



**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

**NOTES (In compliance with FRS 134)**

**1. BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”). The interim financial report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 December 2013.

The accounting policies and methods of computation adopted by the Group in this report are consistent with those adopted in the annual audited financial statements for the year ended 31 December 2013.

**Malaysian Financial Reporting Standards (MFRS) Framework**

The Malaysian Accounting Standards Board (MASB) issued MFRS Framework on 19 November 2011.

The MFRS Framework is to be applied by all Entities other than Private Entities for financial year beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called ‘Transitioning Entities’)

Transitioning Entities are allowed to defer adoption of the MFRS Framework for five years until 31 December 2016. Adoption of the MFRS Framework by Transitioning Entities will be mandatory for financial year beginning on or after 1 January 2017.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the MFRS Framework until 31 December 2016. Accordingly, the Group will only be in compliance with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.



**2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report on the financial statements for the year ended 31 December 2013 was not subject to any qualification.

**3. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The businesses of the Group are generally subject to cyclical changes of the general Malaysian economy.

**4. EXCEPTIONAL OR EXTRAORDINARY ITEMS**

There were no exceptional or extraordinary items for the current period.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates of amount reported in previous financial year that have a material effect in the current quarter.

**6. DEBTS AND EQUITY SECURITIES**

The Company has bought back a total of 20,000 ordinary shares of RM0.20 each in the current quarter. As at 31 December 2014, 14,018,300 ordinary shares of RM0.20 each were still retained as treasury shares in the Company.

The Company issued 81,000 new ordinary shares of RM0.20 each under the Employees' Share Option Scheme ("ESOS") for the current quarter ended 31 December 2014. As at 31 December 2014, a total of 4,102,000 new ordinary shares of RM0.20 each have been issued under the ESOS.

**7. DIVIDENDS PAID DURING THE PERIOD**

The third interim single tier dividend of 15% (or 3.0 sen) per share amounting to RM16,285,586 in respect of the financial year ended 31 December 2013 based on 552,069,766 ordinary shares of RM0.20 each less treasury shares, was paid on 20 February 2014.

The first interim single tier dividend of 15% (or 3.0 sen) per share amounting to RM16,253,936 in respect of the financial year ended 31 December 2014 based on 552,219,266 ordinary shares of RM0.20 each less treasury shares, was paid on 21 May 2014.

The second interim single tier dividend of 15.0% (or 3.0 sen) per share amounting to RM16,187,129 in respect of the financial year ended 31 December 2014 based on 552,330,766 ordinary shares of RM0.20 each less treasury shares, was paid on 5 September 2014.



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

**8. SEGMENTAL INFORMATION**

The segmental analysis for the Group is as follows:-

	<b>12 MONTHS ENDED 31 DEC 14 RM'000</b>	<b>12 MONTHS ENDED 31 DEC 13 RM'000</b>
<b>REVENUE :</b>		
Construction	915,162	1,348,548
Property development	64,332	56,424
Power	9,659	-
Others	128,514	212,714
	<u>1,117,667</u>	<u>1,617,686</u>
Elimination of inter segment sales	(74,862)	(81,900)
Total Revenue	<u>1,042,805</u>	<u>1,535,786</u>
<b>RESULTS :</b>		
Construction	(62,409)	187,633
Property development	15,727	10,836
Power	3,214	-
Others	4,938	7,432
	<u>(38,530)</u>	<u>205,901</u>
Interest income	8,894	3,606
Impairment of financial assets	(1,159)	-
Foreign exchange gain	2,172	734
Interest expense	(18,617)	(49)
Depreciation and amortization	(15,180)	(8,785)
ESOS expenses	(3,599)	(6,843)
Share of result of associates	3,285	1,063
	<u>(62,734)</u>	<u>195,627</u>
Profit before tax	(62,734)	195,627
Income tax expenses	(7,728)	(21,960)
	<u>(70,462)</u>	<u>173,667</u>

**9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The carrying amount of the property, plant and equipment is at cost less depreciation and impairment losses.



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

**10. SUBSEQUENT EVENTS**

There were no material events subsequent to the current quarter.

**11. CHANGES IN COMPOSITION OF THE GROUP**

On 17 July 2014, Mudajaya Corporation Berhad (“MCB”), a wholly-owned subsidiary of the Company acquired the remaining 1,000 ordinary shares of RM1.00 each in Indah Kirana (M) Sdn. Bhd (“IKMSB”), a company incorporated in Malaysia and a subsidiary of MCB for a total consideration of Ringgit Malaysia One Thousand (RM1,000.00) only from Encik Sy Ahmad Bokharey Bin Syed Omar. Consequently, MCB owns 100% interest of IKMSB.

On 18 July 2014, MCB acquired 2 ordinary shares of RM1.00 each in Piala Tebrau Sdn Bhd (“PTSB”), a company incorporated in Malaysia, representing 100% of the total issued and paid -up share capital of PTSB, for a total cash consideration of Ringgit Malaysia Two (RM2) only.

