MAGNA PRIMA BERHAD
(369519-P)

Crafting with Care
annual report 2014


FOOTLOOSE
PRO

CONTENTS

Group Structure

MAGNA PRIMA BERHAD
(369519-P)

PROPERTY DEVELOPMENT

- **100%** Magna Prima Development Sdn Bhd (296427-M)
  - **91%** Magna Park Sdn Bhd (227337-X)
    - **100%** Amanabina Sdn Bhd (496831-K)
    - **100%** Embassy Court Sdn Bhd (644306-P)
  - **70%** Magna Ecocity Sdn Bhd (496141-A)
- **100%** Winicon (M) Sdn Bhd (817534-M)
  - **100%** Ibsul Development (Sel) Sdn Bhd (700479-V)
- **100%** Magna Shah Alam Sdn Bhd (381065-U)
- **100%** Magna City Shah Alam Sdn Bhd (785936-U)
- **100%** Twinicon (M) Sdn Bhd (816605-V)
- **100%** 33 Sentral Park Sdn Bhd (646429-H)
- **100%** Monetary Icon (M) Sdn Bhd (828804-V)
- **100%** Permata Juang (M) Sdn Bhd (828780-T)
- **100%** Everhall (M) Sdn Bhd (786053-V)
- **100%** Magna City Development Sdn Bhd (412099-K)
- **100%** Crossborder Team (M) Sdn Bhd (821484-P)
- **100%** Magna Prima Australia Pty Ltd (ACN No.151747910)
- **70%** Pavilion Uptrend Sdn Bhd (1075159-M)

CONSTRUCTION & ENGINEERING

- **100%** Magna Prima Construction Sdn Bhd (184897-V)
  - **100%** MPrima (Shah Alam) Sdn Bhd (397974-W)
- **100%** Dunia Epik Sdn Bhd (95974-K)
  - **100%** Magna Park (Mentakab) Sdn Bhd (346648-T)
- **100%** Pembinaan Contamaju-Infocast Sdn Bhd (627933-X)
- **100%** Kontrakmal 1 (M) Sdn Bhd (700562-U)

PROPERTY MANAGEMENT

- **100%** Prima Awan (M) Sdn Bhd (786061-H)

TRADING

- **100%** Magna Mix Sdn Bhd (800279-H)

Board of Directors

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Director, Chairman

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Group Managing Director

Ir. TAN WEI DAR
Executive Director

ONG AH LENG
Independent Non-Executive Director

SAZALI BIN SAAD
Independent Non-Executive Director

Audit Committee

Ong Ah Leng
Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab

Sazali bin Saad

Nomination Committee

Ong Ah Leng
Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab

Sazali bin Saad

Remuneration Committee

Tan Sri Datuk Adzmi bin Abdul Wahab
Chairman

Ong Ah Leng

Sazali bin Saad

Company Secretary

Yuen Yoke Ping
(MAICSA 7014044)

Registered Office

Lot No. C-10, Block C,
Jalan Persiaran Surian,
Palm Spring @ Damansara,
47810 Kota Damansara,
Petaling Jaya,
Selangor Darul Ehsan.
Tel : 603-7805 5505
Fax : 603-7803 0156
Website: www.magnaprima.com.my

Share Registrar

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 6, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor.
Tel : 603-7841 8000
Fax : 603-7841 8151/ 8152

Auditors

Messrs Morison Anuarul Azizan Chew (AF 001977)
Chartered Accountants

Solicitors

Zul Rafique & Partners
Lee Choon Wan & Co.
Ringo Low & Associates
Manjit Singh Sachdev, Mohammad Radzi & Partners
Teh & Lee
Mohd Mokhtar & Co.
Satha & Co.
Zulpadli & Edham

Principal Bankers

Export-Import Bank of Malaysia Berhad
Malaysia Building Society Berhad
Affin Hwang Investment Bank Berhad
OCBC Bank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Board
Listed since 16 January 1997
Bursa's Code: 7617

Chairman's Statement

Dear Shareholders,

It is with great honour that I present to you Magna Prima Berhad's Annual Report for the financial year ended 31 December 2014.

Magna Prima (the Group) achieved success in 2014 despite a challenging business environment. I am pleased to note that we have been able to reinforce our presence as a strong and dependable organization in a fiercely competitive market. This bodes well for us as it is in line with our long term aspirations of being a force to reckon with in the Malaysian scene.

ECONOMIC OVERVIEW

On a macro basis, domestic demand remained as the anchor contributor towards the Malaysian economy's 6.1% growth for 2014. A Bank Negara bulletin noted that private consumption and investment activities were robust and underpinned by stable labour market conditions as well as continued wage growth. On the supply front, growth was supported by key industries such as construction, manufacturing and services – three industries which now account for more than two thirds of the local economy.

Inflation averaged at 3.2% in 2014 compared to 2.1% the year prior. Interest rates remained stable with the Overnight Policy Rate being retained at 3.25%.

For property players specifically, 2014 started on a passive note as we had to contend with various property cooling measures introduced via Budget 2014. These austerity policies resulted in the first six months of the year being generally utilized to realign business and sales strategies to adapt to the new changes while active marketing campaigns and new launches dominated the second half.

It is worth noting that while stricter access to financing was introduced to moderate household debt and the removal of Developers Interest Bearing Scheme (DIBS) has significantly eradicated speculators from the property market, it did however put negative pressure on genuine first time home owners. Moving forward, we will endeavour to ensure that a segment of our product offering meets the demand of this group as we do our part to encourage equal opportunity of home ownership for all Malaysians.

