ANNUAL REPORT 2015

AT A GLANCE

RM543.5 MILLION

REVENUE

RM1.1 BILLION

SHAREHOLDERS' FUNDS

RM2.0 BILLION

TOTAL ASSETS

SCAN HERE

View our annual report on your mobile or tablet by scanning this QR code or log on to our website at:

www.mudajaya.com

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FINANCIAL CALENDAR

13th ANNUAL GENERAL MEETING

Date : **16 JUNE 2016**

Time : 10.30 a.m.

Venue : Level 11, Menara Mudajaya

29 APR 2016

Notice of 13th Annual General Meeting and issuance of Annual Report 2015

ANNOUNCEMENT OF QUARTERLY RESULTS

29 MAY 2015

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2015

27 AUG 2015

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2015

25 NOV 2015

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2015

25 FEB 2016

Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2015

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Dato' Yusli Bin Mohamed Yusoff

Group Managing Director & Chief Executive Officer
James Wong Tet Foh

Independent Non-Executive Director
Chew Hoy Ping

Non-Independent Non-Executive Directors
Lee Seng Huang
Wee Teck Nam

Alternate Director to Lee Seng Huang & Deputy Chief Executive Officer
Lee Eng Leong

AUDIT COMMITTEE

Chew Hoy Ping (Chairman)
Dato' Yusli Bin Mohamed Yusoff
Wee Teck Nam

COMBINED NOMINATION AND REMUNERATION COMMITTEE

Dato' Yusli Bin Mohamed Yusoff (Chairman)
Chew Hoy Ping
Lee Seng Huang

RISK MANAGEMENT COMMITTEE

Dato' Yusli Bin Mohamed Yusoff (Chairman)
Chew Hoy Ping
James Wong Tet Foh

INVESTMENT COMMITTEE

James Wong Tet Foh (Chairman)
Dato' Yusli Bin Mohamed Yusoff
Lee Seng Huang

COMPANY SECRETARIES

Lee Suan Choo (MAICSA 7017562)
Cheah Wai Yuen (MAICSA 7025907)

REGISTERED OFFICE

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

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7849 0777
Fax No : (603) 7841 8151/52

AUDITORS

KPMG
Chartered Accountants

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
CIMB Bank Berhad
AmBank (M) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MUDAJYA
Stock Code : 5085

WEBSITE ADDRESS

www.mudajaya.com

INVESTOR RELATIONS

Email : info@mudajaya.com
Tel No : (603) 7806 7825

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth 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 Thursday, 16 June 2016 at 10.30 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon. **(Please refer to Explanatory Note A)**

2. To re-elect Dato' Yusli Bin Mohamed Yusoff, the Director who retires by rotation in accordance with Article 76 of the Company's Articles of Association. **(Ordinary Resolution 1)**

3. To consider and if thought fit, to pass the following ordinary resolution:- **(Ordinary Resolution 2)**

   "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")."

4. To approve the payment of Directors' fees for the financial year ended 31 December 2015. **(Ordinary Resolution 3)**

5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 4)**

SPECIAL BUSINESS

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

6. **Authority to Allot and Issue Shares pursuant to Section 132D of the Act** **(Ordinary Resolution 5)**

   "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 at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever 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 from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF
ANNUAL GENERAL MEETING

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of 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 29 April 2016 ("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 those generally available to the public and which will not be to the detriment of the minority shareholders of the Company.

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 said AGM, 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 a 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 are 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 6)**

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

"THAT subject to provisions of the Act, the Articles of Association of the Company, the requirements of Bursa Securities and any other regulatory authorities, the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits and/or share premium account of the Company as at 31 December 2015 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.

NOTICE OF
ANNUAL GENERAL MEETING

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 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 7)

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

BY ORDER OF THE BOARD

LEE SUAN CHOO (MAICSA 7017562)
CHEAH WAI YUEN (MAICSA 7025907)
Company Secretaries

Petaling Jaya
29 April 2016

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 and the provisions of Section 149(1)(b) of the Act shall not apply to 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 8 June 2016 (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.

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes on Special Business:-

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

   The Company had, during its Twelfth AGM held on 17 June 2015, 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 5, if passed, will empower the Directors 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 is a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

2. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   The explanatory notes for Ordinary Resolution 6 are set out in the Circular to Shareholders dated 29 April 2016.

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

   The proposed Ordinary Resolution 7, 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.

   Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement to Shareholders dated 29 April 2016.

STATEMENT ACCOMPANYING NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. **Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

   No individual is seeking for election as a Director at the Thirteenth Annual General Meeting of the Company.

2. **A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

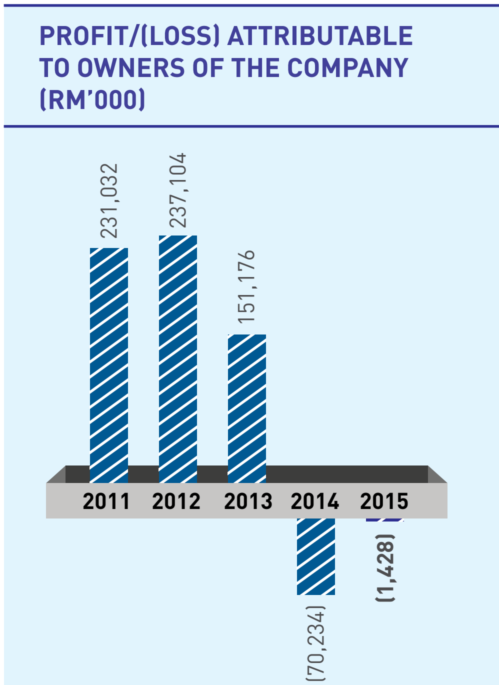
   The proposed Ordinary Resolution 5 for the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares were issued pursuant to the said mandate granted to the Directors at the last Annual General Meeting held on 17 June 2015.

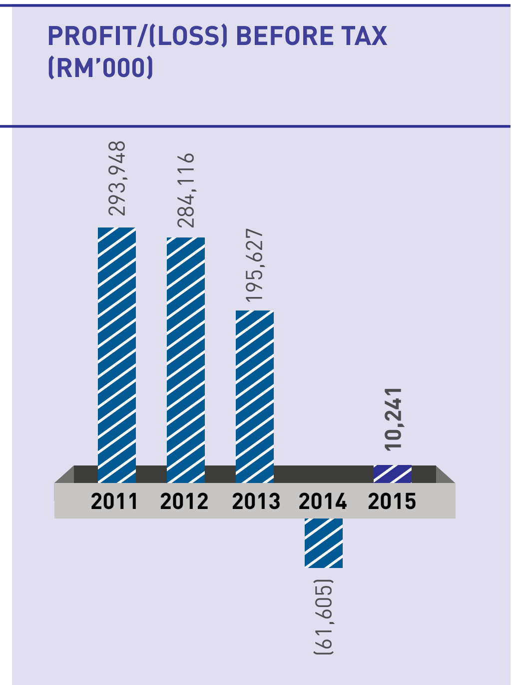
TANJUNG BIN IV 1000 MW COAL-FIRED POWER PLANT
JOHOR

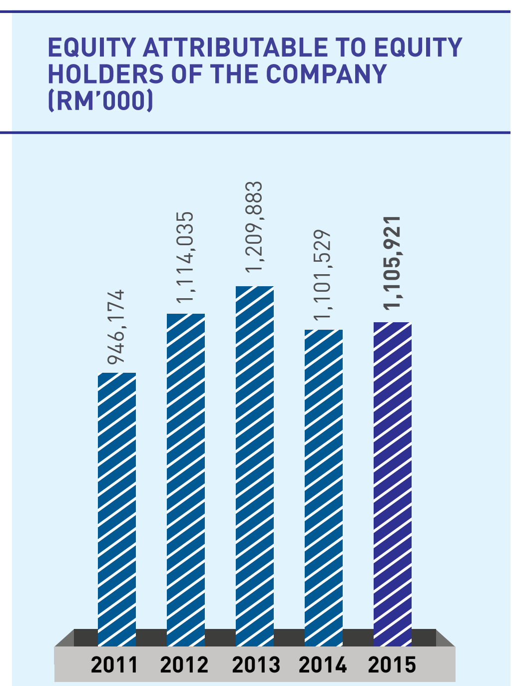
FIVE YEARS
FINANCIAL HIGHLIGHTS

	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Non-Current Assets	**871,254**	**892,143**	858,383	722,812	505,875
Current Assets	**1,169,716**	**960,225**	806,190	921,698	930,780
Total Assets	**2,040,970**	**1,852,368**	1,664,573	1,644,510	1,436,655
EQUITY AND LIABILITIES					
Capital And Reserves					
Share Capital	**110,483**	**110,483**	110,342	109,949	109,665
Reserves	**995,438**	**991,046**	1,099,541	1,004,086	836,509
Equity Attributable To					
Equity Holders Of The Company	**1,105,921**	**1,101,529**	1,209,883	1,114,035	946,174
Non-Controlling Interest	**(15,939)**	**(15,859)**	(18,076)	(10,202)	61,551
Total Equity	**1,089,982**	**1,085,670**	1,191,807	1,103,833	1,007,725
Liabilities					
Non-Current Liabilities	**404,791**	**410,877**	24,894	621	256
Current Liabilities	**546,197**	**355,821**	447,872	540,056	428,674
Total Liabilities	**950,988**	**766,698**	472,766	540,677	428,930
Total Equity And Liabilities	**2,040,970**	**1,852,368**	1,664,573	1,644,510	1,436,655
GROUP RESULTS					
Profit/(Loss) Before Tax	**10,241**	(61,605)	195,627	284,116	293,948
Income Tax Expense	**(7,849)**	(8,857)	(21,960)	(10,563)	(17,020)
Non-Controlling Interest	**3,820**	(228)	22,491	36,449	(45,896)
(Loss)/Profit Attributable To Equity Holders Of The Company	**(1,428)**	(70,234)	151,176	237,104	231,032
SELECTED RATIOS					
(Loss)/Earnings Per Share (Sen)	**(0.26)**	(13.0)	27.9	43.5	42.3
Net Dividend Per Share (%)	**-**	30.0	45.0	45.0	40.0
Net Assets Per Share attributable to equity holders of the Company (RM)	**2.05**	2.05	2.20	2.05	1.73
Return On Equity (%)	**(0.13)**	(6.4)	12.5	21.3	24.4
Gearing Ratio (%)	**50.2**	38.1	2.3	-	-
Share Price (Year-End Closing) (RM)	**1.18**	1.45	2.90	2.62	2.19

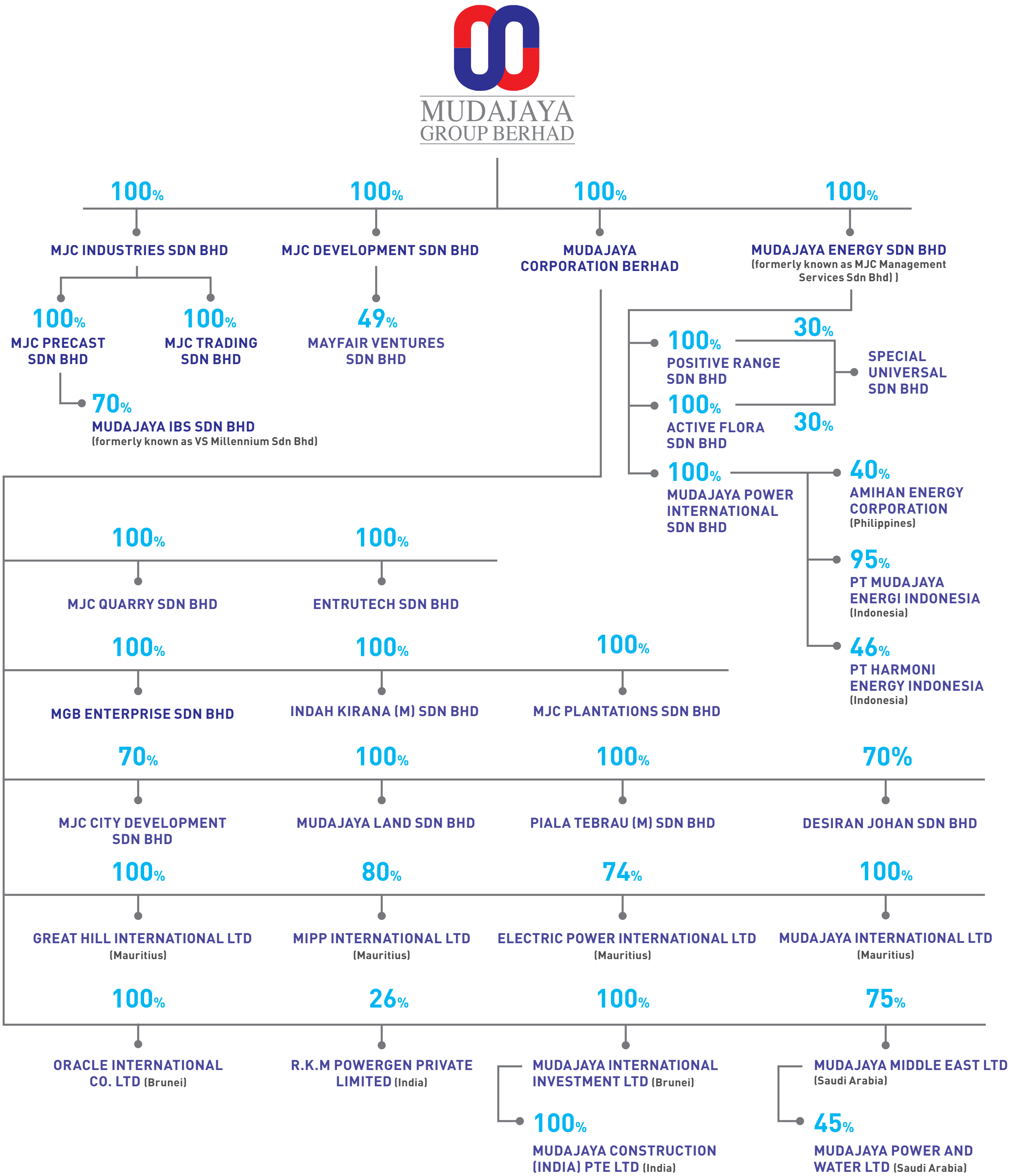
FIVE YEARS
FINANCIAL HIGHLIGHTS







GROUP
STRUCTURE



10 DAMANSARA HEIGHTS
KUALA LUMPUR

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Mudajaya Group Berhad, it is my pleasure 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 2015.

CHAIRMAN'S STATEMENT

"In the International Energy Agency's (IEA) Southeast Asia Energy Outlook 2015 report, the region's total energy demand is forecasted to **GROW BY 80%** from 2013 to 2040."

BUSINESS CLIMATE

In 2015, Malaysia's GDP grew at a slower pace of 5.0% (2014: 6.0%). The Malaysian economy is expected to face a challenging operating environment in the immediate future. Growth will continue to be driven by domestic demand, with some support from net exports. The downside risks to growth will remain, given the current uncertainty in the external environment and the on-going reforms in the domestic economy.

The construction sector in Malaysia recorded slower growth of 8.2% in 2015 (2014: 11.8%), underpinned by public infrastructure projects. The sector's growth will continue to be driven by a combination of mega infrastructure projects such as the Klang Valley Mass Rapid Transit (MRT), Light Rapid Transit (LRT) 3, Pan Borneo and other major highways, Refinery and Petrochemical Integrated Development (RAPID) Pengerang, Sarawak Corridor of Renewable Energy (SCORE), Kuala Lumpur-Singapore High Speed Rail (HSR) and power plant projects.

On the energy front, energy demand in Southeast Asia (ASEAN) is expected to increase on account of anticipated industrial growth, high GDP growth and increasing urbanization in these countries. In the International Energy Agency's (IEA) Southeast Asia Energy Outlook 2015 report, the region's total energy demand increased by more than 50% between 2000 and 2013, and is forecasted to grow by 80% from 2013 to 2040. ASEAN's energy demand will continue to be heavily reliant on fossil-fuels over the forecast period, making up 78% of total energy demand in 2040 (2013: 74%), with coal demand more than tripling over the same period, making up 29% of the total energy mix by 2040.

FINANCIAL RESULTS AND OPERATIONAL ACTIVITIES

The Group recorded revenue of RM543.5 million and profit before tax of RM10.2 million for the year ended 31 December 2015, compared to RM1,050.8 million and loss before tax of RM61.6 million in 2014, primarily due to the turnaround in its construction segment, whilst the lower revenue was a result of the completion of major projects.

The construction sector continues to be the Group's main revenue contributor. During the year 2015, Mudajaya successfully clinched three major projects, namely the Engineering, Procurement, Construction and Commissioning ("EPCC") of Workers Village and Temporary Construction Facilities for the Utilities, Interconnecting and Offsite (UIO) Facilities for the RAPID Project worth RM489 million; the Additional Scope of Works in relation to the Main Civil Works at the Pengerang Cogen Power Plant in Johor worth RM44 million; and the Utilities, Interconnecting, Offsite (UIO) Facilities: Engineering, Procurement, Construction and Commissioning of Warehouses and Workshops for the RAPID Project in Pengerang, Johor

RM750MIL.

TOTAL CONTRACT WINS FOR THE YEAR

CHAIRMAN'S
STATEMENT

4.0-4.5%

GDP GROWTH IN 2016

worth RM220 million. Total contract wins for the year stands at over RM750 million.

Other major on-going projects aside from the above-mentioned projects include the MRT – Package V3 from Dataran Sunway to Section 17, the Tanjung Bin IV 1000 MW coal-fired power plant and the Pengerang Cogen Power Plant in Johor.

The past year has seen the Group make further headway in its transformation from mainly a construction player into sectors that provide a steady stream of recurring income. In this regard, the Group's 46%-owned associate, PT Harmoni Energy Indonesia which achieved commercial operation date ("COD") in October 2015 for its 2 x 7 MW coal-fired steam power plant on a Build-Operate-Own concept for 25 years from COD in Desa Baruta Analalaki in Sulawesi, Indonesia is expected to provide a recurrent income stream to the Group over the concession period. Additionally, Units 1 and 2 of the Group's 4 x 360 MW coal-fired power plant in Chhattisgarh, India have achieved COD recently and are ready to commence the sale of power. The power plant which has a total capacity of 1,440 MW, consists of 4 generating units of 360 MW each with the development phases comprising Phase 1 (Unit 1) and Phase 2 (Units 2, 3 and 4).

CORPORATE DEVELOPMENTS

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

MJC Precast Sdn Bhd ("MJC Precast"), an indirect wholly-owned subsidiary of Mudajaya had on 15 June 2015, entered into a Joint Venture and Shareholders Agreement with IBS International Precast Sdn Bhd ("IBSIP") to undertake the business of manufacturing industrialised building system (IBS) precast products for building projects, through Mudajaya IBS Sdn Bhd ("MIBS"), as well as to regulate the relationship and interests of MJC Precast and IBSIP as shareholders of MIBS.

Mudajaya Power International Sdn Bhd ("MPISB"), a wholly-owned subsidiary of Mudajaya Corporation Berhad, which in turn is a wholly-owned subsidiary of Mudajaya, had on 11 November 2015, incorporated a limited liability company with foreign investment status known as PT Mudajaya Energi Indonesia ("PTMEI") and subscribed to 95% of PT MEI's issued and paid-up share capital. The intended principal activity of PTMEI is to manage Mudajaya's operations in the power sector in Indonesia, including the provision of operation and maintenance services.