**12. CONTINGENT LIABILITIES**

There were no contingent liabilities as at the end of the current quarter.

**NOTES (Pursuant to paragraph 9.22 of the Listing Requirements of BMSB)**

**13. REVIEW OF PERFORMANCE**

The Group reported revenue of RM1,042.8 million and loss before tax (“LBT”) of RM62.7 million for the twelve months period ended 31 December 2014, as compared to revenue of RM1,535.8 million and profit before tax (“PBT”) of RM195.6 million respectively for the previous corresponding period.

The changes in revenue and PBT were attributable to the following segments of the Group:-

Construction segment : The segment reported revenue and LBT of RM840.0 million and RM86.6 million in the twelve months period ended 31 December 2014 as compared to the previous corresponding period of RM1,266.6 million and PBT of RM177.4 million respectively. The overall performance was affected by the additional costs incurred due to acceleration of works and general increase in construction related costs for the local projects. In addition, costs on Variation Orders (“VO”) were incurred on the local projects and were taken up in the accounts, whilst only part of the revenue relating to the VO claims were recognized pending the finalization of the overall claims with the clients.

Property development segment : This segment reported revenue and PBT of RM64.3 million and RM15.7 million for the twelve months period ended 31 December 2014 as compared to revenue of RM56.4 million and RM10.8 million in the previous corresponding period. The increase in revenue and PBT were mainly attributable to higher sales and sales of higher profit margin properties during the current twelve months period.

Power segment : The segment reported revenue and PBT of RM9.7 million and RM3.2 million for the twelve months period ended 31 December 2014. There were no comparative results for the corresponding period as this segment only commenced commercial operations in the current



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

period. These results were derived from the 10MW solar energy power plant at Gebeng, Pahang.

Others segment : This segment comprises the manufacturing and trading divisions of the company. This segment reported revenue and PBT of RM128.5 million and RM4.9 million for the twelve months period ended 31 December 2014 as compared to RM212.8 million and RM7.4 million in the previous corresponding period. This was mainly due to lower volume of activities in the current period.

### **14. COMPARISON WITH PRECEDING QUARTER'S REPORT**

The Group reported revenue of RM188.7 million and loss before tax (“LBT”) of RM109.4 million for the current quarter ended 31 December 2014, as compared to RM208.7 million and profit before tax (“PBT”) of RM8.0 million respectively for the preceding quarter.

The changes in revenue and PBT were mainly attributable to the following segments of the Group:-

Construction segment : This segment reported revenue and LBT of RM142.9 million and RM113.3 million for the current quarter as compared to the revenue of RM159.4 million and PBT of RM0.3 million for the preceding quarter respectively. The weaker performance for the quarter was affected by the increased costs related to acceleration of works, general increase in construction-related costs and costs on Variation Orders (“VO”) on the local projects, whilst the related claims are pending finalization with the clients.

Property development segment : This segment reported revenue and PBT of RM20.6 million and RM4.2 million respectively for the current quarter as compared to revenue of RM17.1 million and PBT of RM3.9 million in the preceding quarter. The increase in revenue was mainly attributable to higher sales of properties during the current quarter.

Power segment : The segment reported revenue and LBT of RM2.4 million and RM1.3 million for the current quarter as compared to the preceding quarter's revenue of RM3.2 million and PBT of RM2.7 million in the preceding quarter. The weaker result in the current quarter was mainly due to lower revenue and under accrual of expenses in prior quarters. These results were derived from the 10MW solar energy power plant at Gebeng, Pahang.

Others segment : This segment comprises the manufacturing and trading divisions of the company. This segment reported revenue and PBT of RM22.9 million and RM1.1 million in the current quarter as compared to RM29.0 million and RM1.1 million in the preceding quarter. This was mainly due to lower volume of activities in the current quarter.

### **15. PROSPECTS**

The construction sector in Malaysia continues to look promising in the coming years due to the expectation of an on-going stream of mega-infrastructure projects to be launched by the Government and the private sector including Mass Rapid Transit Line 2 & Line 3, new power plants, highways, infrastructure projects and Private Financing Initiative projects. The Group is confident and well-placed to benefit from some of these proposed projects.



## MUDAJAYA GROUP BERHAD

(Incorporated in Malaysia – 605539-H)

Apart from the local projects, the Group also evaluates investment opportunities in the Asean region particularly in the conventional and renewable energy power sectors. The Group has completed the 40% acquisition of Amihan Energy Corporation, a company involved in a wind energy project in the Philippines and is currently in the process of acquiring a 2 x 7MW coal-fired power project in Indonesia. The Group is also bidding for a number of coal-fired power plant projects in the region which may provide opportunities for the Group to participate in the Equipment Procurement contracts for some of the projects.