The Istana (Melbourne)

Chairman's Statement

FINANCIAL HIGHLIGHTS

For the financial year ended 31 December 2014 (FY14), we achieved a revenue of RM142.6 million, compared to the previous year's RM135.9 million. However, the Group's earnings were constrained due to an unexpected overall loss before taxation of RM7.0 million arising from our Construction division being party to a legal dispute.

On a segmental level, our Property Development division contributed RM132.9 million in revenue and grossed RM40 million in profit before tax for FY14. The higher revenue and profit figures are attributed to earnings generated by our Seri Jalil project during the first quarter of 2014. Ongoing sales and progress on construction from current projects yielded additional income as well.

As at 31 December 2014, the Group's Property division's coffers had on record nearly RM200 million of unbilled sales in Malaysia and an additional RM404 million (AUD $137 million) in Australia.

Our Construction division fared better during FY14, recording a revenue of RM4.8 million compared to a loss of RM0.09 million during the previous corresponding period. However, significant pre-tax losses amounting to RM39 million were sustained due to a legal dispute.

Trading activities derived a further RM4.1 million in revenue for the Group.

CORPORATE DEVELOPMENTS

On 23 December 2014, the company completed a fund raising exercise with the issuance of 40,000,000 new Magna Prima redeemable convertible preference shares (RCPS) to Lembaga Tabung Angkatan Tentera. The RCPS were valued at an issue price of RM1.00 each in accordance with the terms and conditions of a subscription agreement entered between said parties on 11 August 2014.

It was with mixed emotions that Executive Director, Choh Kim Chiew, resigned from Magna Prima on 13 June 2014. Though we regret his departure from the organization, I thank him for his service to the company and wish him all the best as he embarks on the next stage in his career.

I am pleased to update our shareholders that we have completed the acquisition of the much sought after 10,587 sq. m of prime freehold land in The Golden Triangle from the Lai Meng Girl's School Association. The purchase price was fully paid on 2 May 2014 subsequent to the relevant documents being presented to the Registry of Land Titles for registration.

The Istana (Melbourne)

Seri Jalil


The Istana (Melbourne)


Alam D'16

REVIEW OF OPERATIONS

Boulevard Business Park @ Jalan Kuching, Kuala Lumpur

Approximately 62% of construction work on the Boulevard Business Park development has been duly completed as at 31 December 2014. The shop office, supermarket and serviced apartment components are expected to be completed during the third quarter of 2015 while the shopping mall will be completed by year end.

Jalan Ampang Iconic Towers, Kuala Lumpur City Centre

With its strategic location close to KLCC and equipped with our Development Order, an approved plot ratio of 1:12 as well as a tentative Gross Development Value (GDV) of RM1.8 billion, we are progressively examining our development plans with a fine tooth comb to ensure that the Jalan Ampang Iconic Towers unlocks the maximum possible value in terms of return on investment for our shareholders.

Desa Mentari, Petaling Jaya, Selangor

Sales of more than 60% of the commercial units have been achieved in the weeks following the soft launch of Desa Mentari. This development is currently being fined tuned even as teams have been mobilized to commence preliminary work on site. Construction of the 36 units of 3-storey shop offices is targeted to be completed and units handed over to purchasers during the third quarter of 2017.

Magna Ecocity, Shah Alam, Selangor

Development plans for this parcel of land are in place and subject to further refinement.

We look forward to embark on this project with the added advantages of the completion of a prominent development in an adjacent parcel of land which has enhanced the value of our investment.


Desa Mentari

The Istana, Melbourne, Australia

Our much awaited foreign venture, the Istana, Melbourne, was successfully completed in 2014 and the settlement of account with purchasers of the apartments, both local and foreign, commenced on 12 January 2015.

The Istana is located on A'Beckett Street in the heart of Melbourne's Central Business District and within a short walk to Melbourne's iconic Queen Victoria Market, the renowned University of Melbourne and the Flagstaff train station.

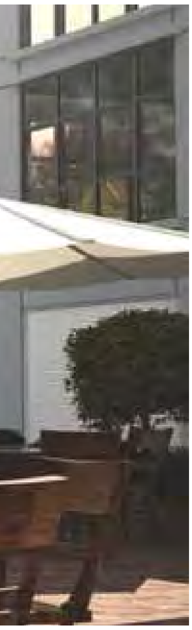
With a GDV of AUD216 million, we envision that this 25-storey, inner city haven featuring 320 units of one, two and three bedroom apartments as well as luxurious 2 storey penthouses will be the first of many successful ventures abroad.

Lai Meng Girl's School, Bukit Jalil, Selangor

We were pleased to be appointed as the Project Manager for the construction of the new school which consisted of multiple buildings with varying purposes. Our team's objectives were to provide planning and oversight, ensure compliance with building regulations and the timely delivery of the Lai Meng Girl's School campus. This was successfully achieved and the school has been operational at the new location since the second quarter of 2014.

CORPORATE SOCIAL RESPONSIBILITY

The litmus test of our philanthropy programme is the degree to which its stewards are able to reach out to all levels of society in the spirit of goodwill. An example of such a gesture of social solidarity was the contribution of much needed assistance to fulfil the rite of circumcision for about 200 needy young boys. We were pleased to provide not just financial but manpower assistance as well to ensure that these children were able to fulfil their religious obligation in a timely and safe manner.



Desa Mentari

The Avare

LOOKING FORWARD

Moving onward, the uncertain economic environment is likely to impact consumer sentiment in the short to medium term. Fluctuating oil prices, property cooling measures and the effect of the Goods and Services Tax (GST) are some of the big ticket concerns.

Property transactions in particular are likely to moderate in the second quarter of 2015 in light of the implementation of GST in April 2015. Amidst this landscape, we believe buyers will exercise more caution when forming spending decisions while developers will be pragmatic with new launches. This will result in a general wait-and-see attitude across the board.

