767,103	10,883	7,916	2,610	2,456	4,823	3,896	64,396	66,631	(233,812)	(563,886)	(ii)	195,627	284,116
Assets:															
Investment in associates	679,036	630,128	-	-	-	-	-	-	-	-	-	-		679,036	630,128
Additions to non-current assets	27,902	11,642	1,223	21,702	1,858	1,309	-	-	51,956	26	(282)	(12,869)	(iii)	82,657	21,810
Segment assets	1,681,255	1,643,437	145,291	135,993	27,453	42,526	4,404	1,082	96,077	71,211	(289,907)	(249,739)	(iv)	1,664,573	1,644,510
Segment liabilities	356,049	493,146	19,501	6	3,987	4,429	33,531	30,216	71,946	20,764	(12,248)	(7,884)	(v)	472,766	540,677

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

41. 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:

	2013 RM'000	2012 RM'000
Profit from inter-segment sales	(233,935)	(559,103)
Share of results of associates	1,063	(3,748)
Unallocated corporate expenses	(940)	(1,035)
	(233,812)	(563,886)

(iii) Additions to non-current assets consist of property, plant and equipment and investment property (Notes 13 and 15).

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

	2013 RM'000	2012 RM'000
Inter-segment assets	(285,142)	(232,715)
Unallocated assets	(4,765)	(17,024)
	(289,907)	(249,739)

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

	2013 RM'000	2012 RM'000
Deferred tax liabilities	256	256
Income tax payable	651	3,075
Unallocated liabilities	(13,155)	(11,215)
	(12,248)	(7,884)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

41. 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. Revenue from external customers disclosed in geographical segments are based on the geographical locations of its customers.

	Total revenue from external customers		Segment assets		Additions to non-current assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	1,069,138	920,003	1,479,950	1,329,381	82,657	21,801
India	-	397	2,391	2,404	-	-
Republic of Mauritius	466,648	685,006	168,821	293,660	-	-
Negara Brunei Darussalam	-	50,316	13,411	19,065	-	9
Consolidated	1,535,786	1,655,722	1,664,573	1,644,510	82,657	21,810

42. 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.

	2013 RM'000	2012 RM'000
Dividends recognised during the financial year (Note 12)	62,287	48,968
Profit net of tax	173,667	273,553
Dividend payout ratio	36%	18%

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

43. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013 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.

The retained earnings as at reporting date may be analysed as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings				
- realised	1,330,666	1,595,946	7,588	5,644
- unrealised	542	458	-	-
Total share of accumulated losses from associates				
- realised	(5,553)	(6,616)	-	-
	1,325,655	1,589,788	7,588	5,644
Less: Consolidation adjustments	(423,971)	(776,993)	-	-
Retained earnings as per financial statements	901,684	812,795	7,588	5,644

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	2	4,269	Commercial land and office building	63,095
2.	Lot 2454 Kuching North Land District	2011	Leasehold (60 years from Year 1998)	N/A	43,440	Residential land	10,886
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	17	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	15	260	One (1) unit of Condominium	278

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2014

Authorised Share Capital	:	1,250,000,000 ordinary shares of RM0.20 each
Issued and Fully Paid-Up Share Capital	:	552,219,266 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	307	4.32	13,765	0.00
100-1,000	730	10.27	581,120	0.11
1,001-10,000	4,337	61.04	19,239,433	3.55
10,001-100,000	1,490	20.97	44,223,482	8.16
100,001 to less than 5% of issued shares	239	3.36	169,999,233	31.39
5% and above of issued shares	3	0.04	307,565,833	56.79
Total	**7,106**	**100.00**	**541,622,866** [1]	**100.00**

[1] Excluding a total of 10,596,400 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	24.63	-	-
2.	Mulpha Infrastructure Holdings Sdn Bhd	120,287,000	22.21	-	-
3.	Lembaga Tabung Haji	53,865,500	9.95	-	-
4.	Winners Spectrum Investment Holdings Sdn Bhd	273,333	0.05	[2]133,413,333	24.63
5.	First Positive Sdn Bhd	-	-	[2]133,413,333	24.63
6.	Mulpha International Bhd	-	-	[3]120,287,000	22.21
7.	Nautical Investments Ltd	-	-	[4]120,287,000	22.21
8.	Lee Seng Huang	-	-	[5]120,287,000	22.21
9.	Ng Ying Loong	1,615,000	0.30	[2][6]133,686,666	24.68
10.	Anto a/l SF Joseph	2,166,666	0.40	[2][6]133,686,666	24.68
11.	Wee Teck Nam	1,300,000	0.24	[2]133,413,333	24.63

Notes :

(1) Excluding the 10,596,400 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 2014

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

		Direct		Indirect	
	Name of Directors	Number of Shares held	% (1)	Number of Shares held	% (1)
1.	Dato' Yusli bin Mohamed Yusoff	-	-	-	-
2.	Anto a/l SF Joseph	2,166,666	0.40	(2)(3)133,686,666	24.68
3.	Wee Teck Nam	1,300,000	0.24	(2)133,413,333	24.63
4.	Ng Chee Kin	476,999	0.09	(4)313,133	0.06
5.	Yong Yee Coi	594,333	0.11	-	-
6.	Lee Seng Huang	-	-	(5)120,287,000	22.21
7.	Yee Swee Choon	285,000	0.05	(4)43,333	0.01
8.	Henry Choo Hon Fai	-	-	-	-
9.	Lee Eng Leong (Alternate Director to Lee Seng Huang)	-	-	-	-

Notes:

(1) Excluding the 10,596,400 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

No.	Name Of Shareholders	No. of Shares	% (1)
1	CIMB Group Nominees (Tempatan) Sdn Bhd Dataran Sentral (M) Sdn Bhd (49994 HDOF)	133,413,333	24.63
2	Mulpha Infrastructure Holdings Sdn Bhd	120,287,000	22.21
3	Lembaga Tabung Haji	53,865,500	9.95
4	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (SG BR-TST-Asing)	11,133,332	2.06
5	Global Investments (BVI) Ltd	10,666,666	1.97
6	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	6,866,500	1.27
7	CIMSEC Nominees (Asing) Sdn Bhd CIMB For Global Investments (BVI) Ltd	5,333,333	0.98
8	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Credit Suisse (HK BR-TST-Asing)	4,880,966	0.90
9	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	4,170,600	0.77
10	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng	3,882,000	0.72

ANALYSIS OF SHAREHOLDINGS
AS AT 30 APRIL 2014

No.	Name Of Shareholders	No. of Shares	% [1]
11	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin (002)	3,778,000	0.70
12	AIBB Nominees (Asing) Sdn Bhd Exempt AN For Sun Hung Kai Investment Services Limited (Client A/C)	3,750,000	0.69
13	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Koon Yew Yin (MY0951)	3,607,000	0.67
14	AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	3,252,600	0.60
15	DB (Malaysia) Nominee (Asing) Sdn Bhd State Street Luxembourg Fund DW37 For DWS Invest Asian Small/Mid Cap (DWS INVST SICAV)	3,026,000	0.56
16	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN For Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	2,893,333	0.53
17	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,521,733	0.47
18	HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (JPMINTL BK LTD)	2,400,000	0.44
19	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	2,349,333	0.43
20	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin (M)	2,304,700	0.43
21	HSBC Nominees (Asing) Sdn Bhd Exempt AN For JPMorgan Chase Bank, National Association (U.S.A)	2,198,627	0.41
22	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Anto A/L S F Joseph (PB)	2,166,666	0.40
23	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund WTAU For WisdomTree Emerging Markets SmallCap Dividend Fund	1,866,265	0.34
24	Citigroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Small Cap Series	1,826,566	0.34
25	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund RCER For Rock Creek Emerging Markets Fund SPC, Ltd	1,688,000	0.31
26	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Bhd For Libra Amanah Saham Wanita (N14011980040)	1,602,000	0.30
27	HLIB Nominees (Asing) Sdn Bhd Exempt AN For DBS Bank (Hong Kong) Limited (A/C 5)	1,600,000	0.30
28	The Pacific Insurance Berhad (Fund A/C)	1,600,000	0.30
29	HSBC Nominees (Asing) Sdn Bhd Exempt AN For Caceis Bank Luxembourg (CLT ACCT-DTT)	1,535,800	0.28
30	DB (Malaysia) Nominee (Asing) Sdn Bhd SSBT Fund SD4N For Government Of The Province Of Alberta	1,498,100	0.28
	Total	**401,963,953**	**74.21**

Appendix I

MULPHA INFRASTRUCTURE HOLDINGS SDN BHD (255641-X)

PH1, Menara Mudajaya, No. 12A,
Jalan PJU 7/3 Mutiara Damansara,
47810 Petaling Jaya, Selangor, Darul Ehsan
Tel: (603) 7718 6288 **Fax:** (603) 7718 6278
www.mulpha.com.my

7 May 2014

The Board of Directors
MUDAJAYA GROUP BERHAD
Level 11, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS KPMG AS AUDITORS

Pursuant to Section 172(11) of the Companies Act 1965, we, MULPHA INFRASTRUCTURE HOLDINGS SDN BHD being a substantial shareholder of MUDAJAYA GROUP BERHAD ("Mudajaya"), hereby give notice of our intention to nominate Messrs KPMG for appointment as the new Auditors of Mudajaya in place of the retiring Auditors, Messrs Ernst & Young and our intention to propose the following resolution to be tabled as an ordinary resolution at the forthcoming Eleventh Annual General Meeting of Mudajaya:-

Ordinary Resolution

"THAT Messrs KPMG having consent to act, be and are hereby appointed as the Auditors of the Company for the financial year ending 31 December 2014 in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting of the Company and that the Directors be authorised to fix their remuneration."

Yours faithfully,
For and on behalf of
MULPHA INFRASTRUCTURE HOLDINGS SDN BHD

David

....
LIM SAY KIEN
Director

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

No. of shares held	
CDS Account No.	

FORM OF 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 Eleventh 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 Wednesday, 18 June 2014 at 3.00 p.m. and any adjournment thereof.

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 re-elect Dato' Yusli bin Mohamed Yusoff as Director		
2.	To re-elect Mr. Yong Yee Coi as Director		
3.	To re-elect Mr. James Wong Tet Foh as Director		
4.	To re-appoint Mr. Wee Teck Nam as Director pursuant to Section 129(6) of the Companies Act, 1965		
5.	To approve the payment of Directors' fees		
6.	To appoint Messrs KPMG as Auditors of the Company in place of the existing Auditors, Messrs Ernst & Young and to authorise the Directors to fix their remuneration		
7.	To approve the Authority to Allot and Issue Shares		
8.	To approve the New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9.	To approve the Renewal of Share Buy-Back Authority		
10.	Retention of Mr. Yee Swee Choon as an Independent Director in accordance with the Malaysian Code on Corporate Governance 2012		
11.	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 2014 (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)

Level 12, 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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