CORPORATE STRATEGY AND PROSPECTS OF THE GROUP

Malaysia's GDP is forecasted to grow at a slower pace of between 4.0 – 4.5% in 2016 under the recalibrated Budget 2016. Domestic demand, with support from net exports will continue to be supportive of growth. Despite external uncertainties, the country is expected to remain on a steady growth trajectory amid strong underlying fundamentals.

In the construction sector, the Government's Budget 2016 and earmarked Development Expenditure will help drive the industry in the coming years. The Group will continue to be

CHAIRMAN'S STATEMENT

active in the domestic construction sector and participate in civil engineering and construction projects to further enhance its order book.

Moving forward, the Group is continually seeking to secure profitable projects to enhance shareholders' value. The Group's excellent track record in its 50 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 in securing and undertaking 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, LRT 3, HSR, and major highways. The Group stands to benefit from these infrastructure projects given its past track record in the industry.

In addition, to meet the country's increasing energy demands, major power plant projects are expected to come on-stream in the near-term, including conventional power plants which are predominantly massive undertakings with long construction periods, complex technical requirements and large capital outlays. With Mudajaya's established track record and proven technical capabilities in power plant construction, the Group will be in a strong position to capitalize on these energy sector initiatives.

The Group will continue to seek out investments and expects further additions to its growing recurring income asset base through increased participation in conventional and renewable energy independent power producers in the ASEAN region. Currently, the Group is exploring various business opportunities in Indonesia and Philippines with the intention to acquire strategic assets that satisfy the Group's risk-return hurdle and provide future recurrent income streams.

Further abroad, the Group's venture in the 4 x 360 MW coal-fired independent power producer project in Chhattisgarh, India will fortify the Group's presence in India. Upon the commencement of full commercial operations of the power plant in stages in the near-term, the Group stands to benefit from a steady long-term stream of recurring income.

The Group's property division's focus is geared towards sustaining the segments growth through the launch of new projects such as the Lumi Tropicana development, in addition to the established Batu Kawa township development in Kuching, Sarawak.

Despite the underlying optimism, the Group remains cautious given the highly competitive environment in the construction sector in Malaysia. The Group's attention is directed at accelerating the transformation from a pure construction outfit into areas that provide recurring income. This lessens the Group's exposure to the construction industry's cyclic nature,

CHAIRMAN'S
STATEMENT

and its subsequent impact on profitability. 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 Mudajaya.

Against this backdrop and barring any unforeseen circumstances, the Board expects the financial performance of the Group to be satisfactory in 2016.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude and appreciation to all the directors, members of the management and staff for their loyalty, commitment and dedication.

Last but not least, I would like to take this opportunity to thank our stakeholders, shareholders, financiers, suppliers, contractors and clients, for their continuous and unwavering support through the years.

Thank you.

Dato' Yusli Bin Mohamed Yusoff
Chairman
15 April 2016

MANAGEMENT DISCUSSION
& ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

The Group's core business segments are divided into Construction, Power, Property Development and Manufacturing & Trading.

Despite challenging current market conditions, better cost control and improved margins in the construction segment as well as better performance in the remaining business segments have resulted in a turnaround in the Group's performance in the financial year under review compared to last year.

OVERVIEW OF OBJECTIVES AND STRATEGIES

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. In the past year, the Group's concession assets division has continued to expand in Indonesia while exploring a number of assets locally and abroad.

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 foray into concession assets such as Independent Power Production ("IPP") & renewable energy ("RE") projects, and increased focus on property development are examples of the Group's transformation. In the manufacturing and precast segment, the Group has formalized a number of agreements to tap into the increased demand for precast products from local and regional infrastructure projects.

REVIEW OF FINANCIAL RESULTS

The Group reported revenue of RM543.5 million and profit before tax of RM10.2 million for the twelve months period ended 31 December 2015 compared to revenue of RM1,050.8 million and loss before tax of RM61.6 million respectively in 2014.

SEGMENTAL OVERVIEW

Construction

The Construction segment undertakes civil engineering, construction works and equipment procurement. The Group's construction operations are spearheaded by its 100%-owned subsidiary, Mudajaya Corporation Berhad ("MCB").

The construction segment reported revenue and profit before tax of RM442.8 million and RM9.6 million for the year ended 31 December 2015 compared to the previous year revenue of RM849.8 million and loss before tax of RM69.6 million respectively. Lower revenue in the current period was mainly due to the completion of major projects. The turnaround in profitability came from the recovery of costs from local projects, higher margin from new projects and more effective project cost control measures.

The construction division continues to perform commendably due to its streamlined operations, optimization of resources such as plant, labour and material and good industry track record. The division will remain cautious in building up the order book while at the same time stepping up cost controls in its projects. The Group's construction arm will continue to embrace value engineering to benefit clients and projects.

The Group's on-going construction projects include: -

- Construction and completion of the main civil works for Pengerang RAPID Workers Village in Johor
- Construction and completion of the main civil works for Pengerang RAPID Warehouse in Johor
- Construction and completion of the main civil works for Pengerang Cogen Power Plant in Johor
- Construction and completion of the main civil works for Pengerang Cogen Power Plant (Supplementary Order) in Johor

MANAGEMENT DISCUSSION
& ANALYSIS

- Construction and completion of Projek Mass Rapid Transit Lembah Kelang Package V3 from Dataran Sunway Station to Section 17
- Design and construction of civil structure works for a 1,000 MW Coal-Fired Power Plant at Tanjung Bin, Johor Darul Takzim
- 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 of a block of 44-storey service apartment and a block of 26-storey office tower with 5-storey podium and 3 levels of basement car park, Off Jalan Sultan Ismail, Kuala Lumpur

The construction sector in Malaysia grew at a slower pace in 2015, recording growth of 8.2% compared to 11.8% in the previous year. The domestic construction sector has remained challenging. Local contractors, in their efforts to shore up the order book, continue to price their tenders aggressively to secure construction projects. Increasing construction material prices and escalating labour costs due to a shortage in skilled and unskilled labour supply also poses a challenge to the sector. The highly competitive environment, coupled with escalating compliance requirements in safety, health and environmental standards at construction sites have led to an industry-wide deterioration in profit margins. In addition, large infrastructure and power projects are often subject to public consultation and feedback, resulting in delays in contract awards. In addition, falling crude oil prices have also posed some uncertainties to the Malaysian economy as observed in the oil & gas sector with Petronas cutting back on capital and operational expenditures.

Power

The Power segment reported revenue and loss before tax of RM11.4 million and RM1.6 million for the year ended 31 December 2015 compared to the previous year revenue of RM9.7 million and profit before tax of RM3.2 million respectively. The increase in revenue was attributable to the full-year contribution from the Group's 60%-owned subsidiary Special Universal Sdn Bhd, derived from the 10 MW solar energy power plant in Gebeng, Pahang. The loss before tax however was due to share of results of associates.

In India, RKM Powergen Pte Ltd in which Mudajaya has a 26% equity stake in, is developing a 4 x 360 MW coal-fired thermal power plant. The IPP project which consists of 4 generating units with a nominal capacity of 360 MW each, is to be set up in two phases, comprising Phase 1 (Unit 1 of the generating units) and Phase 2 (Unit 2, 3 and 4 of the generating units). The project is targeted to come on-stream in phases commencing 2016.

REVENUE

CONSTRUCTION	RM442.8 MILLION
POWER	RM11.4 MILLION
PROPERTY	RM44.7 MILLION
MANUFACTURING & TRADING	RM39.2 MILLION

MANAGEMENT DISCUSSION
& ANALYSIS

The Group's maiden IPP project in Indonesia, the Bau Bau 2 x 7 MW coal-fired power plant in South Sulawesi, Indonesia is now complete and has achieved Commercial Operations Date ("COD") on 29 October 2015. The coal-fired steam power plant is developed on a build-operate-own concept via its special purpose vehicle, PT Harmoni Energi Indonesia ("PT HEI"). In July 2011, PT HEI and Perusahaan Listrik Negara, a state-owned electricity company, entered into a power purchase agreement for a period of 25 years from COD.

Property

The Property Development segment is involved in the development of residential and commercial properties. The segment reported revenue and profit before tax of RM44.7 million and RM17.4 million for the year ended 31 December 2015 compared to revenue of RM58.1 million and profit before tax of RM15.7 million in the previous year. Profitability improved due to contribution of sales from product mix with better margins.

The property arm's 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 has received many 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.

Mudajaya Land Sdn. Bhd. ("MLSB"), a wholly-owned subsidiary of MCB, is the developer of 10 Damansara Heights, a high-end boutique bungalow development at the prestigious Damansara Heights in Kuala Lumpur. This is a joint venture between MLSB and Integrated Heights Sdn. Bhd. Lumi Tropicana, through Mayfair Ventures Sdn Bhd, a Joint Venture between Mudajaya (49%) and Thriven Global Berhad (previously known as Mulpha Land Berhad) (51%), has been launched and construction works have commenced. The mixed development project sits on a six-acre piece of prime land in Tropicana, Petaling Jaya with a GDV of approximately RM850 million. Apart from the sale of properties, revenue is also derived from rental contributions from completed projects such as Menara Mudajaya, located at the Corporate Business Park of Mutiara Damansara, Petaling Jaya. This 16-storey office building has a gross build-up area of approximately 138,000 square feet and is almost fully-tenanted.

Manufacturing & Trading

The Manufacturing & Trading segment reported revenue and profit before tax of RM39.2 million and RM6.5 million for the year ended 31 December 2015 compared to revenue of RM128.5 million and profit before tax of RM4.9 million in the previous year. Revenue for the current period declined as a result of the completion of major projects, hence reducing the volume of manufacturing and trading activities. The profit before tax on the other hand, increased due to improved margin.

The manufacturing segment is involved in the manufacturing of construction related precast products via its wholly-owned subsidiary MJC Precast Sdn. Bhd ("MJC Precast"). The precast concrete operation provides integral support to the construction activities of the Group.

The trading segment is involved in the trading of construction materials. The division's activities are undertaken by MJC Trading Sdn. Bhd., a wholly-owned subsidiary of MCB. The

PROFIT BEFORE TAX

CONSTRUCTION	RM9.6 MILLION
POWER	(RM1.6 MILLION)
PROPERTY	RM17.4 MILLION
MANUFACTURING & TRADING	RM6.5 MILLION

MANAGEMENT DISCUSSION
& ANALYSIS

division plays 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.

Major pre-cast concrete beam contracts secured and supplied during the year were the Klang Valley Mass Rapid Transit (MRT) -V3 project, Tanjung Bin project, Sunway BRT project – Bus Rapid Transit, LRT – Package A Kelana Jaya Line Extension & Package B Ampang Line Project. In 2015, MJC Precast Sdn. Bhd. clinched the Klang Westport CT8-1 and LRT Line 2 projects.

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) in railways, highways, oil and gas construction, and mixed developments. Projects such as the Refinery and Petrochemical Integrated Development (RAPID) in Pengerang, Johor, the Klang Valley MRT Sg Buloh – Serdang – Putrajaya (SBSP) Line 2, and highways like the West Coast Expressway (WCE) and Pan Borneo Highway will continue to spearhead the sector's growth.

Domestically, the Group is leveraging on its financial strength and established track record in the power sector to generate higher profit margins. The power sector in Malaysia remains encouraging with energy demand in the country expected to rise in line with population and economic growth. Power plant construction projects, to replace end-of life plants and to meet the increasing energy needs of the nation provide opportunities for the Group to replenish its construction order book. 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 RE sector, such as the Large Scale Photovoltaic Plant in Peninsula Malaysia by the Energy Commission.

Abroad, the Group has plans to expand its footprint in the power sector in the ASEAN region. In Indonesia for example, the Group has formalized agreements with its joint venture partners to enter into investments in coal-fired power plants.

On the property front, the Group through its subsidiary MJC City Development Sdn. Bhd. which is developing the Batu Kawah Township in Kuching, has a remaining land-bank of approximately 72.6 acres with projected Gross Development Value of 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.

The manufacturing segment is also expanding its core activities. MJC Precast is actively pursuing various projects and expanding its manufacturing capabilities. In particular, the division is expanding into the Industrial Building Systems (IBS) sector which is a construction process that utilizes techniques, products, components, or building systems that involve prefabricated components and on-site installation.

Mudajaya will continue to explore opportunities to further strengthen its order book and maintain healthy financial growth. The financial performance of the Group for 2016 is expected to be satisfactory.

DIRECTORS' PROFILE

DATO' YUSLI BIN MOHAMED YUSOFF

Independent Non-Executive Chairman

Chairman of Risk Management Committee

Chairman of Combined Nomination and Remuneration Committee

Member of Audit Committee and Investment Committee

MALAYSIAN

Dato' Yusli, aged 57, graduated with a Bachelor of Economics Degree from University of Essex, England and is a member of the Institute of Chartered Accountants in England & Wales, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career with Peat Marwick Mitchell & Co. in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering, merchant banking and stockbroking. He was the Chief Executive Officer and Executive Director of Bursa Malaysia Berhad from 10 April 2004 to 31 March 2011.

Dato' Yusli was appointed to the Board on 13 July 2011.

Dato' Yusli has no directorships in other public companies apart from Mulpha International Bhd, YTL Power International Berhad, AirAsia X Berhad, Westports Holdings Berhad, Australaysia Resources and Minerals Berhad, Malaysian Institute of Corporate Governance and Infinity Trustee Berhad.

DIRECTORS' PROFILE

JAMES WONG TET FOH

Group Managing Director & Chief Executive Officer

Chairman of Investment Committee

Member of Risk Management Committee

MALAYSIAN

Mr James Wong, aged 55, 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 also completed a part time MBA (Finance) Programme from Nottingham University Business School in 2015.

Mr James Wong attained his Professional Engineer registration with the Board of Engineers Malaysia in 1989 after having spent the first 5 years of his career with a forensic engineering consultancy firm specialising in distressed buildings or infrastructure works covering the fields of geotechnical, structural and material investigations.

Mr James Wong 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 joining Mudajaya Group Berhad ("Mudajaya"), he served as Business Development Director of IJM Corporation Bhd and subsequently as Managing Director of IJM's toll highway concession asset companies in Malaysia and India.

Mr James Wong was appointed to the Board as Executive Director on 2 May 2014. He was redesignated as an Alternate Director to Mr Anto A/L SF Joseph and as Deputy Chief Executive Officer of Mudajaya on 1 January 2015 and subsequently promoted as the Group Managing Director & Chief Executive Officer of Mudajaya on 1 April 2015. He was appointed as Director and Chief Operating Officer of Mudajaya Corporation Berhad on 2 May 2013 and subsequently redesignated as the Managing Director of Mudajaya Corporation Berhad on 2 May 2014.

Mr James Wong has no directorships in other public companies apart from Mudajaya Corporation Berhad.

DIRECTORS' PROFILE

CHEW HOY PING

Independent Non-Executive Director

Chairman of Audit Committee

Member of Risk Management Committee and Combined Nomination and Remuneration Committee

MALAYSIAN

Mr Chew, aged 58, is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Mr Chew began his career at Messrs Price Waterhouse ("PwC") in 1976, serving in various capacities for almost 30 years, and was admitted as a Partner of the firm in 1990. Whilst at PwC, he covered a wide range of professional service areas including business advisory, corporate recovery and corporate finance. He also held several leadership roles including that of Asia Pacific Chairman of Financial Advisory Services and was the Malaysian firm's Risk Management & Independence Leader, its Deputy Chairman of the Governance Board and a member of its Country Management Team. Mr Chew was seconded for assignments to the PwC Houston, Texas office (1982-1984) and to Bank Negara Malaysia (1986-1988). In 2005, he became the Chief Financial Officer for Southern Bank Berhad ("SBB") and left in mid-2006 when SBB was acquired by Bumiputra Commerce Holdings Berhad (CIMB).

Mr Chew was appointed to the Board on 1 January 2015.

Mr Chew has no directorships in other public companies apart from Carlsberg Brewery Malaysia Berhad and Mulpha International Bhd.

LEE SENG HUANG

Non-Independent Non-Executive Director

Member of Combined Nomination and Remuneration Committee and Investment Committee

MALAYSIAN

Mr Lee, aged 41, was educated at the University of Sydney in Australia and has wide ranging financial services and real estate investment experience in the Asian region.

Mr Lee is currently the Non-Executive Chairman of Aveo Group, a leading retirement group listed on the Australian Securities Exchange. He is also the Executive Chairman of Mulpha International Bhd, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Lee was appointed to the Board on 17 March 2011.

Mr Lee has no directorships in other public companies in Malaysia apart from Mulpha International Bhd.

DIRECTORS' PROFILE

WEE TECK NAM

Non-Independent Non-Executive Director

Member of Audit Committee

MALAYSIAN

Mr Wee, aged 76, graduated with a Bachelor Degree in Mechanical Engineering from University of Sydney, Australia.

Upon graduation, he worked for 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 Senior Manager, overseeing the total operations of 24,000 acres of palm oil estates and oil mills in Terengganu. In 1986, he pioneered Wormald International Ltd of Australia and built up its operations in Taiwan. In 1994, he became the General Manager and Chief Executive Officer of Shanghai Allied Cement Ltd, a joint venture company between Hong Kong and China. Eventually, Mr Wee retired and returned to Malaysia in the early 1999. He was a Director of Mulpha Land Berhad (now known as Thriven Global Berhad) from October 1998 to August 2001 and a Director of Mulpha International Bhd from October 1998 to July 2002.

Mr Wee was appointed to the Board as Executive Director on 2 March 2004. Subsequently, he was redesignated as Non-Independent Non-Executive Director of Mudajaya on 1 January 2015.

Mr Wee has no directorships in other public companies.

LEE ENG LEONG

Alternate Director to Lee Seng Huang & Deputy Chief Executive Officer

MALAYSIAN

Mr Lee, aged 48, is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, 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 multi-national companies in Asia.

Mr Lee was appointed as Alternate Director to Mr Lee Seng Huang on 17 October 2012. Subsequently, he was appointed as Deputy Chief Executive Officer of Mudajaya on 1 January 2015. On 1 August 2014, Mr Lee was appointed as Executive Director of Mudajaya Corporation Berhad.

Mr Lee has no directorships in other public companies in Malaysia apart from Mudajaya Corporation Berhad, Leisure Farm Polo Club Berhad and Thriven Global Berhad (formerly known as Mulpha Land Berhad).

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   Mr Lee Seng Huang, the Non-Independent Non-Executive Director and major shareholder of Mudajaya, is the son of Madam Yong Pit Chin, who is a major shareholder of Mudajaya.

   Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of Mudajaya.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with Mudajaya.

3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

4. **Attendance of Board Meetings**
   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2015 is disclosed in the Statement on Corporate Governance.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of Mudajaya Group Berhad ("Mudajaya" or "the Company") remains 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 governance practices is critical to business integrity and performance, and key to delivering shareholders' 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 ended 31 December 2015, 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 are 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 shareholders' value, the Board takes into account the interests of all stakeholders in its decision-making.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives to the Group Managing Director & Chief Executive Officer ("Group CEO") who is supported by the Deputy Chief Executive Officer. The Group 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 Group 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.

To ensure the effective discharge of its functions and responsibilities, the Board has set and approved business authority limits which set out relevant matters which the Board may delegate to the Management. These authority limits are reviewed and revised as and when required, to ensure an optimum structure for efficient and effective decision-making in the Group.