Nevertheless, this is expected to be a temporary scenario. Forecasts indicate that the Malaysian economy is expected to grow by 4.5% to 5.5% with domestic demand driving the expansion. We estimate that this improvement will be seen by the second half of this year as consumers adjust to the higher cost of living. Further fuelling our optimism is the increasing income per capita figures backed by the current unemployment rate which is less than 3% - an all time low for Malaysia! We are therefore confident that Malaysians will continue to have a strong inclination towards property ownership, especially within the affordable housing range.

As a Group, our strong foundation will ensure that we remain well positioned for the year ahead. The 2015 fiscal year begun with the completion and hand over of the Istana Melbourne and will go on to mark the much anticipated completion of the commercial phases of the Boulevard Business Park hybrid development later in the same year. The injection of cash flow from these projects will significantly improve the Group's liquidity and simultaneously reduce our gearing considerably.

We will continue to rely on our efficient business model, disciplined financial policies and formidable property development and construction competencies to fuel future prospects. We foresee our core units performing well this year as we strive to accelerate Magna Prima's growth by actively pursuing new business opportunities and in so doing, unlocking more value for our shareholders.

Chairman's Statement

Boulevard Business Park

APPRECIATION

As announced in last year's report, the Board was honoured to appoint Datuk Wira Rahadian Mahmud as our Group Managing Director. I would like to record a special note of thanks for the renewed energy he has infused into our employees and for the fresh perspective and strategies he has introduced which have directly resulted in the increasing of value creation across the Group's operations.

I am pleased to inform our shareholders of the promotion of our Project Manager, Ir. Tan Wei Dar, to the Board of Directors of Magna Prima Berhad. He has been elected as an Executive Director effective March 2015 and we look forward to his valuable contribution to the Board as we manoeuvre through an ever evolving business landscape.

Our senior management team was further boosted with the appointment of our new Chief Financial Officer, Mr. Eng Hup Tat. He brings with him more than 25 years of finance and operations expertise that are essential to our Group as we strive for greater achievements in the years ahead. He joined us in September 2014.

On behalf of the Board of Directors, I would also like to extend our sincere gratitude to the employees of Magna Prima for their commitment as well as their varied and valuable talents. Our appreciation similarly goes out to all our external stakeholders for their continued trust, support and guidance in helping us grow more each year.

I am proud of all that we have achieved this past financial year and look forward to our continued focus on building a sustainable and successful company for all.

TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Chairman

The purpose of this Management Discussion and Analysis is to provide stakeholders with an overview of the financial position of Magna Prima Berhad and the strategies Management employs in administering the day to day operations of the company. This MD&A should be read in conjunction with the FY14 audited financial statements since it focuses on FY14 activities, resulting changes and currently known facts.

FINANCIAL HIGHLIGHTS

For FY14, our primary focus continued to be channeled towards growing our core business areas. We enhanced the performance of our property development and construction divisions by creating and delivering successful new products and more efficient services that were aimed at increasing the bottom line.

Although the Group incurred a marginal loss in FY14, we recorded significant progress across all our development and construction projects, both local and foreign. This however was not reflected in our financials as we have adopted the MFRS 118 Accounting Standards. Under this accounting treatment, revenue is only recognized once purchasers have formally taken possession of the property compared to another accounting treatment which recognized revenue on a percentage of completion basis.

Our cash flow has also improved with the injection of cash of RM40 million through the issuance of 40,000,000 new Magna Prima redeemable convertible preference shares (RCPS) to Lembaga Tabung Angkatan Tentera and sales contributions from the Boulevard Business Park development along Jalan Kuching as well as Desa Mentari in Petaling Jaya.

The Group's FY15 gearing will be further reduced with the recognition of the completion of the Istana, Melbourne and from monies received from purchasers upon the completion of handover process.

Part of this income was used during the first quarter of 2015 to fully repay a bridging loan amounting to AUD83 million thereby significantly reducing the Group's long term borrowing commitments.

In the short term, a lower debt to equity ratio will translate into the acceleration of wealth accrual and enhance the Group's liquidity. This will benefit the Group in the medium to long term by enabling us to re-invest the accumulated profits in current and future projects and / or pay increased dividends to our shareholders.

OPERATING ENVIRONMENT: OPPORTUNITIES & RISK

Despite the challenges presented by declining global crude oil prices, the weakening Ringgit and concerns over the impact of GST, the Malaysian economy remains resilient. It is stably backed by growth in construction and manufacturing activities, domestic consumption, exports and inbound tourism.

Prospects for the property industry remain equally positive. With a growing population of more than seven million in just Greater Kuala Lumpur, of which nearly 3 million are employed, we forecast the Group's current and new developments to perform well given their strategic location, attractive mix of facilities, competitive pricing and strong brand name.

As noted in last year's MD&A, we will continue to focus our marketing efforts on the young and employed demographic who have been saving and waiting for "the right" property to buy. Recent survey findings by popular property portal, iProperty.com, revealed that despite current challenges, 62% of first-time homebuyers are planning on purchasing a property within the next 6 to 12 months while 65% of investors are leaning towards making an investment in a property inside of 6 months to 2 years from now.

Management Discussion and Analysis

Other opportunities for business growth include monitoring schemes recommended by industry related associations. One such proposal of interest was made by the National House Buyers Association (HBA). The HBA has suggested that private developers be encouraged to actively participate in delivering private affordable housing. Incentives such as lower corporate tax rates, reduced land conversion premiums, the fast-track release of unsold Bumiputra units and lower compliance costs have been mooted for government consideration.