It is the Group's strategy to continue building up its assets that can also generate recurring income whilst construction and property development will remain its main revenue source for the foreseeable future. Moving forward, the Group also plans to expand on its property development & precast concrete manufacturing businesses.

### 16. VARIANCE ON PROFIT FORECAST

Not applicable.

### 17. INCOME TAX EXPENSE

	<b>CURRENT QUARTER ENDED 31 DEC 2014 RM'000</b>	<b>12 MONTHS ENDED 31 DEC 2014 RM'000</b>
Current income tax:		
- Malaysian income tax	<u>(8,702)</u>	<u>7,728</u>

The Group's effective tax rate for the period to date is higher than the Malaysian statutory tax rate of 25% mainly due to losses recognized in the construction segment.



## 18. STATUS OF CORPORATE PROPOSALS

On 2 May 2014, MCB entered into a Memorandum of Agreement ("MOA") with PT Indomuda Satria Internusa ("PT ISI") and PT Harmoni Energy Indonesia ("PT HEI") to acquire 70% equity interest in PT HEI. PT HEI is the special purpose vehicle involved in the development of 2x7MW coal-fired power plant in Desa Baruta Analalaki, Sulawesi, Indonesia.

Subsequently, Mudajaya Power International Sdn Bhd ("Purchaser"), a wholly-owned subsidiary of MCB had on 22 July 2014 entered into a Conditional Sale and Purchase of Shares Agreement with PT Indomuda Satria Internusa ("the Seller") to acquire 70% equity shares in PT HEI for a total consideration of USD5.8 million.

The acquisition is subject to the conditions precedent in the Conditional Sale and Purchase of Shares Agreement.

## 19. GROUP BORROWING

Details of the Group's borrowings as at 31 December 2014 are as follows:

	<b>RM'000</b>
(a) Long Term Borrowings	
- Medium Term Notes	360,000
- Term Loan	46,989
	<u>406,989</u>
(b) Short Term Borrowings	
- Term Loan	<u>6,063</u>

## 20. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation as at the date of this report save as disclosed below:

- (a) Crest Worldwide Resources Sdn Bhd ("CWR") v Mudajaya Corporation Berhad ("MCB")

CWR has disputed the signed Sale & Purchase Agreements relating to the contra properties for an amount owing to MCB pertaining to "The Construction of 1 Block 44 – Storey Service Apartment (278 units), 1 Block 26-Storey Office Tower With 5-Storey Podium and 3 Level of Basement Car Park on Lot 134, Off Jalan Sultan Ismail, Kuala Lumpur".

Both parties have reached an amicable settlement and have recorded Consent Judgement in court on 24 November 2014.



## 21. DIVIDEND

On 25 February 2014, the Board of Directors declared a first interim single tier dividend of 15% (or 3.0 sen) per share of RM0.20 each in respect of financial year ended 31 December 2014. The dividend book closure and payment dates were on 25 April 2014 and 21 May 2014 respectively.

On 12 June 2014, the Board of Directors declared a second interim single tier dividend of 15% (or 3.0 sen) per share of RM0.20 each in respect of financial year ended 31 December 2014. The dividend book closure and payment dates were on 8 August 2014 and 5 September 2014 respectively.

As at todate, total interim single tier dividend declared for the financial year ended 31 December 2014 is equivalent to 30% (or 6.0 sen) per share of RM0.20 each.

## 22. BASIC EARNINGS PER SHARE

The 'Basic Earnings Per Share' and 'Diluted Earnings Per Share' for the current period and the comparative period are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the 'Weighted Average' and 'Adjusted Weighted Average' number of ordinary shares in issue during the period respectively, excluding treasury shares held by the Company.

	<b>CURRENT QUARTER ENDED 31 DEC 2014</b>	<b>12 MONTHS ENDED 31 DEC 2014</b>
<u>Basic Earnings per share:-</u>		
(a) Loss for the period attributable to owners of the Company (RM'000)	(99,709)	(70,234)
(b) Weighted average number of ordinary shares ('000)	539,680	539,680
Basic Loss per share (sen)	(18.48)	(13.01)
<u>Diluted Earnings per share:-</u>		
(a) Loss for the period attributable to owners of the Company (RM'000)	(99,709)	(29,475)
(b) Weighted average number of ordinary shares ('000)	539,680	539,680
Effect of dilution - ESOS ('000)	22,201	22,201
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	561,882	561,882
Diluted Loss per share (sen)	(17.75)	(12.50)





**23. REALISED AND UNREALISED PROFITS/LOSSES DISCLOSURE**

The breakdown of the retained profits of the Group as at 31 December 2014 into realised and unrealised profits is presented as follow:-

	<b>AS AT 31 DEC 2014 RM'000</b>
Total retained profits of the Group:-	
- Realised	1,076,436
- Unrealised	2,172
Share of result of associate:-	
- Realised	(1,292)
Less: Consolidated adjustments	<u>(278,350)</u>
Retained profits as per consolidated financial statements	<u>798,967</u>