1.2 Clear roles and responsibilities

The Board is responsible for the overall performance of the Group and focuses on strategies, performance, standards of conduct, financial and major business matters. The main functions and roles of the Board are as follows:-

- Setting and reviewing the objectives, goals and strategic plans for the Group with a view to maximising shareholders' value.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Overseeing the conduct of the Group's businesses to evaluate whether the businesses are properly managed.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Succession planning for senior management.

STATEMENT ON
CORPORATE GOVERNANCE

- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.
- Overseeing the development and implementation of a shareholders' communication policy for the Company.

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

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

1.3 Formalised ethical standards through Code of Ethics

Code of Ethics and 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. The Code provides clear direction on conduct of business, interacting with the community, government and business partners; and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices and internal controls, and the duty to report where there is a breach of the Code.

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

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

A copy of the Code can be found in Mudajaya's website.

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 and therefore takes into consideration its environmental, social and governance impact when developing Mudajaya's corporate strategies. Mudajaya's sustainability agenda includes the following:-

- Uphold high corporate governance standards and ethics across the organisation.

- Streamlining all policies, processes and internal controls, and strengthening compliance with the relevant laws and regulations.
- Extend local and international standards on health, safety, security, environment, human rights and ethics to all business partners.

Mudajaya takes a proactive approach in managing potential environmental risks and impacts across the Group's operations and comply with global standards such as ISO 9001: 2018, ISO 14001: 2004 and OHSAS 18001: 2007. Mudajaya has 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 the employees.

1.5 Access to information and advice

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

i) The Group CEO, Chief Financial Officer and members of the senior management who attend Board and Committee meetings by invitation will report and update on areas of the business within their responsibility to give Board members thorough insights into the business. This includes financial, operational, regulatory and strategic information, and investor relations updates.

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

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, when considered necessary.

1.6 Qualified and competent Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who ensure the flow of information to the Board and its Committees. They are responsible for developing and maintaining the processes that enable the Board to fulfill its roles, ensuring compliance with the Company's constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries, whose appointment and removal are matters for the Board to decide, oversee the adherence to Board policies and procedures.

The Company Secretaries attend the Board and 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 Secretaries.

STATEMENT ON
CORPORATE GOVERNANCE

1.7 Board Charter

The Board is guided by the Board Charter which among others, sets 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 Group CEO, including the limits which the Group CEO can execute the authority; and provides guidance on the division of responsibilities between the Board and Group CEO.

The Board Charter including the terms of reference of all the Board Committees are accessible in Mudajaya's website.

STRENGTHEN COMPOSITION OF THE BOARD

2.1 Combined Nomination and Remuneration Committee ("CNRC")

The current members of the CNRC are Dato' Yusli Bin Mohamed Yusoff (Chairman), Mr Chew Hoy Ping and Mr Lee Seng Huang. All members of the Committee are non-executive directors, majority of whom are independent.

The CNRC meets as and when required, and at least once a year. The CNRC met once during the financial year and the meeting was attended by a majority of its members.

The role of the CNRC is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience and personal characteristics. The duties and responsibilities of the CNRC are as follows:

a) To 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 extraordinary meeting. In making its recommendations, the CNRC will also consider candidates for directorships proposed by the Group CEO and, within the bounds of practicality, by any other senior executive or any director or shareholder.

   In making its recommendations, the CNRC shall consider the candidates':

   - Skills, knowledge, expertise and experience;
   - Professionalism;
   - Integrity; and
   - In the case of candidates for the position of independent non-executive directors, the CNRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from independent non-executive directors.

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

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

d) To evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contribution of each individual director, including independent non-executive directors as well as the Group CEO. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.

e) To determine appropriate training and orientation needs for Directors, review the fulfillment of such training and disclose details in the annual report as appropriate, in accordance with Bursa Malaysia Securities Berhad's ("Bursa Securities") guidelines on continuing education.

f) To consider and recommend the Directors for re-election/re-appointment at each Annual General Meeting ("AGM").

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

h) To establish a competitive compensation package, which reflects market value, sustained individual performance, job responsibilities and the group's performance against financial objectives.

i) To review the directors' performance in line with the corporate objectives and decides upon the remuneration package of the executive directors.

j) To establish a formal and transparent procedure for developing policy on executive remuneration.

k) To review and recommend the entire individual remuneration packages for each of the executive directors to ensure the levels of remuneration be sufficiently attractive and be able to retain the executive directors needed to run the Company successfully.

l) To consider and examine such other matters as the Committee considers appropriate.

m) To consider other matters as referred to the Committee by the Board.

Activities undertaken

The CNRC assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director in 2015 including its size, structure and composition. The Board's performance evaluation is discussed in more detail in the section under "Performance evaluation" on page 30.

In carrying out its duties and responsibilities, the CNRC has full and unrestricted access to Mudajaya's records and personnel. The CNRC reports its proceedings and recommendations 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. The Board is satisfied that it has an appropriate balance of expertise, skills and attributes among the Directors, including relevant core competencies.

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

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

Appointments to the Board and re-election of Directors

The CNRC 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 CNRC 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 AGM. The Board may appoint an individual to be a Director, either as an addition to the existing Directors or to fill a casual vacancy. Any new Director appointed by the Board during the year is required to stand for election at the next AGM.

Other than those Directors appointed during the year, one-third of the 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 CNRC. The re-election of each Director is voted as a separate resolution during the AGM.

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Following the assessment, the Board, on the recommendation of the CNRC, 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.

During the financial year 2015, the CNRC assessed the effectiveness of the Board and 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 CNRC also reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core-competencies of the Directors; the independence of the Independent Directors; and the retirement of Directors eligible for re-election/re-appointment.

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 shareholders' value, to contribute to the development of strategies, 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 Chairman of the CNRC and supported by the Company Secretaries. The evaluation results were considered by the CNRC, which then made recommendations to the Board, aimed at helping the Board to discharge its duties more effectively.

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

2.3 Remuneration policies and procedures

The role of the CNRC is to assist the Board in overseeing the remuneration policy of the Group. During the financial year 2015, the CNRC evaluated the Group CEO against the set performance criteria and reviewed his compensation package, subject to the Board's approval.

Non-Executive Directors' remuneration is a matter to be decided by the Board collectively with the Director concerned abstaining from deliberations or voting on decision in respect to his individual remuneration. The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the CNRC. Each of the Non-Executive Directors abstained from deliberating and voting on their own remuneration.

Directors' remuneration

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

Details of Directors' remuneration

The details of the Directors' remuneration for the financial year ended 31 December 2015 and the remuneration bands analysis are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	4,462	-
Bonus	44	-
Defined contribution plan	640	-
Estimated money value of benefits-in-kind	91	-
Fees	-	410
Other emoluments	-	220
Total	**5,237**	**630**

Range of Remuneration	No. of Executive Directors	No. of Non-Executive Directors
Below RM50,000	-	1
RM50,000 – RM100,000	-	2
RM350,000 – RM400,000	-	1
RM650,000 – RM700,000	1	-
RM1,050,000 – RM1,100,000	1	-
RM1,550,000 – RM1,600,000	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 and Mr Chew Hoy Ping are the Independent Directors. The Board, via its CNRC assesses each Director's independence to ensure ongoing compliance with the independence requirement annually. 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 comprising Independent Non-Executive Directors. However, the Board has plans to increase the number of Independent Non-Executive Directors to further strengthen the Board's composition.

3.2 Tenure of Independent Directors

Mudajaya does not have term limits for Independent Directors. 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.

STATEMENT ON
CORPORATE GOVERNANCE

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 of Mudajaya's operations and therefore, provide an 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.

3.3 Shareholders' approval to retain Independent Directors who have served for more than nine (9) years

Currently, none of the Independent Directors of the Company has served the Board for more than nine (9) years.

3.4 Separation of positions of the Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Chairman and the Group 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 Group CEO to monitor performance and oversees the implementation of strategies. The Chairman sets agendas for the meetings of the Board that focus on the strategic direction and performance of Mudajaya.

The Group 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 five (5) Directors, comprising the Independent Non-Executive Chairman, an Independent Non-Executive Director, the Group CEO, two (2) Non-Independent Non-Executive Directors and an Alternate Director to a Non-Independent Non-Executive 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.

A brief description of the background of each Director is presented on pages 21 to 24 of the Annual Report.

The Board is satisfied that the current composition of Directors provides the appropriate size and balance of expertise, skills and core competencies which are necessary to govern Mudajaya effectively. It also fairly represents the ownership structure of Mudajaya, with appropriate representations of minority interests through the Independent Non-Executive Directors.

Diversity of gender, ethnicity and age within the Board is also important, and this includes a mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Board recognises 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 Board does not have any such diversity policies and targets or any set measures to meet any target. Nevertheless, the Group is an equal opportunity employer and all appointments and employments are based strictly on merits and are not driven by any racial or gender or age bias.

The Board has plans to further strengthen the Board composition in the future with the appointment of additional directors of the right mix of skills, experience and gender.

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. 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 six (6) times during the financial year and the attendance of Directors at the Board meetings, is as follows:-

Name of Directors	No. of meetings attended
Dato' Yusli Bin Mohamed Yusoff (Chairman)	6/6
Mr. Wee Teck Nam	6/6
Mr. Lee Seng Huang (Alternate Director: Lee Eng Leong)	5/6
Mr. James Wong Tet Foh (appointed on 2 May 2014, resigned on 1 January 2015 and re-appointed on 1 April 2015)	4/4
Mr. Chew Hoy Ping (appointed on 1 January 2015)	6/6
Mr. Anto A/L SF Joseph (resigned on 1 April 2015)	2/2

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Securities.

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 Secretaries 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. Such notification is expected to include an indication of time that will be spent on the new appointment.

4.2 Directors' training and induction

All the 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. The Directors have ongoing access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

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

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If new Directors are appointed to the Board, they will undergo an induction programme, which includes briefings on Mudajaya's business and its governance process, meetings with senior management and visit to the business operations.

During the financial year ended 31 December 2015, the Directors have attended conferences, seminars and trainings, as follows:-

Name of Directors	Title	Organiser	Date
Dato' Yusli Bin Mohamed Yusoff	1) Knowing how to detect, prevent and report Financial Irregularities and Scandalous Activities	Bursatra Sdn Bhd	15 June 2015
	2) Board Chairman Series: "Tone from the Chair and Establishing Boundaries"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	15 September 2015
	3) CG Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"	Bursa Malaysia Berhad, Malaysian Institute of Accountants & Malaysian Institute of Certified Public Accountants	21 September 2015
James Wong Tet Foh	1) Workshop for Mentor "Log Book Training Scheme – Guidelines for Mentors"	IEM	28 March 2015
	2) 6th International Infrastructure Investment and Construction Forum (IIICF)	China International Contractors Association	4 & 5 June 2015
	3) Global Sustainability and Impact Investing Forum 2015	Bursa Malaysia Berhad	23 July 2015
	4) CG Breakfast Series with Directors: "The Board's Response in Light of Rising Shareholder Engagements"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	4 August 2015
	5) Forbes Global CEO Conference	Forbes Asia	12 – 14 October 2015
	6) CG Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"	Bursa Malaysia Berhad, Malaysian Institute of Accountants & Malaysian Institute of Certified Public Accountants	2 November 2015

Name of Directors	Title	Organiser	Date
Chew Hoy Ping	1) CG Breakfast Series with Directors: "The Board's Response in Light of Rising Shareholder Engagements"	Bursa Malaysia Berhad & The ICLIF Leadership and Governance Centre	4 August 2015
	2) CG Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"	Bursa Malaysia Berhad, Malaysian Institute of Accountants & Malaysian Institute of Certified Public Accountants	2 November 2015
	3) Changing Scope of Capital Market Regulations	Malaysian Institute of Accountants	24 November 2015
	4) CG Breakfast Series with Directors: "Board Reward and Recognition"	Bursa Malaysia Berhad & Malaysian Directors Academy (MINDA)	26 November 2015
Lee Seng Huang	Cyber Security Sharing	Deloitte Touche Tohmatsu	4 June 2015
Wee Teck Nam	Navigating the political economy of global business: A Malaysian insight	Bursatra Sdn Bhd	15 September 2015
Lee Eng Leong	1) Advocacy Session on Management Discussion & Analysis for Chief Executive Officers and Chief Financial Officers of Listed Issuers	Bursa Malaysia Berhad	30 July 2015
	2) CFO Dialogue 2015 – Integrated Thinking, Sustainable Business Success	Malaysian Institute of Accountants	3 September 2015
	3) MIA International Accountants Conference 2015	Malaysian Institute of Accountants	26 & 27 October 2015

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 results, 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 ON
CORPORATE GOVERNANCE

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 financial reporting 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 financial performance and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

a) adopted the appropriate accounting policies and applied them consistently;

b) made judgments and estimates that are prudent and reasonable; and

c) ensured that the financial statements are in accordance with the provisions of the Companies Act 1965, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities.

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

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

5.2 Assessment of suitability and independence of external auditors

Key features underlying the relationship of the Audit Committee with the internal auditors and external auditors are detailed on pages 43 to 48 of the Annual Report. A summary of the activities of the Audit Committee during the year is set out on pages 46 and 47 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 Board upholds the integrity of financial reporting by Mudajaya and as such, the external auditors have provided confirmation on their independence in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee works closely with the audit partner assigned by KPMG to Mudajaya, to act as the key representative for overseeing the relationship of Mudajaya with the external auditors.

The external auditors attended three (3) of the Audit Committee meetings held in 2015 to table the Audit Findings, Audit Planning Memorandum and Audited Financial Statements.

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 ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of Mudajaya. In addition, the Board has implemented more stringent internal controls to further strengthen its risk management process recently. 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 ongoing process for identifying, evaluating and managing the significant risks faced by Mudajaya.

The Statement on Risk Management and Internal Control set out on pages 49 to 52 of the Annual Report, provides an overview of the state of internal controls and risk management within Mudajaya.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate disclosure policies and procedures

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.

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 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 the primary method of informing shareholders and the market
- Periodic disclosure – in the form of full year and quarterly reporting of financial results and the Annual Report
- Specific information disclosure – as and when required, of corporate developments, usually in the form of press releases

All announcements released to Bursa Securities are immediately available to shareholders and the market on the Investor Relations section of Mudajaya's website.

STATEMENT ON
CORPORATE GOVERNANCE

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 information, which includes announcements to Bursa Securities, media releases, investor briefings, quarterly results and annual reports.

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

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

Shareholders and investors 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 about the Group, they are encouraged to direct their queries to:

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

STRENGTHENED RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder 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 the AGM are determined to provide maximum opportunity to as many shareholders as possible to attend personally.

The Notice of AGM is sent to shareholders at least 21 days ahead of the meeting date together with the Annual Report. In addition, the Annual Report together with the Notice of AGM and Proxy Form are posted on the websites of Mudajaya and Bursa Securities. The notice of AGM is also advertised in a major local newspaper.

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

All Directors are expected to attend the AGM where possible. Mudajaya also requires its external auditors to attend each AGM to be available to answer questions on the financial statements.

8.2 Encourage poll voting

All resolutions put forth for shareholders' approval at the 12th AGM held on 17 June 2015 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 engagements with shareholders

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.

This Statement on Corporate Governance was approved by the Board on 15 April 2016.

ADDITIONAL
COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2015.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

(a) Employees' Share Option Scheme ("ESOS")

The Company has one ESOS in existence and during the financial year ended 31 December 2015, there was no new allocation of options over ordinary shares. There was also no exercise of options over ordinary shares during the financial year.

The total number of options granted, exercised, forfeited and outstanding under the ESOS as at 31 December 2015 are set out below:-

	No. of options over ordinary shares		
	Directors	**Eligible Employees**	**Total**
Total number of options granted	10,662,000	20,358,700	31,020,700
Total number of options exercised	(486,000)	(3,616,000)	(4,102,000)
Total number of options forfeited	(8,976,000)	(7,935,000)	(16,911,000)
Total number of options outstanding	1,200,000	8,807,700	10,007,700

The Company did not grant any options over ordinary shares to the Non-Executive Directors pursuant to the ESOS during the financial year.

Pursuant to the Company's ESOS By-Laws, not more than 50% of the options available under the ESOS shall be allocated, in aggregate, to Directors and senior management. Since the commencement of the ESOS up to 31 December 2015, 35.18% of the options granted under the ESOS has been granted to Directors and senior management.

(b) Warrants and Convertible Securities

The Company did not issue any warrants or convertible securities during the financial year ended 31 December 2015.

3. AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2015.

ADDITIONAL
COMPLIANCE INFORMATION

4. SANCTIONS AND/OR PENALTIES

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 ended 31 December 2015, which have material impact on the operations or financial position of the Group.

5. NON-AUDIT FEES

The non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2015 amounted to RM285,000.

6. VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

7. PROFIT GUARANTEE

There was no profit guarantee received by the Company during the financial year ended 31 December 2015.

8. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2015.

9. STATEMENT BY AUDIT COMMITTEE IN RELATION TO ALLOCATION OF OPTIONS OVER ORDINARY SHARES PURSUANT TO THE COMPANY'S ESOS

There was no new allocation of options over ordinary shares pursuant to the Company's ESOS during the financial year ended 31 December 2015.

10. SHARE BUY-BACK

The Company has not purchased any of its own shares during the financial year ended 31 December 2015. As at 31 December 2015, 14,018,300 ordinary shares of RM0.20 each were retained as treasury shares.

ADDITIONAL
COMPLIANCE INFORMATION

11. RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Chapter 10, Paragraph 10.09 and Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions of a revenue or trading nature ("RRPT") conducted pursuant to the Shareholders' Mandate during the financial year ended 31 December 2015 are as follows:-

Transacting Party	Interested Related Parties	Relationship of Related Parties as at 31 December 2015	Nature of RRPT	Value (RM)
Mayfair Ventures Sdn Bhd ("MVSB"), a subsidiary of Thriven Global Berhad *(formerly known as Mulpha Land Berhad)* ("Thriven")	Mulpha International Bhd ("MIB") Group, Thriven Group, Dato' Yusli Bin Mohamed Yusoff, Lee Seng Huang, Lee Eng Leong and Chew Hoy Ping	MIB is an indirect major shareholder of the Company via Mulpha Infrastructure Holdings Sdn Bhd, a wholly-owned subsidiary of MIB, where Mulpha Infrastructure Holdings Sdn Bhd holds 22.34% shareholding in the Company. Thriven is a 24.45% owned associated company of MIB, hence is a person connected with MIB. Dato' Yusli Bin Mohamed Yusoff, an Independent Non-Executive Chairman of the Company, is also an Independent Non-Executive Director of MIB. Lee Seng Huang, a Non-Independent Non-Executive Director of the Company, is an indirect major shareholder of MIB and Thriven. He was also the Non-Independent Non-Executive Director of Thriven within the preceding 6 months. Lee Eng Leong, the Alternate Director to Lee Seng Huang and Deputy Chief Executive Officer of the Company, was the Alternate Director to Lee Seng Huang in Thriven within the preceding 6 months. Chew Hoy Ping, an Independent Non-Executive Director of the Company, is also an Independent Non-Executive Director of MIB.	Project management services provided by MJC Development Sdn Bhd (a subsidiary of the Company) to MVSB	120,000

AUDIT COMMITTEE
REPORT

OBJECTIVES

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

In addition, the AC 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, 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.