In addition to the above, our construction team will be on the lookout for more external projects to boost the division's income. Management will be closely monitoring upcoming civil engineering projects and will consider participating in tenders or inking strategic partnerships with both the public and private sector on a case by case basis.

Further fuelling the organic growth of the Group is our mission to replenish our landbank in hotspots within Greater Kuala Lumpur. Future developments will range from residential to commercial and also hybrid concepts within the mid to upper mid-range segment.

As expected in any operating environment, Management has also identified some key risks. Chief among them is a more challenging property sales environment due to Budget 2014 property cooling measures. As purchasers are faced with an uphill task of obtaining loan approvals, the Group therefore has had to content with higher possibilities of people withdrawing from transactions. This in turn means that our Sales Team is likelier to have to sell the same unit multiple times and therefore additional cost is incurred compared to the past.

The removal of DIBS (Developers Interest Bearing Scheme) has had a two pronged effect - while the elimination of speculators is a welcome respite to genuine buyers, developers have had to contend with a smaller purchaser pool as well as competition stemming from a renewed interest for properties in the secondary market.

FUTURE OUTLOOK

Magna Prima Berhad is currently engaged in property development and construction services and we intend to continue focussing on these two niche areas. Over the next year, our strategy will be to pursue landbanking activities and expand our property product portfolio - we will launch sought after home owner orientated developments that will be a result of extensive market research and first hand interaction with purchasers.

Apart from this, the Group also plans to engage in more external construction projects while concurrently introducing higher operating efficiencies within this division. Our aim is to be the preferred construction partner in the market whose hallmark is providing class leading services at competitive pricing while maintaining consistent quality. We aim to achieve this by ensuring that our teams are highly skilled and are constantly updating their knowledge by attending skills training courses.

As a Group, we will continue to tap into our fundamental strengths and our effective operational framework in addition to utilizing the expertise of our newly appointed senior management personnel. We are confident that this direction will result in sustainable growth and reinforce our presence in the ever growing and evolving property and construction industry.

BOARD OF DIRECTORS

1) **Tan Sri Datuk Adzmi bin Abdul Wahab**
   Independent Non-Executive Director, Chairman

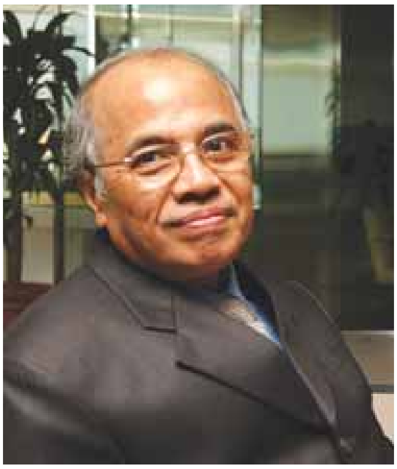
2) **Datuk Wira Rahadian Mahmud bin Mohammad Khalil**
   Group Managing Director

3) **Ir. Tan Wei Dar**
   Executive Director

4) **Ong Ah Leng**
   Independent Non-Executive Director

5) **Sazali bin Saad**
   Independent Non-Executive Director

Profile of Directors



TAN SRI DATUK ADZMI BIN ABDUL WAHAB
Independent Non-Executive Director, Chairman

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, aged 72 was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

Tan Sri Datuk Adzmi, is the Chairman and Director of a number of companies involved in IT, broadband, property development, construction and manufacturing. He is also Advisor to the Malaysian Franchise Association.

Tan Sri Datuk Adzmi was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005. During his tenure, EON successfully diversified into a conglomerate with interests in automotive, banking, financial services, insurance, investments, properties and general trading. In 2003, he was conferred the Malaysian CEO of the Year by AMEX and Business Times.

Tan Sri Datuk Adzmi holds a Bachelor of Arts (Honours) degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya and Master of Business Administration from University of Southern California, USA.

Tan Sri Datuk Adzmi served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the areas of Central Procurement and Contract Management in the Ministry of Finance; Investment Promotion in the Pahang Tenggara Development Authority, Public Enterprise Management in the Implementation Coordination Unit (Prime Minister's Department) and Regional Planning in the Klang Valley Planning Secretariat (Prime Minister's Department).

He was Manager, Corporate Planning Division from 1982 to 1985 at HICOM Berhad which is involved in the development of heavy industry projects.

He served PROTON from 1985 to 1992 with his last position as Director/Corporate General Manager, Administration and Finance Division, responsible for human resource development, financial management, procurement and vendor development, secretarial and legal and general administration.

Tan Sri Datuk Adzmi also sits on the Boards of Lebtech Berhad, Dataprep Berhad and Grand Flo Berhad.

Tan Sri Datuk Adzmi is a member of Audit Committee and Nomination Committee. He also chairs the Remuneration Committee.

Tan Sri Datuk Adzmi has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

Tan Sri Datuk Adzmi does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL
Group Managing Director

Datuk Wira Rahadian Mahmud bin Mohammad Khalil, Malaysian, aged 41, was appointed to the Board on 16 July 2007 as Independent Non-Executive Director. On 12 May 2011, he was made Executive Director and promoted to Group Managing Director on 14 April 2014.

He was involved in the reforestation business as well as the construction and manufacturing sectors and is the Chairman of Permaju Industries Berhad.

He also sits on the Boards of Sanbumi Holdings Berhad and KYM Holdings Berhad.

Datuk Wira Rahadian Mahmud is a member of the ESOS and Tender Committees. He is the Chairman of the Executive Committee (EXCO).

He has no family relationship with any of the directors and / or major shareholders of the Company.