CONSTITUTION AND COMPOSITION

The AC was established pursuant to a resolution of the Board passed on 29 March 2004. The current members of the AC are as follows:-

1. Chew Hoy Ping (Chairman)
   (Independent Non-Executive Director)

2. Dato' Yusli Bin Mohamed Yusoff (Member)
   (Independent Non-Executive Director)

3. Wee Teck Nam (Member)
   (Non-Independent Non-Executive Director)

All members of the AC are financially literate and well-equipped with relevant knowledge to effectively discharge their duties and responsibilities as members of the AC. In particular, the AC Chairman, Mr Chew Hoy Ping is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, as required under Chapter 15, Paragraph 15.09(1)(c) of the Main Market Listing Requirements of Bursa Securities. The profile of each member of the AC is set out in the Directors' Profile section.

TERMS OF REFERENCE

1. Composition

1.1 The AC shall be appointed by the Board from amongst its Directors (except for alternate directors) who fulfills the following requirements:

(a) the AC shall comprise of no fewer than 3 members;

(b) all members of the AC shall be non-executive directors, with a majority of them being independent directors; and

(c) all members of the AC should be financially literate and at least one member of the AC:

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:

AUDIT COMMITTEE
REPORT

aa) he must have passed the examinations specified in Part I 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) shall fulfill such other requirements as prescribed or approved by Bursa Securities.

1.2 No alternate director of the Board shall be appointed as a member of the AC.

1.3 The members of the AC shall select a chairman from among their number who shall be an independent director.

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

1.5 The Board shall review the term of office and performance of the AC and each of its members at least once every 3 years.

2. Rights

The AC 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 and Group;

(d) have direct communication channels with the external and internal auditors, as well as employees of the Group;

(e) be able to obtain independent professional or other advice; and

(f) convene meetings with the external auditors at least twice a year, excluding the attendance of other Directors and employees of the Group.

3. Functions

The functions of the AC shall include a review of the following:

Governance

(a) the management's compliance with laws, regulations, established policies, plans and procedures;

(b) any related party transactions 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; and

(c) procedures in place to ensure that the Group complies with the Companies Act, 1965, Bursa Securities Listing Requirements and other legislative and reporting requirements.

Financial Reporting

(a) 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;
iii) compliance with accounting standards and other legal requirements; and
iv) the going concern assumption.

AUDIT COMMITTEE
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External Audit

(a) with the external auditors, the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;

(b) the assistance given by the employees of the Company to the external auditors;

(c) the selection, re-appointment, remuneration, resignation or dismissal of the external auditors;

(d) to review the external auditor's management letter and management's response;

(e) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary); and

(f) the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.

Internal Audit

(a) the adequacy of the scope, functions, competency and resources of the internal audit function and the authority necessary to carry out its work;

(b) the internal audit program, processes and the results of the internal audit work, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(c) major audit findings and the management's responses during the year with management, external auditors, including the status of previous audit recommendation;

(d) approve any appointment or termination of senior staff members of the internal audit function;

(e) take cognizance of resignations of internal audit staff members and provide the resignation staff member an opportunity to submit his reasons for resigning.

(f) any appraisal or assessment of the performance of the members of the internal audit function; and

(g) the adequacy and integrity of internal control system, including enterprise risk management, management information system, and the internal auditors and/or external auditors' evaluation of the said system.

Employee Share Option Scheme ("ESOS")

(a) verifying the allocation of options under the ESOS as compliant with the disclosed criteria for allocation of options, at the end of each financial year, if applicable.

Risk Management

(a) the annual enterprise risk profile of the Group (including risk registers) and evaluate the Risk Manager's risk assessments of the Group and his/her plans to mitigate business risks as identified from time to time.

4. Meetings

Meetings of the AC shall be held not less than 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 AC. The Chairman shall convene a meeting whenever any member of the AC requests for a meeting by giving 7 days' notice thereof unless such requirement is waived by all members. Written notice of the meeting together with the agenda shall be given to the members and external auditor, where applicable.

However, consent from members who are overseas is not required. The quorum for a meeting for the AC shall be 2, provided always that the majority of members present must be independent directors.

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

The Company Secretary shall be the Secretary of the AC.

5. Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the AC and circulate such minutes to all members of the Board. Key issues discussed shall be reported by the Chairman of the AC to the Board.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2015, the AC held 5 meetings. The details of attendance of the AC members are as follows:-

Name of AC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Dato' Yusli Bin Mohamed Yusoff	5/5
Wee Teck Nam	5/5

The Group Managing Director & Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Deputy Chief Financial Officer and Head of the Internal Audit and Risk Management Department ("IARMD") were invited to attend the meetings. The external auditors were present at 3 of the total meetings held. The AC also met with the external auditors without the presence of the executive board members and management.

SUMMARY OF ACTIVITIES OF THE AC

In line with the terms of reference of the AC, the following activities were carried out by the AC during the financial year ended 31 December 2015 in the discharge of its duties and responsibilities:-

1. Financial and Annual Reporting

- Reviewed the quarterly financial results and annual audited financial statements for recommendation to the Board for approval and release to Bursa Securities and Securities Commission, focusing particularly on:-

  i) changes in or adoption of accounting policies and practices changes;
  ii) compliance with accounting standards and other legal requirements;
  iii) significant and unusual events, including the latest status of the on-going material litigation;
  iv) going-concern assumptions; and
  v) significant audit issues and adjustments arising from audit.

- Reviewed and discussed the Management Accounts and cash flows of the Company and the Group with management.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

- Reviewed and approved the AC Report for inclusion in the Annual Report.

2. **Internal Audit**

   - Reviewed and approved the internal audit plan proposed by the IARMD to ensure adequacy of the scope and coverage of key business and operational units within the Group.
   - Reviewed and approved the internal audit reports presented by IARMD on the audit findings and recommended corrective measures as well as management's responses and action plans in addressing the identified risks and internal control deficiencies.

3. **External Audit**

   - Reviewed with the external auditors, their audit plan and scope of audit prior to the commencement of audit.
   - Reviewed with the external auditors, the audit report, issues, reservations and management responses arising from their audit.
   - Reviewed with the external auditors on 23 February 2015 and 23 November 2015 without the presence of the executive board members and management, the extent of assistance rendered by management and issues arising from their audit.
   - Evaluated the suitability and independence of the external auditors for its re-appointment as Auditors of the Company at the Annual General Meeting, with recommendations made to further safeguard and improve the independence and quality of services rendered by the external auditors. Upon the request of the AC, the external auditors have also provided confirmation on their independence in accordance with the terms of relevant professional and regulatory requirements.

4. **Risk Management**

   - Reviewed the risk reports submitted to the Risk Management Committee, assessed the adequacy and effectiveness of the risk management framework and the appropriateness of Management's responses to key risk areas and proposed recommendations for improvements to be implemented.

5. **Others**

   - Reported to the Board on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The Group has an established independent internal audit function performed in-house by the IARMD, which reports directly to the AC.

The main role of the IARMD is to provide the AC with independent and objective reports on the system of internal controls within the Group so as to provide reasonable assurance that the internal control system is sound, adequate and operating effectively. The AC receives quarterly internal audit reports from the IARMD and discusses these reports to ensure recommendations in the reports are duly acted upon by management.

Apart from the aforesaid internal audit mandate, the IARMD is responsible to facilitate and assist management in maintaining a structured risk management framework to identify, evaluate and manage significant risks faced by the Group, as well as monitoring the effectiveness of the Group's risk management processes.

The IARMD adopts a risk-based audit approach in developing the internal audit plan for approval by the AC. The IARMD's scope of responsibilities encompasses all business and operational units within the Group.

AUDIT COMMITTEE
REPORT

The attainment of such objectives involved the following activities being carried out by the IARMD during the financial year:-

(a) Prepared the internal audit plan for approval by the AC.

(b) Reviewed and appraised the adequacy, effectiveness and reliability of the internal control systems, policies and procedures.

(c) Monitored the adequacy, reliability, integrity, security and timeliness of financial and management information systems.

(d) Determined the extent of compliance with relevant laws, codes, standards, regulations, policies, contracts, plans and procedures.

(e) Reviewed the efficiency and effectiveness of operations and facilitated the identification, control and management of risks.

(f) Identified and provided recommendations for improvement on internal control and risk issues.

(g) Reviewed and verified the means used to safeguard assets of the Group.

(h) Tabled to the AC, the audit reports incorporating the audit findings, audit recommendations and management responses. Follow-up audit was conducted and the status of implementation on the agreed action plan was highlighted to the AC.

(i) Acted on suggestions made by the AC and management on concerns over operations or controls and significant issues pertinent to the Company and the Group.

(j) Performed independent evaluation on the risk management framework, including its adequacy and effectiveness.

(k) Prepared and tabled to the AC, the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

For the financial year ended 31 December 2015, the costs incurred by the IARMD amounted to RM350,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors ("the Board") acknowledges its overall responsibility for establishing and maintaining an adequate and effective system of risk management and internal control to safeguard shareholders' investments and the assets of Mudajaya Group Berhad and its subsidiaries ("Group"). The Board also affirms its commitment to maintaining a sound system of risk management and internal control as set out in the Listing Requirements of Bursa Securities and the recommendations of the Malaysian Code on Corporate Governance.

The Board continually reviews the adequacy and effectiveness of the systems of risk management and internal control, and assesses for reasonable assurance that principal risks have been identified and managed within the Group's risk appetite and tolerances. Nevertheless, there are inherent limitations in any system of internal control and the system is designed to manage rather than to eliminate risks that may impact the achievement of the Group's business objectives. Accordingly, the systems only provide reasonable but not absolute assurance against any material misstatement, fraud or loss.

RISK MANAGEMENT

The Board confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group throughout the year under review and up to the date of approval of this statement for inclusion in the annual report. A risk management framework together with the standard operating policy and procedure, which has been communicated to the management team, serves as a guide to the Group's risk management policy, risk management processes and reporting framework. A risk awareness programme was conducted with senior management to raise the level of awareness and promote the importance of risk management across the different functions within the Group.

As the Group continuously explores and expands its operations locally and abroad, the Board recognises that the Group will be exposed to various risks from the business ventures undertaken. To manage the risks faced by the Group, a Risk Management Committee ("RMC") chaired by the Independent Non-Executive Chairman meets with certain Directors and senior management to review and discuss the risk management actions taken every six months.

The management team assists the RMC and the Board in implementing the process of identifying, evaluating and managing the significant risks applicable to their respective areas of business and in formulating suitable internal controls to mitigate and control these risks. Each business unit submits their risk register and assessment report which are presented via the risk management department to the RMC for their deliberation. The RMC reviews matters such as identification and responses to address significant risks, internal control systems, adequacy of risk mitigation actions within the Group's risk appetite and monitoring processes with the view to enhance shareholders' investments, safeguarding of assets, enhance opportunities, reduce threats and maintain corporate sustainability. The RMC receives from the management the Business Risk Profile report every six months for review. The report summarizes the risk evaluation and mitigation or risk treatment actions on the Group's high and significant risks.

The Board has delegated the oversight of risk management to the RMC and Audit Committee who monitors and manages the principal risks of the Group but retains the overall accountability for the Group's risk profile.

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 and Risk Management Department ("IARMD"). On a quarterly basis, reports are prepared on the adequacy, efficiency and effectiveness of the system of internal control based on the current annual audit plan approved by the Audit Committee or where as directed by the Audit Committee. In 2015, internal audit reports on business risk profile, costs control on major projects on hand and risk review for a residential condominium project were issued during the financial year.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board is committed in its efforts to maintain a reliable system of internal control and ensure it is updated in line with changes in the operating environment. The Board will also pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well managed.

As reported in the previous year's Statement on Risk Management and Internal Control, the Board has undertaken the following improvements to the systems of internal control and risk management as follows:-

- Reorganised the roles and responsibilities of the Finance department by engaging additional executive finance staffs to undertake more focussed monitoring and reporting. This includes strengthening the process of independently tracking and monitoring actual costs against project budgets and profit recognition.
- Requiring proper justification and approval by the Tender Committee for variation order costs that exceed a certain threshold amount from the related original contract amount.
- Implemented segregation of duties in the Contracts department by separating Pre and Post Contract activities.
- Engaged a new General Manager of Human Resources to enhance the system of human resources such as the staff performance system.
- Embarked on the implementation of a computerised system-based risk management system to enhance the present risk management framework to provide better response to risks reporting.

Other key elements of the Group's risk management and internal control system, which have been in place throughout the financial year under review and up to the date of the Directors' report are as follows:-

- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits which have been established by the Board for the Audit Committee and management. Various Board Committees have been established to assist the Board in discharging its duties, namely:
    - Audit Committee
    - Investment Committee
    - Risk Management Committee
    - Combined Nomination and Remuneration Committee
    - Employee Share Option Committee
    - Executive Committee
    - Tender Committee
- Internal policies and guidelines are communicated to all employees through standard operating policies and procedures, memorandums and handbooks.
- Monthly financial and operation performance reports are submitted to the Board and senior management. Monthly 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 are taken.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

- Annual budgetary process that requires business units to prepare budgets and business plans approved by the Directors, and control measures to mitigate identified risks for the forthcoming year. Significant and key variances in the quarterly financial reports are highlighted against budgets and corresponding period results to the Audit Committee prior to recommendation to the Board for approval. In addition, major project cost budgets are established with monthly tracking of actual costs so that such costs and project profitability are properly controlled and monitored independently by Finance department.
- The enterprise risk management system in place is complemented by the process of risk identification and mitigation during major project tenders so that in the event the project tender is secured, project management shall follow through the risk mitigation measures during project execution.
- Adequate financial information and key business indicators are presented to senior management and the Board to assist in the review of the Group's performance.
- The Group does not include material joint ventures and associates as the Group does not have management control over them. The Group ensures that its interests and investments are protected by Board representation in these investments. Notwithstanding this, management oversees and monitors the administration, operations and performance of these material joint ventures and associates. Regular reviews, reporting of financial information and risk issues ensure that their performance and risks are properly managed and controlled.
- The operations in our investment in the major associate known as R.K.M Powergen Private Limited ("RKM"), which is involved in the Chhattisgarh power plant in India, are subject to regulatory and operational requirements imposed by the regulator, Central Electricity Regulatory Commission of India. Apart from regulatory controls, the project finance lender also conducts quarterly reviews of the project viability and costs incurred by employing the services of an independent engineer, and this is reported to RKM and the Group for monitoring and control.
- An ISO 9001: 2008 Quality Management System, which is subject to internal review and improvement twice yearly, continuously manages and controls the quality requirements of the Group's products and services.
- An ISO 14001: 2004 Environment Management System and OSHAS 18001: 2007 Occupational Health & Safety Management System certifications ensures that adequate controls and good governance are in place to manage environmental and safety matters in the Group. These are annually reviewed by independent external consultants familiar with the construction and development industry.
- All employees are governed by a Code of Conduct and are required to acknowledge having read and understood the Code upon commencement of employment.
- A performance management system whereby defined criteria for performance and business objectives and targets are set for employees so that they can be rewarded according to the achievement of the targets set.
- The Group's vision, mission, corporate philosophy and strategic direction are communicated to employees at all levels.
- A whistle blowing process has been established to provide an avenue for whistle-blowers to communicate their concerns or on matters of integrity in a confidential manner so that these can be investigated for the necessary corrective actions.
- Regular visits to operating units and project sites by the senior management, finance staff and internal auditors.

The Board has received assurance from the Group Managing Director & Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating effectively, in all material aspects, based on the risk management and internal control framework of the Group.

INTERNAL AUDIT

The internal audit function of the Group is performed by the in-house IARMD, which reports directly to the Audit Committee.

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

The IARMD carries out independent reviews on the state of the internal control of the Group's business activities based on the current risk-based Audit Plan approved by the Audit Committee or where as directed by the Audit Committee. The findings and observations are reported to the Audit Committee on a quarterly basis. Follow-up audits were also carried out to determine the status of implementation of agreed corrective actions based on the previous audit findings reported.

The IARMD 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.

REVIEW OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The system of risk management and internal control for the financial year under review was considered to be adequate and operating satisfactorily. The Board will vigorously pursue the necessity for continuous improvements in its internal control system and risk management process in order to achieve its goals, enhance shareholder value and ensure sustainability over the long term.

During the year, some areas for improvement in the internal control system were reported by the IARMD to the Audit Committee. Management has been responsive to the issues raised and has taken appropriate measures to address the areas for improvement that have been highlighted. The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that risks are managed with an acceptable level of the Group's risk appetite and tolerances. However, neither procedures nor systems provide absolute assurance due to human error, the deliberate circumvention of control procedures by employees and others or the occurrence of unforeseeable circumstances. The effectiveness of the system of internal control is constantly reviewed and enhanced in response to changes in the operating environment.

This Statement on Risk Management and Internal Control was approved by the Board on 15 April 2016.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

As a responsible corporate citizen, Mudajaya emphasizes long-term sustainable value creation for all its stakeholders, looking beyond the immediate bottom line as the only measure of performance.

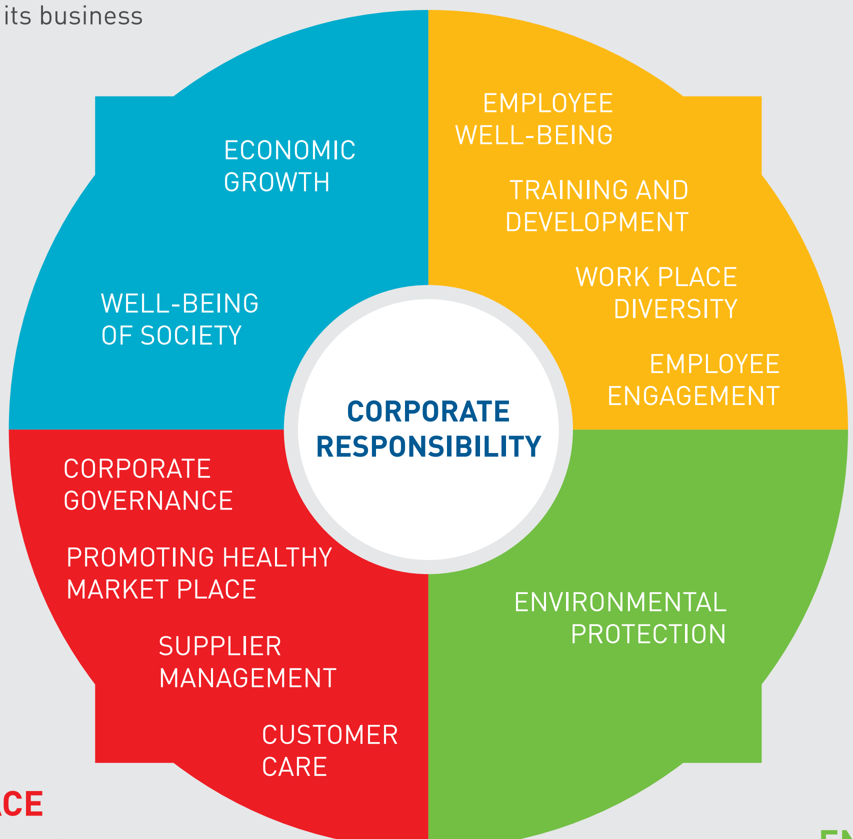
To this end, the Group's corporate social responsibility initiatives are directed towards the four key pillars of **Community**, **Work Place**, **Environment** and **Market Place**.

COMMUNITY

Contribute towards the economic growth and well-being of the community in which the Group operates through its business activities

WORK PLACE

Employee engagement to build long lasting relationships founded on values of trust, loyalty and meritocracy



MARKET PLACE

Work with integrity and respect for people and the communities in which the Group operates

Responsible practices that promote healthy market place

ENVIRONMENT

Promoting environmental awareness through participation in environmental conservation activities

CORPORATE SOCIAL
RESPONSIBILITY STATEMENT

COMMUNITY

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, for example the areas where the Group is constructing power plants in Malaysia. These CSR activities will leave a permanent impression on the environment and the people living in these areas and maintain goodwill amongst the community.