Datuk Wira Rahadian Mahmud does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Ir. TAN WEI DAR
Executive Director

Ir. Tan Wei Dar, a Malaysian, aged 32, joined Magna Prima Berhad in February 2012. He was appointed as the Executive Director of Magna Prima Berhad ("MPB") on 19 March 2015 and is a member of the ESOS Committee and Tender Committee. In his role, he is entrusted with developing the property development and construction systems to drive efficiency and productivity of MPB to enable a greater organizational effectiveness.

He graduated with a Bachelor (Honours) degree in Electrical Engineering from University of New South Wales, Sydney, Australia. He is a Member of The Institution of Engineers Malaysia and a Registered Professional Engineer under the Board of Engineers Malaysia. He is also a Certified Competent Electrical Engineer by the Energy Commission of Malaysia as well as an Accredited Competent Quarry Manager by the Institute of Quarrying Malaysia.

An engineer by training, Ir. Tan started his career with Tenaga Nasional Berhad in year 2005 as a System Protection Engineer and subsequently took the leading role and responsibility of system proficiency performance of the electrical network system of the entire State of Johor. Ir. Tan began his property development and construction in 2010 with a private company as a Project Director to undertake a mixed-development project with estimated Gross Development Value ("GDV") of RM 400 million. The mixed development projects consisted of a convention hall, a hotel tower with 220 rooms and a 14 stories office tower in Klang Valley.

Ir. Tan joined Magna Prima Australia Pty Ltd ("MPA") in 2011 as a Project Manager where he had oversight of the development and construction of a 25-storey service apartment in Melbourne, Australia. The project has an estimated GDV of AUD $ 216 million. Prior to current position, Ir. Tan held various positions within MPB group, including Senior Manager of Business Development and Director of MPB's subsidiaries, namely Magna Prima Construction Sdn Bhd, Dunia Epik Sdn Bhd, Magna Mix Sdn Bhd, Magna Ecocity Sdn Bhd, and Twincon (M) Sdn Bhd.

Ir. Tan Wei Dar has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

Ir. Tan Wei Dar does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

Profile of Directors

ONG AH LENG
Independent
Non-Executive Director

Ong Ah Leng, a Malaysian, aged 59, was appointed to the Board on 1 November 2006 as Independent Non-Executive Director.

He is an Accountant by profession and is a member of the Malaysian Institute of Accountants (MIA) and The Chartered Association of Certified Accountants (FCCA) of UK.

Ong Ah Leng is the Chairman of the Audit, Nomination, ESOS and Tender Committees. He is a member of the Remuneration Committee.

He commenced his career as an Audit Senior in a medium-sized Audit Practice in London from 1984 to 1985.

He was the Finance Manager of a group listed on the New Zealand Stock Exchange from 1987 to 1991 before his appointment as Audit Manager at one of the Big 6 audit companies based in Malaysia. He was in audit practice in Kuala Lumpur for 3 years.

From 1993 to 1994, he held the position of Corporate and Finance Manager for an American company whose parent company is listed in the US Fortune 500. Later, he joined an investment holding company in Kuala Lumpur as General Manager of Finance.

Currently, he is a sole practitioner for corporate, financial & related services.

Ong Ah Leng has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

Ong Ah Leng does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

SAZALI BIN SAAD
Independent
Non-Executive Director

Sazali bin Saad, a Malaysian, aged 42, joined the Board on 2 May 2006 as Independent Non-Executive Director.

He is a lecturer in the College of Business, Universiti Utara Malaysia (UUM) and has been with UUM since 2003.

Sazali holds a Bachelor of Accountancy (Hons) degree from UUM and a Masters in Electronic Commerce from Deakin University, Melbourne. He has also been a member of the Malaysian Institute of Accountant (MIA) since September 2000.

During his years in Australia, he honed his talents and expertise in both the accounting and commercial aspects of managing businesses – a world to which he is not a total stranger because from 1996 – 1999, he held the position of Finance Executive, before being promoted to Finance Manager where he was in charge of three companies, i.e., Sistem Era Edar Sdn Bhd, Perkhidmatan Perubatan Homeopati dan Biokimia Sdn Bhd and Homeofarma Sdn Bhd, Jitra, Kedah.

Sazali's exposure to both the academic and the commercial world is an advantage, which he generously shares wherever he serves.

Sazali is a member of the Audit, Remuneration and Nomination Committees.

He has no family relationship with any of the directors and / or major shareholders of the Company nor has any shareholding in the Company.

Sazali does not have any conflict of interest with the Company and has had no conviction for any offences within the past 10 years.

The Board of Directors ("Board") of Magna Prima Berhad ("Magna Prima" or "the Company") recognises that the practice of good corporate governance is a fundamental element in the Group's continued growth and success. The Board remains fully committed to ensuring that the highest standards of corporate governance, based on the Principles and Best Practices set out in the Malaysian Code on Corporate Governance 2012 ("Code") are applied and maintained throughout the Group with the ultimate objective of safeguarding and enhancing shareholder value as well as the financial performance of the Group.

The Board delegates certain responsibilities to the Board Committees, all of which operate within defined terms of reference to assist the Board in the execution of its duties and responsibilities.

The Board Committees include the Executive Committee, Audit Committee, Employees' Share Option Scheme Committee, Nomination Committee, Remuneration Committee and Tender Committee. The respective Committees report to the Board on matters considered and their recommendation thereon.

The ultimate responsibility for the final decision on all matters, however, lies with the Board.

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's shareholders, customers, and all other stakeholders.

The Board confirms that the Group has complied with the best practices in the Code throughout the financial year ended 31 December 2014.

BOARD OF DIRECTORS

The Board

The Group is led and controlled by an experienced Board, comprising members from diverse professional background, having expertise and experience, skills and knowledge in fields such as technical, financial, corporate and management skills.

The Board is primarily responsible for the Group's overall strategic plans for business performance, appraisal of major business proposals, overseeing the proper conduct of business, succession planning, risk management, investor relations programmes, internal control and management information systems. The Board approves key matters such as approval of annual and quarterly results, acquisitions and disposals, capital expenditures, budgets, material contracts and business engagements.

The Board ensures that the Group is managed with integrity, transparency and accountability; while the Management is accountable for the execution of the expressed policies and attainment of the Group corporate objectives.

The Independent Non-Executive Directors bring independent judgment and provide constructive views on issues of strategy, business performance, resources and standards of conduct.

The composition of the Board and Board Committees are as follows:

		Board	Audit Committee	Nomination Committee	Remuneration Committee
	Tan Sri Datuk Adzmi bin Abdul Wahab	• (chairman)	•	•	• (chairman)
^	Datuk Wira Rahadian Mahmud bin Mohammad Khalil	•			
*	Choh Kim Chiew	•			
	Ong Ah Leng	•	• (chairman)	• (chairman)	•
	Sazali bin Saad	•	•	•	•
#	Ir. Tan Wei Dar	•			

^ Redesignated from Chief Executive Officer to Group Managing Director ("GMD") on 14 April 2014
* Resigned from the Board on 13 June 2014
# Appointed as Executive Director on 19 March 2015

The composition of the Board reflects that more than one-third (1/3) of its members are independent.

The roles of the Independent Non-Executive Directors, the Chairman and the GMD are distinct and separate to ensure there is a balance of power and authority.

The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

The GMD together with the Executive Director are responsible for day-to-day operation and management of the business and implementation of the Board's policies and decisions. The GMD will ensure the strategic goals are duly executed and operated effectively within the Group. The GMD will explain, clarify and inform the Board on key matters pertaining to the Group. All Directors are jointly responsible for determining the Group's strategic business direction.

All the three (3) Non-Executive Directors fulfill the criteria of independence as defined in the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR"). The high proportion of Independent Non-Executive Director provides for effective checks and balances in the functioning of the Board and reflects the Company's commitment to uphold excellent corporate governance.

Tan Sri Datuk Adzmi bin Abdul Wahab, Mr. Ong Ah Leng and En. Sazali Bin Saad would have served the Board as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by end of 2015.

The Board has recommended the three (3) Non-Executive Directors to continue to act as Independent Non-Executive Director based on the following justifications:-

a) They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they are able to provide a check and balance and bring an element of objectivity to the Board;

b) They have vast experience in a diverse range of businesses and therefore would be able to provide a constructive opinion, they exercise independent judgement and have the ability to act in the best interest of the Company;

c) They have devoted sufficient time and attention to his professional obligations for informed and balanced decision making;

d) They have continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company and shareholders; and

e) They have shown great integrity of independence and had not entered into any related party transaction with the Company.

In view of the above, the Board will seek shareholders' approval in the coming Annual General Meeting for the three (3) Non-Executive Directors to continue to act as Independent Non-Executive Director in Magna Prima Berhad.

The composition and size of the Board are being reviewed from time to time to ensure its appropriateness.

Board Charter

In discharging its duties, the Board of Directors of Magna Prima Berhad is constantly mindful of the need to safeguard the interests of the Group's shareholders, customers and all other stakeholders. In order to facilitate the effective discharge of its duties, Magna Prima Group has to ensure that it manages the business and affairs of the Company in conformity with the laws and regulations of the jurisdictions in which it operates.

Based on the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad, the corporate governance framework of the Company was designed to achieve the following objectives:-

- To enable the Board of Directors to provide strategic guidance and effective oversight of management: and

- To clarify the roles and responsibilities of members of the Board and management to facilitate Board's and management's accountability to the Company and its shareholders.

The three (3) main components of the Board Charter are:-

- The Corporate Statement;
- The Directors' Duties; and
- The Board Committees.

(i) The Corporate Statement

Corporate Statement defines the objectives of the Company and the services offered to our customers. The Corporate Statement is a pledge of quality solutions to suit our customers' expectations.

(ii) The Directors' Duties

The fiduciary duties imposed on the Directors are to protect the interests of the Company and at the same time to advance the interests of its stakeholders.

(iii) The Board Committees

The Board of the Company has established six (6) Committees of the Board which operate within its own specific terms of reference. The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board. The six (6) Board Committees are as follow:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Employee Share Option Scheme (ESOS) Committee;
- Tender Committee; and
- Executive Committee (EXCO)

Code of conduct

The Board has a formalised code of conduct which provides an ethical framework to guide actions and behaviors of all Directors and its employees while at work.

Board meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. The Board met a total of seven (7) times during the year ended 31 December 2014.

The details of each Director's attendance are given below:

		Total meetings attended	%
	Tan Sri Datuk Adzmi bin Abdul Wahab	7/7	100.00
	Datuk Wira Rahadian Mahmud bin Mohammad Khalil	7/7	100.00
^	Choh Kim Chiew	3/5	60.00
	Ong Ah Leng	7/7	100.00
	Sazali bin Saad	6/7	85.70
#	Ir. Tan Wei Dar	Not Applicable	Not Applicable

^ Resigned from Board on 13 June 2014
# Appointed as Executive Director on 19 March 2015

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

The Directors must advise the Board and the Company Secretary of his appointment as director in other public listed company outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director.

In compliance with Paragraph 15.06 of the MMLR, the Directors of the Company hold not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

The Non-Executive Directors are participative and work between meetings in order to get to know the business, understand the issues and build relationships with Management and shareholders.