WORK PLACE

Mudajaya strives to be a preferred employer by offering a challenging and exciting environment along with avenues for personal development to attract and retain the best talents. To develop its human capital, Mudajaya has organised both internal and external courses, across various technical and management disciplines for its employees. The Group's aim is to bring together the right people to propel it through its next phase of growth.

The Group believes it is important to keep employees abreast of the latest developments within the organization as well as creating two-way communication platforms. With the implementation of the organisational realignment, employee engagement sessions such as mini townhall meetings were organised to obtain on-the-ground feedback whilst enabling direct access to upper management.

In addition, Mudajaya has been providing training platforms to local and overseas undergraduates on a structured and one-off basis to provide them with basic and formal training in construction and property development activities throughout its branch offices and project sites in Kuala Lumpur, Selangor, Perak, Johor, Pahang and Sarawak. The Group has also provided internship opportunities to deserving individuals pursuing their diploma or degrees, with the aim to support and promote home grown talent, armed with local knowledge and accustomed to the different cultures and operating environments in which it operates. These interns were placed in the Group's different business units across various departments, including Engineering, Contracts, Marketing, Finance and Human Resources.

Health and safety has always been a permanent feature in Mudajaya's operations. The Group has always taken a proactive approach towards mitigating occupational hazards and risks, to exceed what is expected under its OHSAS 18001:2007 certification.

ENVIRONMENT

Mudajaya recognizes that its actions have a significant impact on the environment and supports pollution prevention and environmental protection in all its projects and activities. The Group has taken the necessary steps in maintaining the highest environmental standards required under its ISO 14001:2004 certification.

Programmes aimed at raising environmental awareness amongst staff have been implemented, including promoting the use of recycled paper and the conservation of energy resources. Reducing resource use enables the Group to combine environmental preservation with cost savings.

Additionally, to minimise its environmental footprint Mudajaya incorporates eco-friendly features into its design and build projects. Menara Mudajaya, the Group's headquarters in Mutiara Damansara, 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.

MARKET PLACE

The Group is ISO 9001:2008 certified which is a testament to its commitment towards maintaining the highest standards of quality in its product and services offering.

Mudajaya also works closely with suppliers to ensure standards and practices are maintained throughout the entire value chain. The Group's vendors and suppliers are carefully selected and undergo quality checks from time to time.

Mudajaya continues to place great emphasis on accountability and transparency in the disclosure of information to shareholders. The Group has an Investor Relations programme that gives stakeholders and investors insight into its operations and encourages feedback to further enhance its services.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(1,428)	16,791
Non-controlling interests	3,820	-
	2,392	16,791

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Yusli bin Mohamed Yusoff
James Wong Tet Foh
Wee Teck Nam
Lee Seng Huang
Lee Eng Leong (Alternate to Lee Seng Huang)
Chew Hoy Ping

DIRECTORS' REPORT
for the year ended 31 December 2015 (cont'd)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.20 each			
	At 1.1.2015	Acquired	Sold	At 31.12.2015
Interest in the Company:				
Direct interest				
Wee Teck Nam	1,300,000	-	241,000	1,059,000

	Number of ordinary shares of RM0.20 each			
	At 1.1.2015	Acquired	Sold	At 31.12.2015
Interest in the Company:				
Indirect interest				
Wee Teck Nam	133,413,333	-	30,000,000	103,413,333
Lee Seng Huang	120,287,000	-	-	120,287,000

	Number of options over ordinary shares of RM0.20 each			
	At 1.1.2015	Granted	Exercised	At 31.12.2015
Interest in the Company:				
James Wong Tet Foh	1,200,000	-	-	1,200,000

By virtue of their interest in the shares of the Company, Wee Teck Nam and Lee Seng Huang are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Mudajaya Group Berhad has an interest.

None of the other Directors holding office at 31 December 2015 had any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees' Share Option Scheme ("ESOS").

DIRECTORS'
REPORT
for the year ended 31 December 2015 (cont'd)

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

TREASURY SHARES

There were no repurchase of ordinary shares during the financial year.

As at 31 December 2015, a total of 14,018,300 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 16 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

Mudajaya Group Berhad's 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.

No option were granted to any person to take up ESOS during the financial year.

The salient features and other terms of the ESOS are disclosed in Note 19 to the financial statements. All share options were granted from 3 October 2011 to 18 February 2014 and will expire on 3 November 2016.

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

DIRECTORS'
REPORT
for the year ended 31 December 2015 (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than unrealised net foreign exchange differences as disclosed in Note 23, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

James Wong Tet Foh

Dato' Yusli Bin Mohamed Yusoff

Petaling Jaya

Date: 15 April 2016

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 64 to 137 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 on page 138 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

James Wong Tet Foh

Dato' Yusli Bin Mohamed Yusoff

Petaling Jaya

Date: 15 April 2016

STATUTORY DECLARATION

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

I, **Kang Boon Beng**, the officer primarily responsible for the financial management of Mudajaya Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 138 are, to the best of my knowledge and belief, 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 above named in Petaling Jaya on 15 April 2016

Kang Boon Beng

Before me:

S. Arokiadass A.M.N
(No. B460)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of Mudajaya Group Berhad (Company No. 605539-H) (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 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 64 to 137.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of 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 about 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 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 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

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

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

To the Members of Mudajaya Group Berhad (Company No. 605539-H) (Incorporated in Malaysia)

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 35 on page 138 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by 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.

KPMG
Firm Number: AF 0758
Chartered Accountants

Tai Yoon Foo
Approval Number: 2948/05/16(J)
Chartered Accountant

Petaling Jaya

Date: 15 April 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Property, plant and equipment	3	127,418	140,573	-	-
Investment property	4	46,786	47,581	-	-
Intangible asset	5	11,773	12,393	-	-
Investments in subsidiaries	6	-	-	314,149	314,149
Investments in associates	7	684,274	690,690	-	-
Other investments	9	542	542	-	-
Deferred tax assets	10	461	364	-	-
Total non-current assets		871,254	892,143	314,149	314,149
Inventories	11	32,591	6,374	-	-
Property development costs	12	38,721	61,172	-	-
Trade and other receivables	13	352,109	341,427	18,045	1,045
Other current assets	14	662,679	402,284	-	-
Tax recoverable		13,440	11,266	368	322
Cash and cash equivalents	15	70,176	137,702	35	15,433
Total current assets		1,169,716	960,225	18,448	16,800
Total assets		2,040,970	1,852,368	332,597	330,949
Equity					
Share capital		110,483	110,483	110,483	110,483
Share premium		221,739	221,739	221,739	221,739
Treasury shares		(34,688)	(34,688)	(34,688)	(34,688)
Capital reserve		4,900	4,900	-	-
Employees' share option reserve		8,609	23,759	8,609	23,759
Foreign currency translation reserve		(17,670)	(23,630)	-	-
Retained earnings		812,548	798,966	25,870	9,079
Equity attributable to owners of the Company	16	1,105,921	1,101,529	332,013	330,372
Non-controlling interests		(15,939)	(15,859)	-	-
Total equity		1,089,982	1,085,670	332,013	330,372

STATEMENTS OF
FINANCIAL POSITION
as at 31 December 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Liabilities					
Deferred tax	10	2,043	2,172	-	-
Borrowings	17	400,926	406,989	-	-
Refundable deposits		1,822	1,716	-	-
Total non-current liabilities		404,791	410,877	-	-
Trade and other payables	18	388,047	328,459	584	577
Amount due to customers on contracts	14	12,087	21,299	-	-
Borrowings	17	146,063	6,063	-	-
Total current liabilities		546,197	355,821	584	577
Total liabilities		950,988	766,698	584	577
Total equity and liabilities		2,040,970	1,852,368	332,597	330,949

The notes on pages 73 to 138 are an integral part of these financial statements.

STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	20	543,509	1,050,805	17,040	34,080
Cost of sales	21	(466,020)	(1,065,675)	-	-
Gross profit/(loss)		77,489	(14,870)	17,040	34,080
Other income	22	22,334	14,252	915	1,203
Administrative expenses		(53,409)	(45,655)	(1,043)	(1,123)
Results from operating activities	23	46,414	(46,273)	16,912	34,160
Finance costs		(23,895)	(18,617)	-	-
Share of (loss)/profit of equity accounted associates, net of tax		(12,278)	3,285	-	-
Profit/(Loss) before tax		10,241	(61,605)	16,912	34,160
Tax expense	25	(7,849)	(8,857)	(121)	(185)
Profit/(Loss) for the year		2,392	(70,462)	16,791	33,975
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		5,960	1,424	-	-
Total comprehensive income/(expense) for the year		8,352	(69,038)	16,791	33,975
(Loss)/Profit attributable to:					
Owners of the Company		(1,428)	(70,234)	16,791	33,975
Non-controlling interests		3,820	(228)	-	-
Profit/(Loss) for the year		2,392	(70,462)	16,791	33,975
Total comprehensive income/(expense) attributable to:					
Owners of the Company		12,172	(68,810)	16,791	33,975
Non-controlling interests		(3,820)	(228)	-	-
Total comprehensive income/(expense) for the year		8,352	(69,038)	16,791	33,975
Basic/Diluted loss per ordinary share (sen):					
Basic and diluted loss per share	27	(0.26)	(13.01)		

The notes on pages 73 to 138 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Employees' share capital reserve RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company									
		Non-distributable						Distributable			
At 1 January 2015		110,483	221,739	4,900	23,759	(34,688)	(23,630)	798,966	1,101,529	(15,859)	1,085,670
Foreign currency translation differences for foreign operations		-	-	-	-	-	5,960	-	5,960	-	5,960
Loss for the year		-	-	-	-	-	-	(1,428)	(1,428)	3,820	2,392
Total comprehensive income/(expenses)		-	-	-	-	-	5,960	(1,428)	4,532	3,820	8,352
Contribution by and distributions to owners of the Company											
Share-based payment transactions	16	-	-	-	(15,150)	-	-	15,010	(140)	-	(140)
Total transactions with owners of the Company		-	-	-	(15,150)	-	-	15,010	(140)	-	(140)
Issuance of ordinary shares of a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	300	300
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(4,200)	(4,200)
At 31 December 2015		110,483	221,739	4,900	8,609	(34,688)	(17,670)	812,548	1,105,921	(15,939)	1,089,982
		Note 16	Note 16	Note 16	Note 16	Note 16	Note 16				

STATEMENTS OF
CHANGES IN EQUITY
for the year ended 31 December 2015 (cont'd)

		Attributable to owners of the Company									
		Non-distributable					Distributable				
Group	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Employees' share capital 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
At 1 January 2014		110,342	219,819	4,900	20,897	(22,705)	(25,054)	901,684	1,209,883	(18,076)	1,191,807
Foreign currency translation differences for foreign operations		-	-	-	-	-	1,424	-	1,424	-	1,424
Loss for the year		-	-	-	-	-	-	(70,234)	(70,234)	(228)	(70,462)
Total comprehensive income/(expenses)		-	-	-	-	-	1,424	(70,234)	(68,810)	(228)	(69,038)
Contribution by and distributions to owners of the Company											
Grant of equity-settled share options to employees		-	-	-	3,574	-	-	-	3,574	-	3,574
ESOS exercised	16	141	1,920	-	(712)	-	-	-	1,349	-	1,349
Purchase of treasury shares	16	-	-	-	-	(11,983)	-	-	(11,983)	-	(11,983)
Dividends to owners of the Company	26	-	-	-	-	-	-	(32,484)	(32,484)	-	(32,484)
Total transactions with owners of the Company		141	1,920	-	2,862	(11,983)	-	(32,484)	(39,544)	-	(39,544)
Issuance of ordinary shares of a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	4,010	4,010
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(1,565)	(1,565)
At 31 December 2014		110,483	221,739	4,900	23,759	(34,688)	(23,630)	798,966	1,101,529	(15,859)	1,085,670
		Note 16	Note 16	Note 16	Note 16	Note 16	Note 16				

The notes on pages 73 to 138 are an integral part of these financial statements.

STATEMENTS OF
CHANGES IN EQUITY
for the year ended 31 December 2015 (cont'd)

Company	Note	Share capital RM'000	Share premium RM'000	Employee's share option reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000
		← Attributable to owners of the Company →					
		← *Non-distributable* →				*Distributable*	
At 1 January 2014		110,342	219,819	20,897	(22,705)	7,588	335,941
Profit and total comprehensive income for the year		-	-	-	-	33,975	33,975
Contribution by and distributions to owners of the Company							
Grant of equity-settled share options to employees		-	-	3,574	-	-	3,574
ESOS exercised	16	141	1,920	(712)	-	-	1,349
Purchase of treasury shares	16	-	-	-	(11,983)	-	(11,983)
Dividends to owners of the Company	26	-	-	-	-	(32,484)	(32,484)
Total transactions with owners of the Company		141	1,920	2,862	(11,983)	(32,484)	(39,544)
At 31 December 2014/ 1 January 2015		110,483	221,739	23,759	(34,688)	9,079	330,372
Profit and total comprehensive income for the year		-	-	-	-	16,791	16,791
Contribution by and distributions to owners of the Company							
Share-based payment transactions	16	-	-	(15,150)	-	-	(15,150)
Total transactions with owners of the Company		-	-	(15,150)	-	-	(15,150)
At 31 December 2015		110,483	221,739	8,609	(34,688)	25,870	332,013
		Note 16	Note 16	Note 16	Note 16		

The notes on pages 73 to 138 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		10,241	(61,605)	16,912	34,160
Adjustments for:					
Interest income	22	(7,220)	(8,894)	(364)	(459)
Interest expense		23,895	18,617	-	-
Dividend income	20	-	-	(17,040)	(34,080)
Depreciation of property, plant and equipment	3	14,608	14,460	-	-
Depreciation of investment property	4	720	719	-	-
Amortisation of intangible asset	5	620	-	-	-
Gain on disposal of property, plant and equipment	22	(531)	(379)	-	-
Impairment loss of investment in an associate	7	810	-	-	-
Impairment loss of other receivables	23	2,411	-	-	-
Reversal of allowance for impairment of trade receivables	23	(5)	(10)	-	-
(Reversal of)/ ESOS expenses	24	(140)	3,599	(140)	25
Unrealised profit adjustment		(192)	(6,344)	-	-
Unrealised gain on foreign exchange	23	(11,795)	(2,172)	(8)	-
Share of loss/(profit) of equity accounted associates		12,278	(3,285)	-	-
		45,700	(45,294)	(640)	(354)
Property development costs		22,451	(14,207)	-	-
Inventories		(26,217)	(977)	-	-
Trade and other receivables		(217,718)	(31,308)	(28,380)	39,853
Trade and other payables		50,482	(76,595)	7	(41)
Cash (used in)/generated from operations		(125,302)	(168,381)	(29,013)	39,458
Tax paid		(10,674)	(19,148)	(177)	(233)
Tax refunded		569	1,872	9	239
Net cash (used in)/generated from operating activities		(135,407)	(185,657)	(29,181)	39,464

STATEMENTS OF
CASH FLOWS
for the year ended 31 December 2015 (cont'd)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(2,090)	(40,517)	-	-
Proceeds from disposal of property, plant and equipment		1,168	475	-	-
Investment in subsidiary		-	-	(3,621)	-
Addition expenditure in investment property	4	(55)	(60)	-	-
Acquisition of an associate		(6,480)	(1,984)	-	-
Advances to associates		(38,024)	(21,024)	-	-
Acquisition of non-controlling interests		-	(1)	-	-
Interest received		7,220	8,894	364	459
Dividend received		-	-	17,040	34,080
Change in pledged deposits	15	860	(1,666)	-	-
Net cash (used in)/generated from investing activities		(37,401)	(55,883)	13,783	34,539
Cash flows from financing activities					
Purchase of treasury shares		-	(11,983)	-	(11,983)
Issuance of ordinary shares of a subsidiary to non-controlling interest		300	4,010	-	-
Proceeds from ESOS exercised		-	1,324	-	1,324
Net drawdown of borrowings		133,937	385,506	-	-
Interest paid		(23,895)	(18,617)	-	-
Dividend paid to:					
- shareholders		-	(48,727)	-	(48,727)
- non-controlling interests		(4,200)	(1,565)	-	-
Net cash generated from/(used in) financing activities		106,142	309,948	-	(59,386)
Net (decrease)/ increase in cash and cash equivalents		(66,666)	68,408	(15,398)	14,617
Cash and cash equivalents at beginning of year		136,036	67,628	15,433	816
Cash and cash equivalents at end of year		69,370	136,036	35	15,433

STATEMENTS OF
CASH FLOWS
for the year ended 31 December 2015 (cont'd)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	15	60,927	67,667	35	791
Deposits placed with financial institutions	15	9,249	70,035	-	14,642
		70,176	137,702	35	15,433
Less: Pledged deposits	15	(806)	(1,666)	-	-
		69,370	136,036	35	15,433

The notes on pages 73 to 138 are an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

Mudajaya Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business/registered office
Level 11 and Level 12 of Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 December 2015 also include joint operations.

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 15 April 2016.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012 – 2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)*

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to FRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to FRS 107, *Disclosure Initiative*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*

FRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to FRS 10, *Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2016, except for Amendments FRS 5 and FRS 14, which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and the Company are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

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 2015 could be different if prepared under the MFRS Framework.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following:

(i) Property development and construction contracts

The Group recognises property development and construction contracts revenue and expenses in the profit or loss by using the percentage of completion which is determined by the proportions 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 specialist.

(ii) 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 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 3. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.69% (2014: 0.52%) variance in the Group's profit for the year.

(iii) 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 19.

(iv) Deferred tax

Deferred tax assets are recognised for all unused tax losses and capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 10.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

(v) Valuation of investment in associates

The recoverable amount of investment in associates is based on the value in use of the cash generating units ("CGU"). Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and discount to the present value of those cash flows. Further details are disclosed in Note 7.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non- controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non- controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(v) Associates (cont'd)

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise and measure financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

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

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

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

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(l)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

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

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The current and comparative periods annual rates of depreciation are as follows:

• Leasehold land	1 2/3 %
• Buildings	2%
• Power plant	5%
• Factory	10%
• Plant, machinery and equipment	20% – 33 1/3%
• Office equipment, furniture and fittings	20% – 33 1/3%
• Motor vehicles	20% – 33 1/3%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets

(i) Finance lease

Leases, in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible asset

Intangible asset acquired by the Group, which have definite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of the intangible asset of 20 years.

In the previous year, the intangible asset was classified as goodwill and tested for annual impairment. During the year, the Directors assessed that the intangible asset acquired has useful life of 20 years. Accordingly, the intangible asset is amortised over the useful life.

(g) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties measured at cost are accounted for similarly to property, plant and equipment.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment property (cont'd)

(i) Investment property carried at cost (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Construction contracts

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) 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 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.

(j) 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.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and amount due from contract customers) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash- generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (cont'd)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non- market performance conditions attached to the transactions are not taken into account in determining fair value.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Revenue from construction contracts is accounted for using the stage of completion method as described in Note 2(h).

(iii) Property development

Revenue from property development activities is recognised based on the stage of completion as described in Note 2(i).

(iv) Sale of power energy

Revenue from the sale of power energy generated from the solar power plant is recognised as and when the electricity is delivered to the off-taker, based on the actual electricity delivered from the date of their last meter reading and period end at a pre-determined rate.