Supply of Information

The agenda for every Board Meeting, together with relevant Management reports, proposal papers and supporting documents are furnished to all Directors for their perusal in advance of the Board Meeting date, so that the Directors have ample time to review matters to be deliberated at the Board Meeting to enable them to discharge their duties.

The Board Report contains relevant information on the business of the meeting, which may include among others: -

- Performance of the Group
- Operational matters
- Business development issues and market responses
- Capital expenditure proposals
- Acquisitions and disposals proposals
- Appointment of senior executives
- Dividend recommendations

Senior Management Officers and external advisers may be invited to attend Board Meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by any Director.

The Chairman of the Audit Committee would brief the Board on matters deliberated by the Audit Committee which require the attention of the Board.

The Directors have full and timely access to all information within the Company, whether as a full Board or in their individual capacity, in the furtherance of their duties.

In addition, the Board has ready and unrestricted access to all information within the Company and Group as well as the advice and services of Senior Management and Company Secretary in carrying out their duties. The Company Secretary is responsible for ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with. The Company Secretary will always support the Board by ensuring adherence to Board policies and procedures. The Directors may also seek independent professional advice, at the Company's expense, if required.

Directors Training

All Directors have attended the Directors' Mandatory Accreditation Programme organised by the Bursa Securities. All Directors are encouraged to attend talks, training programmes and seminars to update themselves on new developments in the business environment during the year ended 31 December 2014.

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, strategic planning and implementation of new regulation by the Government.

Name of Directors	Course Title/ Organiser	Date
Tan Sri Datuk Adzmi bin Abdul Wahab	• Black Swan – Transformation of Risk • Managing in uncertainly – Surviving the Turbulence	23 December 2014 03 April 2014
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	• Black Swan – Transformation of Risk	23 December 2014
Mr. Ong Ah Leng	• Black Swan – Transformation of Risk • Understanding and Applying the 24 Malaysian GST Tax Codes For the Preparation GST-03 Tax Return & GST Audit File (GAF) • Nominating Committee Programme • Goods & Services Tax (GST) – A Preparatory Course for GST Consultants and Accountants – Session 1.	23 December 2014 17 November 2014 17 June 2014 04 June 2014 to 6 June 2014
En. Sazali Bin Saad	• Black Swan – Transformation of Risk • Program IT Awareness Series – Cyber Security: Do's & Don'ts • Bengkel 'Financial Modelling For Decision Making' • Tired of Your Powerpoint?? Try Prezi.Me, & Educreations Bring Fun To You.	23 December 2014 2 December 2014 16 June 2014 to 17 June 2014 06 March 2014

Updates on companies and securities legislations, and other relevant rules and regulations, such as amendments to the Companies Act, 1965, Listing Requirements of the Bursa Securities, Malaysian Code on Corporate Governance, Capital Markets & Services Act, 2007, was provided to the Board, together with the Board papers, in order to acquaint them with the latest developments in these areas.

The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

Appointment and Re-election to the Board

The Nomination and Remuneration Committees are responsible for making recommendations for the appointment of Directors to the Board, including those of subsidiaries companies. In making these recommendations, the Nomination and Remuneration Committee considered the required mix of skills and experience, which the Directors brought to the Board.

In accordance with the Company's Articles of Association, at least one-third of the Directors are required to retire by rotation at each Annual General Meeting but are eligible to offer themselves for re-election at the Annual General Meeting. The Directors shall also retire from office at least once in three years but shall be eligible for re-election.

THE AUDIT COMMITTEE

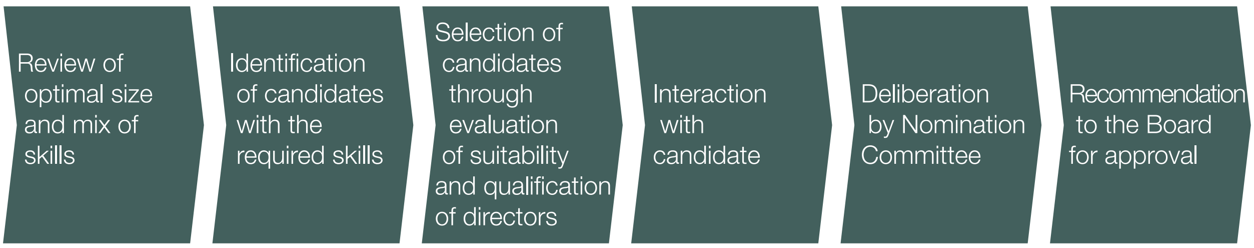
The Board is also assisted by the Audit Committee whose members, key function and activities for the year under review are stated in pages 26 to 29 of the Annual Report.

THE NOMINATION COMMITTEE

The Board has established a Nomination Committee, which has the primary responsibility to assess the suitability of candidates for nomination to the Board and to recommend such appointments and evaluation of the performance of Directors. The objective is to ensure independent assessment of appointments to the Board. The Committee is also responsible for annual assessment of the skills mix and experience possessed by Board members to ensure effectiveness of the Board, the other committees of the Board and the contribution of individual Directors.

The Nomination Committee is guided by a Nomination Framework to ensure that individuals appointed to relevant Senior Management positions and the Boards within the Group have the appropriate fitness and propriety to properly discharge their prudential responsibilities on appointment and during the course of their appointment.

Nomination Framework



For the appointment of new Directors, a thorough and comprehensive assessment (including background, skills, knowledge and experience) of the nominee is undertaken by the Nomination Committee through a transparent nomination process before a recommendation is made to the Board for approval. These assessments are reviewed thereafter on an annual basis.

During the financial year ended 31 December 2014, the Nomination Committee reviewed the mix of skills, experience of the Board and to assess the effectiveness of the Board as a whole and the contribution of each individual Director.