(v) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(vi) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs (cont'd)

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings per ordinary share (cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Assets under construction RM'000	Power plant 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
At 1 January 2014	8,975	4,116	17,167	53,423	-	5,177	54,535	6,863	14,218	164,474
Additions	614	-	22	28,423	-	25	10,611	750	72	40,517
Disposals	-	(4,116)	-	-	-	-	(1,854)	(5)	(473)	(6,448)
Reclassification	-	-	-	(81,846)	81,846	-	-	-	-	-
At 31 December 2014/1 January 2015	9,589	-	17,189	-	81,846	5,202	63,292	7,608	13,817	198,543
Additions	-	-	33	-	-	-	251	703	1,103	2,090
Disposals	-	-	-	-	-	-	(170)	(340)	(3,247)	(3,757)
At 31 December 2015	9,589	-	17,222	-	81,846	5,202	63,373	7,971	11,673	196,876

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group Accumulated depreciation	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Assets under construction RM'000	Power plant 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
At 1 January 2014	-	494	565	-	-	3,851	28,848	4,200	8,344	46,302
Depreciation charged for the year	-	62	844	-	3,284	-	7,362	1,012	1,896	14,460
Disposals	-	(556)	-	-	-	-	(1,789)	(1)	(446)	(2,792)
At 31 December 2014/1 January 2015	-	-	1,409	-	3,284	3,851	34,421	5,211	9,794	57,970
Depreciation charged for the year	-	-	665	-	3,807	168	7,539	948	1,481	14,608
Disposals	-	-	-	-	-	-	(158)	(240)	(2,722)	(3,120)
At 31 December 2015	-	-	2,074	-	7,091	4,019	41,802	5,919	8,553	69,458
Carrying amounts										
At 1 January 2014	8,975	3,622	16,602	53,423	-	1,326	25,687	2,663	5,874	118,172
At 31 December 2014/1 January 2015	9,589	-	15,780	-	78,562	1,351	28,871	2,397	4,023	140,573
At 31 December 2015	9,589	-	15,148	-	74,755	1,183	21,571	2,052	3,120	127,418

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4. INVESTMENT PROPERTY

	Group 2015 RM'000	2014 RM'000
Cost		
At 1 January	49,248	49,188
Additional expenditure in investment property	55	60
Reversal on realised gain arise from cost reduction	(130)	-
At 31 December	49,173	49,248
Accumulated depreciation		
At 1 January	1,667	948
Depreciation for the year	720	719
At 31 December	2,387	1,667
Carrying amounts		
At 31 December	46,786	47,581
Estimated fair value	97,881	91,133

The fair value of the investment property is derived based on sales comparison approach by reference to observed market price in other similar property transactions.

Estimated fair value of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The following are recognised in profit or loss in respect of the investment property:

	Note	Group 2015 RM'000	2014 RM'000
Rental income	20	5,368	4,822
Property maintenance cost	21	(1,994)	(1,757)

5. INTANGIBLE ASSET

	Group 2015 RM'000	2014 RM'000
Cost		
At 1 January /31 December	12,393	12,393

5. INTANGIBLE ASSET (CONT'D)

	Group 2015 RM'000	Group 2014 RM'000
Amortisation		
At 1 January	-	-
Amortisation for the year	620	-
At 31 December	620	-
Carrying amounts		
At 31 December	11,773	12,393

6. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
At cost:		
Unquoted shares	314,149	314,149

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of Incorporation	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %
Held by the Company:				
Mudajaya Corporation Berhad ("MCB")	Malaysia	Civil engineering and building construction	100	100
Held through MCB:				
Mudajaya Power International Sdn. Bhd. ("MPISB")	Malaysia	Civil engineering and building construction	100	100
Mudajaya Land Sdn. Bhd.	Malaysia	Property development	100	100
MJC City Development Sdn. Bhd. ("MJCC")	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

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %
Held through MCB: (cont'd)				
MJC Precast Sdn. Bhd. ("MJCP")	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
Mudajaya Energy Sdn. Bhd. ("MESB")	Malaysia	Investment holding	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 (M) Sdn. Bhd.	Malaysia	Dormant	100	100
MGB Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100
Electric Power International Ltd. #*	Republic of Mauritius	Dormant	74	74
Piala Tebrau (M) Sdn. Bhd.	Malaysia	Dormant	100	100
MJC Quarry Sdn. Bhd.	Malaysia	Ceased operations	100	100
Mudajaya Middle East Ltd. #* ("MMEL")	Kingdom of Saudi Arabia	General construction and investment holding	75	75

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of Incorporation	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %
Held through MCB: (cont'd)				
Mudajaya International Investment Ltd. #* ("MIIL")	Negara Brunei Darussalam	Has not commenced operations	100	100
Desiran Johan Sdn. Bhd.	Malaysia	Property development and construction	70	70
Held through MJCP:				
Mudajaya IBS Sdn. Bhd. ("MISB")	Malaysia	Manufacture of precast concrete and other related products	70	-
Held through MIIL:				
Mudajaya Construction (India) Private Limited #*	India	Construction and related business	100	100
Held through MESB:				
Active Flora Sdn. Bhd. ("AFSB")	Malaysia	Investment holding	100	100
Positive Range Sdn. Bhd. ("PRSB")	Malaysia	Investment holding	100	100
Held through AFSB and PRSB:				
Special Universal Sdn. Bhd. ("SUSB")	Malaysia	Photovoltaic power plant	60	60
Held through MPISB:				
PT Mudajaya Energi Indonesia *	Indonesia	Has not commenced operations	95	-

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* Consolidated based on management accounts

Acquisition of a subsidiary

On 20 July 2015, MJCP subscribed for 70 ordinary shares of RM1.00 each in MISB, representing 70% of the total issued and paid-up share capital of MISB, for a total cash consideration of RM70.00.

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	MIPP RM'000	MJCC RM'000	SUSB RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2015					
NCI percentage of ownership interest and voting interest	20%	30%	40%		
Carrying amount of NCI	(41,225)	17,480	8,159	(353)	(15,939)
(Loss)/Profit allocated to NCI	(110)	2,791	1,234	(95)	3,820

	MIPP RM'000	MJCC RM'000	SUSB RM'000
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	1	3,412	73,283
Current assets	134,455	79,728	2,604
Non-current liabilities	-	(105)	(40,926)
Current liabilities	(104,215)	(18,572)	(14,562)
Net assets	30,241	64,463	20,399
Year ended 31 December			
Revenue	1,700	30,585	11,402
Profit for the year	(740)	9,302	3,085
Total comprehensive income	4,312	9,302	3,085
Dividends paid to NCI	-	(4,200)	-

	MIPP RM'000	MJCC RM'000	SUSB RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2014					
NCI percentage of ownership interest and voting interest	20%	30%	40%		
Carrying amount of NCI	(41,116)	18,889	6,925	(557)	(15,859)
(Loss)/Profit allocated to NCI	(3,612)	2,358	1,295	(269)	(228)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interest in subsidiaries (cont'd)

	MIPP RM'000	MJCC RM'000	SUSB RM'000
Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	1	3,282	77,089
Current assets	147,683	87,681	3,168
Non-current liabilities	-	-	(46,989)
Current liabilities	(121,755)	(21,802)	(15,954)
Net assets	25,929	69,161	17,314
Year ended 31 December			
Revenue	91,036	40,465	9,659
Profit for the year	(24,403)	7,989	3,237
Total comprehensive income	(23,443)	7,989	3,237
Dividends paid to NCI	(966)	(600)	-

7. INVESTMENTS IN ASSOCIATES

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	954,069	947,589
Share of post-acquisition reserves	(13,846)	(1,568)
Less: Impairment loss	(810)	-
	939,413	946,021
Less: Unrealised profits	(255,139)	(255,331)
	684,274	690,690

Details of the associates are as follows:

Name of associates	Note	Country of incorporation	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %	Accounting model applied
Held by the Company:						
R.K.M Powergen Private Limited ("RKM") #	(i)	India	Power plant	26	26	Equity method

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7. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows: (cont'd)

Name of associates	Note	Country of incorporation	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %	Accounting model applied
Held through MJCD:						
Mayfair Ventures Sdn. Bhd ("MVSB")		Malaysia	Property development	49	49	Equity method
Held through MMEL:						
Mudajaya Power and Water Ltd. #		Kingdom of Saudi Arabia	Dormant	34	34	Equity method
Held through MPISB:						
Amihan Energy Corporation #		Philippines	Power plant	40	40	Equity method
PT Harmoni Energy Indonesia # ("PT Harmoni")	(ii)	Indonesia	Power plant	46	-	Equity method

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

	2015 RKM RM'000	2015 PT Harmoni RM'000	2014 RKM RM'000	2014 PT Harmoni RM'000
Summarised statement of financial position				
Current assets	6,666,747	11,619	5,258,181	-
Non-current assets	323,396	151,683	63,135	-
Total assets	6,990,143	163,302	5,321,316	-
Current liabilities	226,006	113,432	190,608	-
Non-current liabilities	5,339,347	60,754	3,908,226	-
Total liabilities	5,565,353	174,186	4,098,834	-
Summarised statement of comprehensive income				
Loss for the year	(18,823)	(11,970)	16,431	-

7. INVESTMENTS IN ASSOCIATES (CONT'D)

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

	2015		2014	
	RKM RM'000	PT Harmoni RM'000	RKM RM'000	PT Harmoni RM'000
Net assets at 1 January	1,222,482	-	1,161,260	-
Additions	221,131	1,086	44,791	-
Loss for the year	(18,823)	(11,970)	16,431	-
	1,424,790	(10,884)	1,222,482	-
Interest in an associate	26%	46%	26%	-
Group's share of net assets	370,445	(5,007)	317,845	-

2015	RKM RM'000	PT Harmoni RM'000	Other immaterial associate RM'000	Total RM'000
Reconciliation of net assets carrying amount as at 31 December				
Group's share of net assets	370,445	(5,007)	12,427	377,865
Goodwill	555,568	5,980	-	561,548
Elimination of unrealised profit	(255,139)	-	-	(255,139)
Carrying amount in the statement of financial position	670,874	973	12,427	684,274

2014	RKM RM'000	PT Harmoni RM'000	Other immaterial associate RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	317,845	-	15,115	332,960
Goodwill	613,061	-	-	613,061
Elimination of unrealised profit	(255,331)	-	-	(255,331)
Carrying amount in the statement financial position	675,575	-	15,115	690,690

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

	2015 RM'000	2014 RM'000
The Group's share of loss for the year	(1,878)	(987)

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7. INVESTMENTS IN ASSOCIATES (CONT'D)

(i) RKM is currently undertaking a 4x360MW Coal-Fired Independent Power Producer Project with a project cost amounting to INR117.85 billion (RM7.87 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.

RKM's ordinary shares of Indian Rupee ("INR") INR2.93 billion (2014: INR2.93 billion) equivalent to RM195.42 million (2014: RM165.37 million) at exchange rate of RM1: INR 14.97 (2014: INR17.69) owned by MCB, are pledged to a consortium of Indian local financial institutions for borrowings obtained by RKM. As at year-end, total borrowings undertaken by RKM amounting to INR78.7 billion (equivalent to RM5.25 billion) are secured via joint and several undertaking by RKP and MCB whereby MCB has obtained a back to back indemnity from RKP for the undertaking.

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) Mudajaya Power International Sdn. Bhd., a wholly-owned subsidiary of Mudajaya Corporation Berhad, which in turn is a wholly-owned subsidiary of the Company, had on 6 March 2015 acquired 46% shareholdings in PT Harmoni Energy Indonesia for a total consideration of USD 2 million or the equivalent of approximately RM6,480,000.

8. INVESTMENTS IN JOINT OPERATIONS

Details of the unincorporated joint operations are as follows:

Names of joint operations	Country	Principal activities	Porportion of ownership interest 2015 %	2014 %
Held through 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

* Consolidated based on management accounts

8. INVESTMENTS IN JOINT OPERATIONS (CONT'D)

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	
	2015 RM'000	2014 RM'000
Assets and liabilities		
Current assets/total assets	2,069	1,627
Current liabilities/total liabilities	1,027	866
Income	285	-
Expenses	4	9

9. OTHER INVESTMENTS

	Group	
	2015 RM'000	2014 RM'000
At cost:		
Club memberships	542	542
Unquoted shares	1,000	1,000
	1,542	1,542
Less: Accumulated impairment losses	(1,000)	(1,000)
	542	542

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	461	364	(600)	(620)	(139)	(256)
Investment properties	-	-	(1,443)	(1,552)	(1,443)	(1,552)
Deferred tax assets/(liabilities)	461	364	(2,043)	(2,172)	(1,582)	(1,808)

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10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the year

Group	At 1.1.2014 RM'000	Recognised in profit or loss (Note 25) RM'000	At 1.1.2015 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2015 RM'000
Property, plant and equipment	(256)	-	(256)	117	(139)
Investment properties	-	(1,552)	(1,552)	109	(1,443)
	(256)	(1,552)	(1,808)	226	(1,582)

Unrecognised deferred tax assets

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

	Group 2015 RM'000	2014 RM'000
Tax loss carry-forwards	11,978	14,242
Other deductible temporary differences	92,651	65,767
	104,629	80,009
Deferred tax assets at 24%	25,111	19,202

Deferred tax has not been recognised as there is no reasonable certainty that future taxable profits will be available against which they can be utilised.

11. INVENTORIES

	Group 2015 RM'000	2014 RM'000
Cost		
Properties held for sale	30,879	3,138
Raw materials	1,712	3,236
	32,591	6,374

12. PROPERTY DEVELOPMENT COSTS

	Group	
	2015 RM'000	2014 RM'000
Cumulative property development costs		
At 1 January:		
Leasehold land	44,474	44,474
Development costs	421,692	362,509
	466,166	406,983
Costs incurred during the year:		
Development costs	29,637	59,183
Transferred to inventories	(27,741)	-
At 31 December	468,062	466,166
Cumulative costs recognised in statement of profit or loss and comprehensive income:		
At 1 January	(404,994)	(363,578)
Recognised during the year (Note 21)	(24,347)	(41,416)
At 31 December	(429,341)	(404,994)
Property development costs at 31 December	38,721	61,172

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 inter alia for the payment in kind in return for the land contributed by the third party.

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables					
Third parties		277,280	264,843	-	-
Retention sums		38,317	63,081	-	-
Advance payments received	(e)	(80,253)	(36,668)	-	-
Total trade receivables	(a)	235,344	291,256	-	-
Less: Allowance for impairment	(d)	(592)	(597)	-	-
		234,752	290,659	-	-

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13. TRADE AND OTHER RECEIVABLES (CONT'D)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Other receivables					
Other receivables		26,425	11,147	-	-
Amount due from subsidiaries	(f)	-	-	14,402	1,043
Amount due from associates	(g)	62,907	20,693	-	-
Less: Allowance for impairment		(2,411)	-	-	-
		86,921	31,840	14,402	1,043
Deposits	(h)	8,823	18,610	3,623	2
Advance payments	(i)	21,613	318	20	-
		117,357	50,768	18,045	1,045
		352,109	341,427	18,045	1,045

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(a) Trade receivables

Ageing analysis of trade receivables are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Neither past due nor impaired (b)	81,852	96,714
1 to 30 days past due but not impaired	5,301	124,853
31 to 60 days past due but not impaired	906	7,664
61 to 90 days past due but not impaired	1,384	551
91 to 120 days past due but not impaired	908	575
More than 120 days past due but not impaired	144,401	60,302
Total receivables that are past due but not impaired (c)	152,900	193,945
Trade receivables that are impaired (d)	592	597
	235,344	291,256

Included in trade receivables at 31 December 2015 is amount due from an associate of RM127,073,000 (2014: RM141,129,000).

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 24 months.

(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.

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Receivables that are past due but not impaired

The Group has trade receivables amounting to approximately RM152,900,000 (2014: RM193,945,000) that are past due at the reporting date but not impaired.

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

(d) 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 2015 RM'000	2014 RM'000
Trade receivables – nominal amounts	592	597
Less: Allowance for impairment	(592)	(597)
	-	-

Movement in allowance accounts:

	Group 2015 RM'000	2014 RM'000
At 1 January	597	607
Reversal of impairment losses (Note 22)	(5)	(10)
At 31 December	592	597

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.

(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 subsidiaries

The amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

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13. TRADE AND OTHER RECEIVABLES (CONT'D)

(g) Amount due from associates

Amount due from associates are advances which is unsecured and repayable on demand. Included in the amount due from associates is the amount of RM30,556,000 (2014: RM18,966,000) which arose from advances to MVSB. The advances had been approved by the shareholders in the Company's Extraordinary General Meeting held on 12 December 2013. The advances are subject to interest rate at 8% (2014: 8%) per annum. Also included in the amount due from associates is advances of RM26,434,000 (2014: nil) extended to PT Harmoni and is subject to interest rate at 12% (2014: nil) per annum. The remaining balance is non-interest bearing.

(h) Deposits

Included in deposits is RM5,869,000 (2014: RM12,349,000) paid to PT Indomuda Satria Internusa for the acquisition of additional 24% equity shares in PT Harmoni. On 6 March 2015, the Group acquired 46% shareholdings in PT Harmoni, with an option to increase the shareholding to 70% at a later stage.

(i) Advance payments

These are mainly contractual advance payments to subcontractors for construction works.

14. OTHER CURRENT ASSETS

		Group	
	Note	2015 RM'000	2014 RM'000
Amounts due from contract customers	(a)	470,256	234,139
Contra properties	(b)(i)	168,140	168,145
Recovered properties	(b)(ii)	24,283	-
		662,679	402,284

(a) Amount due from /(to) customers on contracts

	Group	
	2015 RM'000	2014 RM'000
Construction costs incurred to date	6,741,708	5,397,689
Attributable profits	2,019,427	1,533,323
	8,761,135	6,931,012
Less: Progress billings	(8,302,966)	(6,718,172)
	458,169	212,840

14. OTHER CURRENT ASSETS (CONT'D)

(a) Amount due from /(to) customers on contracts (cont'd)

	Group	
	2015 RM'000	2014 RM'000
Presented as:		
Amounts due from customers on contracts	470,256	234,139
Amounts due to customers on contracts	(12,087)	(21,299)
	458,169	212,840

(b) Contra properties

(i) Contra properties

In 2013, a subsidiary, MCB entered into a Compromise and Settlement Agreement with one of its debtors whereby the amount due from the debtor was settled via transfer of properties ("contra properties") to MCB. The contra properties comprise service apartments, office suites, retail units and parking lots in Kuala Lumpur, Malaysia.

The contra 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 in profit or loss when the selling price can be reliably measured.

(ii) Recovered properties

This relates to properties recovered from an asset recovery exercise arising from irregular transactions reported in the previous financial year. The titles of the properties and the related liabilities are registered under third parties.

The Group and the third parties had entered into the transfer agreement for the transfer of the assets to the Group.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	60,927	67,667	35	791
Deposits with financial institutions	9,249	70,035	-	14,642
	70,176	137,702	35	15,433

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

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15. CASH AND CASH EQUIVALENTS (CONT'D)

Cash at banks and deposits with financial institutions earned interest at floating rates based on daily 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 3.58% (2014: 1.93% and 3.78%) per annum during the financial year.

Included in cash and bank balances of the Group is Designated Collection Accounts and Finance Service Reserve Account of RM806,000 (2014: RM1,666,000) charged for the term loans (Note 17(b)).

16. CAPITAL AND RESERVES

(a) Share capital

	Group and Company			
Authorised:	**Number of shares 2015 '000**	**Amount 2015 RM'000**	**Number of shares 2014 '000**	**Amount 2014 RM'000**
Ordinary shares of RM0.20 each				
At 1 January/31 December	1,250,000	250,000	1,250,000	250,000
Issued and fully paid:				
Ordinary shares of RM0.20 each				
At 1 January	552,418	110,483	551,712	110,342
ESOS exercised	-	-	706	141
At 31 December	552,418	110,483	552,418	110,483

Ordinary shares

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. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

(b) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(c) Capital reserve

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

(d) Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees (Note 19). 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.

16. CAPITAL AND RESERVES (CONT'D)

(d) Employees' share option reserve (cont'd)

During the year, RM15,010,000 was transferred from the reserve to retained earnings upon forfeiture of the options upon resignation of employees.

(e) 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 18 June 2014, gave mandate to the Board of Directors ("BOD") of the Company to repurchase its own ordinary shares. The BOD 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.

There was no repurchase of ordinary shares during the financial year.

Of the total 552,418,466 (2014: 552,418,466) issued and fully paid ordinary shares as at 31 December 2015, 14,018,300 (2014: 14,018,300) are held as treasury shares by the Company. As at 31 December 2015, the number of outstanding ordinary shares in issue after the set-off against treasury shares is therefore 538,400,166 (2014: 538,400,166) ordinary shares of RM 0.20 (2014: RM0.20) each.

(f) 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.

17. BORROWINGS

		Group	
	Note	2015 RM'000	2014 RM'000
Current			
Unsecured:			
Revolving Credit	(a)	140,000	-
Secured:			
Term loans	(b)	6,063	6,063
		146,063	6,063
Non-current			
Secured:			
Term loans	(b)	40,926	46,989
Islamic Medium Term Notes ("IMTN")	(c)	360,000	360,000
		400,926	406,989
		546,989	413,052

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17. BORROWINGS (CONT'D)

The maturities of the borrowings as at 31 December 2015 are as follows:

	Group	
	2015 RM'000	2014 RM'000
Within one year	146,063	6,063
More than 1 year and less than 2 years	246,063	6,063
2 to 5 years	138,189	364,800
5 years and above	16,674	36,126
	546,989	413,052

(a) Revolving Credits

The revolving credit facility was drawn down for working capital requirements. The amount was rolled-over on a monthly basis at an average interest rate of 4.46% per annum. The interest rate is fixed at the date of each draw down and might be revised at the commencement of each roll-over period. No securities have been pledged under this facility.

(b) Term loans

The term loans of the Group mainly comprise the following:

(i) A term loan of RM50,000,000 which bears interest rate of 2.00% (2014: 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% (2014: 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") (Note 15);

(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 FSRA; and

(v) corporate guarantee by MCB.

Other information on financial risk of borrowings is disclosed in Note 29.

17. BORROWINGS (CONT'D)

(c) IMTN

On 14 November 2013, the Company obtained the approval from the Securities Commission Malaysia for the establishment of an Islamic Commercial Paper programme ("ICP") and an IMTN subject to a combined aggregate limit of up to RM1.0 billion in nominal value Sukuk Programme ("SUKUK").

There are two tranches of IMTN totalling RM360 million issued under the SUKUK, with the following maturity dates:

	Amount RM'000	Maturity date
Tranche 1	240,000	23 January 2017
Tranche 2	120,000	23 January 2019

18. TRADE AND OTHER PAYABLES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade payables					
Third parties	(a)	350,337	290,683	-	-
Other payables					
Deposits		759	5,749	-	-
Accruals		25,873	20,839	580	577
Other payables		11,078	11,188	4	-
		37,710	37,776	584	577
		388,047	328,459	584	577

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranging from 7 to 90 days (2014: 7 to 90 days).

19. 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;

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19. EMPLOYEE BENEFITS (CONT'D)

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

- 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 3,205,000 share options were granted at a subscription price of RM2.75 per share.
- On 18 February 2014, a total of 630,600 share options were granted at a subscription price of RM2.65 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 nor voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.

	Number of options					
Group and Company 2015	**At 1.1.2015 '000**	**Granted '000**	**Forfeited '000**	**Exercised '000**	**At 31.12.2015 '000**	**Exercisable 31.12.2015 '000**
Grant Date						
3 October 2011	16,977	-	12,175	-	4,802	4,802
16 July 2012	3,106	-	2,146	-	960	960
3 October 2012	820	-	281	-	539	539
2 May 2013	2,180	-	660	-	1,520	1,520
3 October 2013	3,205	-	1,649	-	1,556	1,556
18 February 2014	631	-	-	-	631	631
	26,919	-	16,911	-	10,008	10,008
Weighted average exercise price ("WAEP") (RM)	2.18	-	2.12	-	2.28	2.28

19. EMPLOYEE BENEFITS (CONT'D)

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

Group and Company 2014	At 1.1.2014 '000	Granted '000	Forfeited '000	Exercised '000	At 31.12.2014 '000	Exercisable 31.12.2014 '000
	Number of options					
Grant date						
3 October 2011	17,674	-	-	(697)	16,977	13,762
16 July 2012	3,109	-	-	(3)	3,106	3,464
3 October 2012	826	-	-	(6)	820	645
2 May 2013	2,180	-	-	-	2,180	1,537
3 October 2013	3,205	-	-	-	3,205	2,353
18 February 2014	-	631	-	-	631	315
	26,994	631	-	(706)	26,919	22,076
Weighted average exercise price ("WAEP") (RM)	2.16	2.65	-	1.91	2.18	2.19

The options outstanding at 31 December 2015 have an exercise price in the range of RM1.90 to RM2.75 (2014: RM1.90 to RM2.75) and a weighted average contractual life of 1 year (2014: 2 years).

No option were exercised during the financial year.

Fair value of share options granted

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

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

Fair value of share options and assumptions	18.2.2014	3.10.2013	2.5.2013	3.10.2012	16.7.2012	3.10.2011
	Grant date					
Fair value at grant date	0.52	0.72	0.67	0.83	0.89	1.01
Dividend yield (%)	3.15	1.90	1.90	1.78	1.78	1.90
Expected volatility (%)	33.20	39.00	39.00	41.22	41.22	50.15
Risk-free interest rate (% p.a)	3.21	3.28	3.02	3.18	3.08	3.32
Expected life of option (years)	2	3	3	4	4	5
Weighted average share price (RM)	2.74	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.

During the financial year, the Group reversed ESOS expense in profit or loss amounting to RM140,000. In 2014, the Group recognised an ESOS expense of RM3,574,000 in profit or loss.

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20. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Construction contracts	442,839	849,756	-	-
Sale of development properties	44,730	58,054	-	-
Sale of construction materials	39,170	128,514	-	-
Rental of office space	5,368	4,822	-	-
Power	11,402	9,659	-	-
Dividend income from a subsidiary	-	-	17,040	34,080
	543,509	1,050,805	17,040	34,080

21. COST OF SALES

	Group	
	2015 RM'000	2014 RM'000
Construction contract costs	381,381	903,566
Property development costs (Note 12)	24,347	41,416
Cost of inventories sold	56,770	118,389
Property maintenance cost	1,994	1,757
Power plant costs	1,528	547
	466,020	1,065,675

22. OTHER INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income from loans and receivables	7,220	8,894	364	459
Rental of land and buildings	378	569	-	-
Reversal of allowance for impairment of trade receivables (Note 13(d))	5	10	-	-
Gain on disposal of property, plant and equipment	531	379	-	-
Net gain on foreign exchange	11,788	1,738	8	-
Miscellaneous	2,412	2,662	543	744
	22,334	14,252	915	1,203

23. RESULTS FROM OPERATING ACTIVITIES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Results from operating activities is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- Audit fees					
Statutory auditors		393	350	105	95
Other auditors		19	30	-	-
- Non-audit fees					
Statutory auditors		285	15	-	-
Amortisation of intangible asset	5	620	-	-	-
Depreciation of property, plant and equipment	3	14,608	14,460	-	-
Depreciation of investment property	4	720	719	-	-
Gain on disposal of property, plant and equipment		(531)	(379)	-	-
Reversal of allowance for impairment of trade receivables	13	(5)	(10)	-	-
Impairment loss of investment in associate	7	810	-	-	-
Impairment loss of other receivable	13	2,411	-	-	-
Employee benefits expenses	24	26,533	23,348	-	-
Net foreign exchange differences					
- realised		7	434	-	-
- unrealised		(11,795)	(2,172)	(8)	-
Non-executive directors' remuneration	24	630	638	630	638

24. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION

	Group 2015 RM'000	Group 2014 RM'000
Wages and salaries	23,872	17,135
Social security contributions	108	76
Contributions to defined contribution plan	2,230	2,060
Share options granted under ESOS	(140)	3,574
Other benefits	463	503
	26,533	23,348

Included in employee benefits expenses of the Group are executive directors' remuneration amounting to RM5,146,000 (2014: RM5,483,000) as further disclosed.

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24. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Executive Directors:				
Salaries and other emoluments	4,462	4,442	-	-
Bonus	44	446	-	-
Defined contribution plan	640	595	-	-
	5,146	5,483	-	-
Non-executive Directors:				
Fees	410	440	410	440
Other emoluments	220	198	220	198
	630	638	630	638
Total Directors' remuneration	5,776	6,121	630	638
Estimated money value of benefits-in-kind	91	173	-	-
Total key management personnel compensation	5,867	6,294	630	638

25. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Income tax expense				
Current year	8,679	7,062	130	181
Under/(over) provision in prior years	(604)	243	(9)	4
	8,075	7,305	121	185
Deferred tax expense				
Current year	(226)	490	-	-
Underprovision in prior years	-	1,062	-	-
	(226)	1,552	-	-
Total tax expense	7,849	8,857	121	185

25. TAX EXPENSE (CONT'D)

Recognised in profit or loss (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Reconciliation of tax expense				
Profit/(loss) before tax	10,241	(61,605)	16,912	34,160
Income tax calculated using Malaysian tax rate of 25%	2,560	(15,401)	4,228	8,540
Non-deductible expenses	1,577	690	253	52
Non-taxable income	(4,831)	(1,381)	(4,351)	(8,411)
Effect of changes in tax rate	256*	-	-	-
Effect of tax losses incurred in tax exempt jurisdiction	396	6,101	-	-
Effect of share of associates' loss	3,069	-	-	-
Deferred tax assets not recognised	5,909	17,233	-	-
Other items	(483)	310	(9)	-
(Over)/Under provision in prior years	(604)	1,305	-	4
	7,849	8,857	121	185

* The change in Malaysia Corporate tax rate from 25% to 24% with effective from YA2016 was announced in the Malaysian 2014 Budget on 25 October 2013. Accordingly, deferred tax has been provided using 24%.

26. DIVIDENDS

Dividends recognised by the Group and the Company are:

	Sen per share	Total Amount RM'000	Date of payment
2014			
First interim single-tier 2014 ordinary	3.0	16,254	21 May 2014
Second interim single-tier 2014 ordinary	3.0	16,187	5 September 2014
Under provision of dividends declared *		43	20 February 2014
		32,484	

* This relates to the under provision of third interim single tier dividend declared on 27 November 2013 and recognised in 2014.

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27. LOSS PER ORDINARY SHARE

Basic and diluted loss per ordinary share

The calculation of basic and diluted loss per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders over weighted average number of ordinary shares outstanding as at 31 December, as follows:

Loss attributable to ordinary shareholders:

	Group	
	2015 RM'000	2014 RM'000
Loss for the year attributable to owners of the Company	(1,428)	(70,234)

	2015 '000	2014 '000
Weighted average number of ordinary shares at 31 December	540,020	540,020

	2015 Sen	2014 Sen
Basic and diluted loss per ordinary shares	(0.26)	(13.01)

The share option of 10,008,000 units (2014: 26,919,000 units) could potentially dilute the earning per share in the future, but are anti-dilute for the periods presented.

28. OPERATING SEGMENTS

Segment information

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

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

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

(c) Trading - trading in construction materials;

(d) Manufacturing - manufacturing of construction related products; and

(e) Power - sale of power energy.

28. OPERATING SEGMENTS (CONT'D)

Segment information (cont'd)

The management monitors the operating results of its business units separately for the purpose of making decisions about resources 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 normal course of business and have been established on mutually agreed terms and conditions.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is based on the liabilities of a segment as included in the internal management reports that are reviewed by the Managing Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

28. OPERATING SEGMENTS (CONT'D)

2015	Construction contracts RM'000	Property development RM'000	Manufacturing RM'000	Trading RM'000	Power RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:									
External customers	442,839	44,730	16,508	22,662	11,402	5,368	-		543,509
Inter-segment	9,992	288	2,313	22,935	-	18,376	(53,904)	(i)	-
Total revenue	452,831	45,018	18,821	45,597	11,402	23,744	(53,904)		543,509
Results:									
Included in the measure of segment profit/(loss) are:									
Interest income	1,299	2,645	646	61	2,205	364	-		7,220
Finance costs	(20,788)	(64)	-	-	(3,043)	-	-		(23,895)
Dividend income	-	-	-	-	-	17,040	(17,040)	(i)	-
Depreciation	(9,683)	(1,144)	(674)	-	(3,807)	(20)	-		(15,328)
Share of loss of associates	(4,894)	(1,809)	-	-	(5,575)	-	-		(12,278)
Profit/(Loss) after tax	10,035	10,816	3,614	2,356	(1,585)	18,239	(41,083)	(ii)	2,392
Assets:									
Included in the measure of segment assets are:									
Investment in associates	670,874	10,623	-	-	2,777	-	-		684,274
Additions to non-current assets	1,696	296	98	-	-	55	-	(iii)	2,145
Segment assets	1,917,027	149,736	54,023	20,822	107,579	400,405	(608,622)	(iv)	2,040,970
Segment liabilities	907,514	78,276	22,300	12,902	118,156	26,199	(214,359)	(v)	950,988

28. OPERATING SEGMENTS (CONT'D)

2014	Construction contracts RM'000	Property development RM'000	Manufacturing RM'000	Trading RM'000	Power RM'000	Others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:									
External customers	849,756	58,054	28,334	100,180	9,659	4,822	-		1,050,805
Inter-segment	31,326	1,456	-	-	-	34,080	(66,862)	(i)	-
Total revenue	881,082	59,510	28,334	100,180	9,659	38,902	(66,862)		1,050,805
Results:									
Included in the measure of segment assets are:									
Interest income	6,864	739	288	103	900	-	-		8,894
Finance costs	(15,843)	-	-	-	(2,774)	-	-		(18,617)
Dividend income	29,562	-	-	-	-	34,080	(63,642)	(i)	-
Depreciation	(9,220)	(1,096)	(1,522)	-	(3,284)	(57)	-		(15,179)
Share of profit of associates	3,285	-	-	-	-	-	-		3,285
(Loss)/ Profit after tax	(71,820)	11,700	1,110	2,576	3,213	39,674	(56,915)	(ii)	(70,462)
Assets:									
Included in the measure of segment assets are:									
Investment in associates	689,880	-	-	-	-	810	-		690,690
Additions to non-current assets	11,245	31	785	-	28,423	71	22	(iii)	40,577
Segment assets	1,592,950	180,014	29,777	10,871	92,658	352,405	(406,307)	(iv)	1,852,368
Segment liabilities	679,526	26,252	2,365	5,306	61,903	1,622	(10,276)	(v)	766,698

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

28. OPERATING 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/(Loss) before tax" presented in the consolidated statement of profit or loss and comprehensive income:

	Group 2015 RM'000	Group 2014 RM'000
Loss from inter-segment	(41,083)	(60,200)
Share of profit of associates	-	3,285
	(41,083)	(56,915)

(iii) Additions to non-current assets consist of property, plant and equipment and investment property (Notes 3 and 4).

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

	Group 2015 RM'000	Group 2014 RM'000
Inter-segment assets	(608,622)	(406,307)

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

	Group 2015 RM'000	Group 2014 RM'000
Deferred tax liabilities	(2,043)	(2,172)
Unallocated liabilities	(212,316)	(8,104)
	(214,359)	(10,276)

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.

28. OPERATING SEGMENTS (CONT'D)

Geographical segments (cont'd)

	Total revenue from external customers		Segment assets		Additions to non-current assets	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	541,809	960,063	1,885,203	1,708,120	2,145	40,577
India	1,700	90,742	2,641	2,160	-	-
Republic of Mauritius	-	-	137,953	125,078	-	-
Negara Brunei Darussalam	-	-	15,173	17,010	-	-
Consolidated	543,509	1,050,805	2,040,970	1,852,368	2,145	40,577

Major customers

Approximately 73% (2014: 71%) of total revenue during the year is mainly contributed from three (3) (2014: three (3)) customers.

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");

(b) Available-for-sale financial assets ("AFS"); and

(c) Financial liabilities measured at amortised cost ("FL").

2015	Carrying Amount RM'000	L&R RM'000	FL RM'000	AFS RM'000
Financial assets				
Group				
Other investment	542	-	-	542
Trade and other receivables	330,496	330,496	-	-
Cash and cash equivalents	70,176	70,176	-	-
	401,214	400,672	-	542
Financial assets				
Company				
Trade and other receivables	18,025	18,025	-	-
Cash and cash equivalents	35	35	-	-
	18,060	18,060	-	-

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Categories of financial instruments (cont'd)

2015 (cont'd)	Carrying Amount RM'000	L&R RM'000	FL RM'000	AFS RM'000
Financial liabilities				
Group				
Trade and other payables	388,047	-	388,047	-
Refundable deposits	1,822	-	1,822	-
Loans and borrowings	546,989	-	546,989	-
	936,858	-	936,858	-
Company				
Trade and other payables	584	-	584	-

2014	Carrying Amount RM'000	L&R RM'000	FL RM'000	AFS RM'000
Financial assets				
Group				
Other investment	542	-	-	542
Trade and other receivables	341,109	341,109	-	-
Cash and cash equivalents	137,702	137,702	-	-
	479,353	478,811	-	542
Financial assets				
Company				
Trade and other receivables	1,045	1,045	-	-
Cash and cash equivalents	15,433	15,433	-	-
	16,478	16,478	-	-
Financial liabilities				
Group				
Trade and other payables	328,459	-	328,459	-
Refundable deposits	1,716	-	1,716	-
Loans and borrowings	413,052	-	413,052	-
	743,227	-	743,227	-
Company				
Trade and other payables	577	-	577	-

29. FINANCIAL INSTRUMENTS (CONT'D)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and receivables	19,020	10,642	372	459
Financial liabilities measured at amortised cost	(23,895)	(18,770)	-	-
Net (losses)/ gains	(4,875)	(8,128)	372	459

29.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their trade and other receivables.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group's objective 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 wish to trade on credit terms are subject to credit evaluations procedures and the exposure to credit risk is monitored on an ongoing basis.

For other financial assets (including deposits and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk arising from the financial assets is the carrying amount of each class of financial assets as recognised in the statements of financial position. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

At the end of the reporting period, approximately 83% (2014: 96%) of the Group's trade receivables were due from 5 major customers.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Receivables (cont'd)

Exposure to credit risk, credit quality and collateral (cont'd)

The exposure of credit risk for trade receivables as at the end of the reporting period by industry sector and geographic region were:

	2015		2014	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
By industry sector:				
Construction	218,725	93	279,806	97
Property development	8,506	4	3,979	1
Manufacturing	6,669	3	6,152	2
Others	852	-	722	-
	234,752	100	290,659	100
By geographical:				
Malaysia	107,679	46	149,530	51
India	127,073	54	141,129	49
	234,752	100	290,659	100

Impairment losses

The ageing of receivables as at the end of the reporting period was disclosed in Note 13(a).

The movements in the allowance for impairment losses on receivables during the financial year were disclosed in Note 13(d).

Other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and transactions involving financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The other financial assets are unsecured.

29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont'd)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounted to RM314,206,000 (2014: RM347,887,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides advances to subsidiaries and associates. The Company monitors the results of the subsidiaries and associates regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk was represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries and associates were not recoverable. The Company monitored these advances regularly.

29.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash terms included in the maturity analysis occur significantly earlier or at significant different amounts.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
2015						
Non-derivative financial liabilities						
Trade and other payables	388,047	-	388,047	388,047	-	-
Refundable deposits	1,822	-	1,822	-	1,822	-
Revolving Credit	140,000	COF+1.0% – 1.5%	140,000	140,000	-	-
Term loans	46,989	COF + 2.0%	57,504	8,555	30,859	18,090
IMTN	360,000	4.8% – 5.2%	396,418	16,662	379,756	-
	936,858		983,791	553,264	412,437	18,090
2014						
Non-derivative financial liabilities						
Trade and other payables	328,459	-	328,459	328,459	-	-
Refundable deposits	1,716	-	1,716	-	1,716	-
Term loans	53,052	COF + 2.0%	66,396	8,892	32,205	25,299
IMTN	360,000	4.6% or 4.8%	413,080	16,662	396,418	-
	743,227		809,651	354,013	430,339	25,299

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
2015				
Non-derivative financial liabilities				
Trade and other payables	584	-	584	584
2014				
Non-derivative financial liabilities				
Trade and other payables	577	-	577	577

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

29.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM"), United States Dollar ("US Dollar") and Indian Rupee ("INR"). The foreign currencies in which these transactions are denominated are mainly Euro Dollar ("Euro"), Singapore Dollar ("SGD") and Brunei Dollar ("BND").

Risk management objectives, policies and processes for managing the risk

As at the reporting date, the Group did not enter into any forward exchange contracts.

Exposure of foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

			Denominated in		
Group	**INR RM'000**	**BND RM'000**	**EURO RM'000**	**USD RM'000**	**Total RM'000**
2015					
Trade and other receivables	-	-	3,307	28,055	31,362
Cash and bank balances	663	241	-	-	904
Net exposure	663	241	3,307	28,055	32,266
2014					
Trade and other receivables	-	-	2,984	-	2,984
Cash and bank balances	600	457	2	-	1,059
Net exposure	600	457	2,986	-	4,043

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.

A 3% (2014: 3%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

29.6.1 Currency risk (cont'd)

Currency risk sensitivity analysis

Group profit or loss	2015 RM'000	2014 RM'000
INR	20	18
BND	7	14
EURO	132	90
USD	842	-

A 3% (2014: 3%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

29.6.2 Interest rate risk

The Group's fixed rate borrowing is exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investment in financial assets, short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate loans and borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Islamic Medium Term Notes ("IMTN")	(360,000)	(360,000)	-	-
Floating rate instruments				
Deposits with other financial institution	9,249	70,035	-	14,642
Term loans	(46,989)	(53,052)	-	-
Revolving credits	(140,000)	-	-	-
	(177,740)	16,983	-	14,642

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

29.6.2 Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	100 bp increase RM'000	100 bp decrease RM'000
Group		
2015		
Floating rate instruments	(1,333)	1,333
2014		
Floating rate instruments	127	(127)
Company		
2015		
Floating rate instruments	-	-
2014		
Floating rate instruments	110	(110)

29.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair value information (cont'd)

Group	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2015						
Financial liabilities						
Refundable deposits	-	-	1,717	1,717	1,717	1,822
Term loans	-	-	46,989	46,989	46,989	46,989
Islamic Medium Term Notes ("IMTN")	-	-	355,840	355,840	355,840	360,000
	-	-	404,546	404,546	404,546	408,811
2014						
Financial liabilities						
Refundable deposits	-	-	1,589	1,589	1,589	1,716
Term loans	-	-	53,052	53,052	53,052	53,052
Islamic Medium Term Notes ("IMTN")	-	-	360,113	360,113	360,113	360,000
	-	-	414,754	414,754	414,754	414,768

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Fair value information (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Type	Description of valuation technique and inputs used	Discount rate
2015		
Refundable deposits, term loans, IMTN	Discounted cash flow using a rate based on the indicative current market rate of borrowing of the Group entities at the reporting date	Ranging from 4.8% – 5.2%

Type	Description of valuation technique and inputs used	Discount rate
2014		
Refundable deposits, term loans, IMTN	Discounted cash flow using a rate based on the indicative current market rate of borrowing of the Group entities at the reporting date	Ranging from 4.8% – 8.0%

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

30. OPERATING LEASES

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 between two and three years.

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

	Group	
	2015 RM'000	2014 RM'000
Within 1 year	4,407	4,263
Between 1 year to 3 years	4,415	709
	8,822	4,972

NOTES TO THE
FINANCIAL STATEMENTS
(cont'd)

31. 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 make 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.

32. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding company, subsidiaries, associates and key management personnel.

Significant related party transactions

The related party transactions of the Group and the Company, other than key management personnel compensation (see Note 24) and dividend income from subsidiaries (see Note 20), are as follows:

	Group	
	2015 RM'000	2014 RM'000
Associates		
R.K.M Powergen Private Limited		
Sales	(1,700)	(91,036)
Mayfair Ventures Sdn. Bhd.		
Working capital advances	11,590	18,966
Amihan Energy Corporation		
Working capital advances	-	2,058
PT Harmoni Energy Indonesia		
Working capital advances	26,434	-

32. RELATED PARTIES (CONT'D)

Significant related party transactions (cont'd)

	Group 2015 RM'000	Group 2014 RM'000
Related parties		
Enerk International Holdings Ltd		
Progress claim on construction contracts	-	35,427
Mulpha International Berhad		
Rental receivable	(729)	(720)

Balances with related parties at the reporting date are disclosed in Note 7 and Note 13 to the financial statements.

These transactions have been entered into on a negotiated term basis.

33. MATERIAL LITIGATION

Mudajaya Corporation Berhad ("MCB"), had filed for proceedings under Construction Industry Payment and Adjudication Act 2012 against CMC Machipex Sdn Bhd ("CMC") on 30 October 2015 for a total principal amount of RM175,326,914.34. MCB is also claiming for late payment interest and cost, the amount of which will be determined at a later stage. Currently, both parties are in the process of filing, replying and exchanging of documents and complying with instructions from the Adjudicator. The Adjudication decision is expected at end of May 2016.

Based on the legal advice, MCB has a good probability of success in this adjudication. In this adjudication claim, MCB has submitted 13 broad categories of claims and the amount to be awarded is ultimately dependent on which claims would be accepted and allowed by the Adjudicator. In the event the adjudicator decides in favour of MCB, the adjudicator will in addition to the claims allowed, award costs to MCB which would include agreed party-to-party costs in the amount of RM150,000. However, if MCB losses the adjudication case, MCB's financial exposure would be to pay CMC the costs of the adjudication proceeding.

34. SUBSEQUENT EVENTS

(i) On 13 January 2016, the Company completed the acquisition of 3 wholly-owned subsidiaries of Mudajaya Corporation Berhad i.e MJC Industries Sdn Bhd ("MJCI"), MJC Development Sdn Bhd ("MJCD") and Mudajaya Energy Sdn Bhd ("MESB"). The Company acquired 300,000 ordinary shares of RM1.00 each in MJCI for a total consideration of RM2.53 million, 100,000 ordinary shares of RM1.00 each in MJCD for a total consideration of RM0.97 million and 120,000 ordinary shares of RM1.00 each in MESB for a total consideration of RM0.12 million, all representing 100% of the total issued and paid-up share capital of the respective companies.

(ii) On 22 March 2016, MJCI and MESB completed the acquisition of 3 wholly-owned subsidiaries of Mudajaya Corporation Berhad i.e MJC Precast Sdn Bhd ("MJCP"), MJC Trading Sdn Bhd ("MJCT") and Mudajaya Power International Sdn Bhd ("MPI"). MJCI acquired 10,000,000 ordinary shares of RM1.00 each in MJCP for a total consideration of RM16.70 million and 300,000 ordinary shares of RM1.00 each in MJCT for a total consideration of RM5.37 million, whilst MESB acquired 200,000 ordinary shares of RM1.00 each in MPI for a total consideration of RM0.20 million, all representing 100% of the total issued and paid-up share capital of the respective companies.

NOTES TO THE
FINANCIAL STATEMENTS
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35. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	1,091,295	1,076,436	25,870	9,079
- unrealised	10,213	2,172	-	-
	1,101,508	1,078,608	25,870	9,079
Total share of accumulated losses of associates				
- realised	(13,846)	(1,292)	-	-
	1,087,662	1,077,316	25,870	9,079
Less: Consolidation adjustments	(275,114)	(278,350)	-	-
Total retained earnings	812,548	798,966	25,870	9,079

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

PROPERTIES OF THE GROUP

as at 31 December 2015

	Location	Year of Acquisition	Tenure	Age of building	Land area/ built up area (sq.m)	Description	Net book value RM'000
1.	No. 12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	2008	Freehold	4	4,269	Commercial land and office building	61,263
2.	Lot No. 31 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	2004	Freehold	N/A	20,234	Agriculture land	1,650
3.	Lot No. 32 & 33 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	1998	Freehold	19	40,486/ 2,480	Industrial land and building	4,058
4.	Lot 65 Mukim Ijok Jalan Bukit Badang Daerah Kuala Selangor	2012	Freehold	N/A	20,234	Agriculture land	3,250
5.	Villa Angsana Condominium 56, Off Jalan Ipoh 51000 Kuala Lumpur	1999	Freehold	17	260	One (1) unit of Condominium	278

ANALYSIS OF SHAREHOLDINGS

as at 21 March 2016

Authorised Share Capital	:	1,250,000,000 ordinary shares of RM0.20 each
Issued and Fully Paid-Up Share Capital	:	552,418,466 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	358	4.61	15,808	0.00
100 - 1,000	735	9.46	562,318	0.10
1,001 - 10,000	4,668	60.09	22,110,215	4.11
10,001 - 100,000	1,780	22.91	52,578,978	9.77
100,001 to less than 5% of issued shares	224	2.88	155,567,014	28.89
5% and above of issued shares	4	0.05	307,565,833	57.13
Total	**7,769**	**100.00**	**538,400,166** [1]	**100.00**

[1] *Excluding a total of 14,018,300 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]
Mulpha Infrastructure Holdings Sdn Bhd	120,287,000	22.34	-	-
Dataran Sentral (M) Sdn Bhd	103,413,333	19.21	-	-
Lembaga Tabung Haji	53,865,500	10.00	-	-
Winners Spectrum Investment Holdings Sdn Bhd	273,333	0.05	[2] 103,413,333	19.21
First Positive Sdn Bhd	-	-	[2] 103,413,333	19.21
Mulpha International Bhd	-	-	[3] 120,287,000	22.34
Nautical Investments Ltd	-	-	[4] 120,287,000	22.34
Lee Seng Huang	-	-	[5] 120,287,000	22.34
Ng Ying Loong	3,500	0.01	[2][6] 103,686,666	19.26
Anto a/l SF Joseph	2,266,666	0.42	[2][6] 103,686,666	19.26
Wee Teck Nam	919,000	0.17	[2] 103,413,333	19.21
Fairfax Asia Limited	-	-	[7] 41,557,200	7.72
Fairfax (Barbados) International Corp.	-	-	[8][9] 48,702,500	9.05
FFHL Group Ltd	-	-	[10][15] 78,702,500	14.62
Fairfax Financial Holdings Ltd	-	-	[11] 78,702,500	14.62
Odyssey Reinsurance Company	30,000,000	5.57	-	-
Odyssey Re Holdings Corporation	-	-	[12] 76,642,500	14.24
Odyssey US Holdings Inc.	-	-	[13] 76,642,500	14.24
Fairfax (U.S.) Inc.	-	-	[14] 76,642,500	14.24

ANALYSIS OF
SHAREHOLDINGS
as at 21 March 2016

Notes :

(1) Excluding 14,018,300 treasury shares held by the Company
(2) Deemed interest pursuant to Section 6A of the Companies Act 1965 ("the Act") by virtue of its/his shareholding in Dataran Sentral (M) Sdn Bhd
(3) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Mulpha Infrastructure Holdings Sdn Bhd
(4) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Mulpha International Bhd
(5) Deemed interest pursuant to Section 6A of the Act by virtue of his indirect shareholding in Nautical Investments Ltd
(6) Deemed interest pursuant to Section 6A of the Act by virtue of his shareholding in Winners Spectrum Investment Holdings Sdn Bhd
(7) Deemed interest pursuant to Section 6A of the Act by virtue of its collective shareholdings in First Capital Insurance Limited, Falcon Insurance Company (Hong Kong) Ltd and The Pacific Insurance Berhad
(8) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Wentworth Insurance Company Ltd
(9) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Fairfax Asia Limited
(10) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Fairfax (Barbados) International Corp.
(11) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in FFHL Group Ltd
(12) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Odyssey Reinsurance Company
(13) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Odyssey Re Holdings Corporation
(14) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Odyssey US Holdings Inc.
(15) Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in Fairfax (U.S.) Inc.

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	**Number of Shares held**	**% [1]**	**Number of Shares held**	**% [1]**
Dato' Yusli Bin Mohamed Yusoff	-	-	-	-
James Wong Tet Foh	-	-	-	-
Chew Hoy Ping	-	-	-	-
Lee Seng Huang	-	-	[2] 120,287,000	22.34
Wee Teck Nam	919,000	0.17	[3] 103,413,333	19.21
Lee Eng Leong (Alternate Director to Lee Seng Huang)	-	-	-	-

Notes:

(1) Excluding 14,018,300 treasury shares held by the Company
(2) Deemed interest pursuant to Section 6A of the Act by virtue of his indirect shareholding in Nautical Investments Ltd
(3) Deemed interest pursuant to Section 6A of the Act by virtue of his shareholding in Dataran Sentral (M) Sdn Bhd

30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%[1]
1	Mulpha Infrastructure Holdings Sdn Bhd	120,287,000	22.34
2	CIMB Group Nominees (Tempatan) Sdn Bhd Dataran Sentral (M) Sdn Bhd (49994 HDOF)	103,413,333	19.21
3	Lembaga Tabung Haji	53,865,500	10.00
4	DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV for Odyssey Reinsurance Company	30,000,000	5.57
5	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A. (JPM INTL BK LTD)	26,572,200	4.94
6	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	10,933,332	2.03
7	Global Investments (BVI) Ltd	10,666,666	1.98
8	Citigroup Nominees (Asing) Sdn Bhd CBNY for Wentworth Insurance Company Ltd.	7,145,300	1.33

ANALYSIS OF
SHAREHOLDINGS
as at 21 March 2016

30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Shares	%[1]
9	The Pacific Insurance Berhad	7,060,000	1.31
10	Citigroup Nominees (Asing) Sdn Bhd CBHK for Falcon Insurance Company (Hong Kong) Limited (Investment Ac)	6,325,000	1.17
11	CIMSEC Nominees (Asing) Sdn Bhd CIMB for Global Investments (BVI) Ltd	5,333,333	0.99
12	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	4,318,700	0.80
13	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	3,263,366	0.61
14	Citigroup Nominees (Asing) Sdn Bhd CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,521,733	0.47
15	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	2,383,300	0.44
16	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Anto A/L S F Joseph (PBCL-0G0155)	2,266,666	0.42
17	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	2,167,266	0.40
18	CIMB Islamic Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Bhd for BIMB i Dividend Fund	1,814,400	0.34
19	The Pacific Insurance Berhad (Fund A/C)	1,600,000	0.30
20	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	1,480,000	0.27
21	Lim Khuan Eng	1,430,000	0.27
22	Loh Siew Hooi	1,380,000	0.26
23	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt AN for Kumpulan Sentiasa Cemerlang Sdn Bhd (TSTAC/CLNT)	1,318,999	0.24
24	HSBC Nominees (Asing) Sdn Bhd BBH and CO Boston for Vanguard Emerging Markets Stock Index Fund	1,277,400	0.24
25	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 1)	1,169,900	0.22
26	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	990,000	0.18
27	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Wee Teck Nam (PB)	939,300	0.17
28	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Erwin Selvarajah A/L Peter Selvarajah (M53001)	938,000	0.17
29	Koh Heok Teo	874,000	0.16
30	Adrian Maurice A/L Silvadima Michael	821,333	0.15
	Total	**414,556,027**	**77.00**

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) ______________________ NRIC/Company No. ____________

Tel. No. ____________ of (full address) ____

____

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

____________________ NRIC No. ____________ of (full address) ____________

____

and/or (full name in capital letters) ______________________ NRIC No. ____________

of (full address) ____

____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the Thirteenth 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 Thursday, 16 June 2016 at 10.30 a.m. and any adjournment thereof.

Please indicate with "X" in the space below how you wish your votes to be cast. 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-appoint Mr. Wee Teck Nam as Director pursuant to Section 129(6) of the Companies Act 1965		
3.	To approve the payment of Directors' fees		
4.	To re-appoint Messrs KPMG as Auditors		
5.	To approve the Authority to Allot and Issue Shares		
6.	To approve the Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	To approve the Renewal of Share Buy-Back Authority		

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
1st Proxy		%
2nd Proxy		%
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 and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to 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 8 June 2016 (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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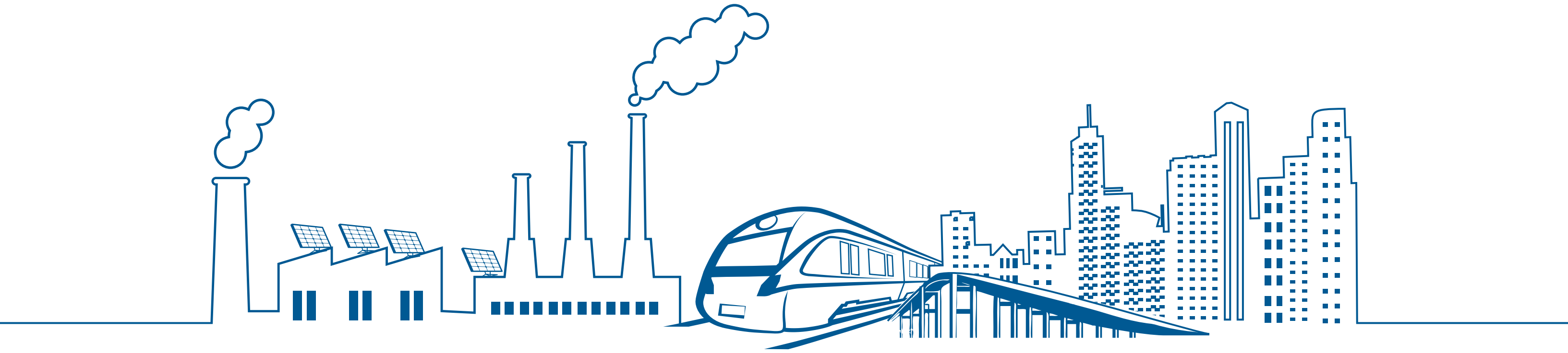
(605539-H)
Level 11, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

T: +603 7806 7899
F: +603 7806 7901
E: info@mudajaya.com



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