In case of candidates proposed for appointment as Independent Non-Executive Directors, the nomination committee would also assess the candidate's independence in accordance with the Main Market Listing Requirements of Bursa Securities.

All recommendations of the Nomination Committee are subject to endorsement of the Board.

The Nomination Committee was generally satisfied with the performance and effectiveness of the Board and Board Committees.

The assessment of the Board was based on specific criteria, covering areas such as overall business performance, Board governance and Board composition.

The specific criteria for assessment of individual Directors cover expertise, judgment, commitment of time and effort in discharging duties and responsibilities.

The independence of the Independent Directors were also assessed and affirmed by the Nomination Committee.

The Board is open and welcome to diversity in the boardroom when the opportunity arises. The Board is heterogenous and does not stereotype individuals. The Board always base individuals on their talents and the contribution they can bring to maximise the effectiveness of the Board in their decision making process to bring the Company to greater heights. As the Company grows in size and the need arises, the Board look forward to recruit such individuals into our Company moving forward.

The Nomination Committee has three (3) members comprising three (3) Independent Non-Executive Directors. During the financial year ended 31 December 2014, three (3) meetings were held.

THE REMUNERATION COMMITTEE

The Remuneration Committee reviews and recommends to the Board the remuneration package of the Executive Directors and Senior Management of the Group with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully.

During the financial year ended 31 December 2014, the Remuneration Committee reviewed the remuneration package of executive director.

The Remuneration Committee has three (3) members comprising exclusively Independent Non-Executive Directors. During the financial year ended 31 December 2014, one (1) meeting was held.

The number of Directors whose total remuneration fall into the respective bands are as follows: -

	Executive Directors (RM)	**Non-Executive Directors (RM)**	**Total (RM)**
Salaries	651,568.81	-	651,568.81
Bonus	49,000.00	-	49,000.00
Fees	-	183,000.00	183,000.00
Meeting Allowance	-	32,000.00	32,000.00
Benefit-in-kind	-	12,000.00	12,000.00
Total	700,568.81	227,000.00	927,568.81

Range of Remuneration	**Number of Directors (Executive)**	**Number of Directors (Non-Executive)**
RM 50,001 to RM100,000	-	2
RM100,001 – RM 150,000	-	1
RM 150,001 – RM 200,000	1	-
RM 700,001 – RM750,000	1	-

ESOS COMMITTEE

The ESOS Committee was established with delegated authority by the Board to administer the ESOS of the Group in accordance with the Scheme's by-laws and the exercise of any discretion under the by-laws with regards to the eligibility of employees to participate in the ESOS, share offers and share allocations and to attend to such other matters as may be required.

The ESOS Committee has four (4) members comprising one (1) Independent Non-Executive Director and two (2) Executive Directors and Chief Financial Officer.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Major corporate developments and happenings in the Company have always been promptly announced to all shareholders, in line with Bursa Securities' objective of ensuring transparency and good corporate governance practice.

The financial performance of the Group, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report and corporate announcements to Bursa Securities. During General Meetings, shareholders are encouraged to participate to enquire and comment on the Company's performance and operations and voting on the resolutions was done by way of poll.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In its financial reporting via quarterly announcements of results, annual financial statements and annual report presentations (including the Chairman's Statement and Review of Operations), the Board provides a comprehensive assessment of the Group's performance and prospects for the benefit of shareholders, investors and interested parties. The Audit Committee also assists the Board by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

Internal Control

The Board has the overall responsibility of maintaining a system of internal control that provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the system of internal control of the Group was reviewed periodically by the Audit Committee. The review covers the financial, operational as well as compliance controls.

Directors' Responsibility in Financial Reporting

The Board is responsible for the preparation of the annual financial statements of the Group and to ensure that the financial statements give a true and fair view of the state of affairs of the Group and its result and cash flow for the financial year.

The Board of Directors has ensured that the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia, the requirements of the Companies Act 1965 and other regulatory provisions. In preparing the financial statements, the Board has ascertained that reasonable prudent judgment and estimates have been consistently applied and the accounting policies adopted have been complied with.

The Directors have a general responsibility of taking reasonable steps to safeguard the assets of the Group and to prevent and detect any irregularities.

Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The Audit Committee also met the external auditors twice in financial year 2014 without the presence of the Management.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities.

Share Buy-Back

During the financial year, the Company has not undertaken any share buy-back exercise.

Option, Warrant and Convertible Securities

On 3 December 2014, Magna Prima's shareholders had approved the proposed issuance of 40 million new Redeemable Convertible Preference Shares of RM0.01 each ("RCPS") to Lembaga Tabung Angkatan Tentera ("LTAT") at an issue price of RM1.00 per RCPS.

On 23 December 2014, 40 million RCPS were issued at an issue price of RM1.00 each to LTAT.

There were no RCPS redeemed during the financial year under review.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR Programme.

Imposition of Sanctions/Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the Group's external auditors for the financial year ended 31 December 2014 was RM NIL.

Variation in Results

There was no material variances between the audited results for the financial year ended 31 December 2014 and the unaudited results previously announced.

Profit Guarantee

No profit guarantee was received by the Company during the financial year.

Material Contracts

There were no material contracts of the Company and its subsidiary companies which involve Directors' and major shareholders' interest, either still subsisting at the end of financial year ended 2014 or entered into since the end of the previous financial year.

Corporate Proposals

The following are status on the corporate proposals that have been announced by the Company but not completed as at 3 April 2015 (being the latest practicable date) which is not earlier than 7 days from the date of issuance of these Interim Financial Statements :-

The total gross proceeds raised by the Company from the Redeemable Convertible Preference Share (RCPS) amounted to RM 40,000,000.00. The status of the utilisation of proceeds as at 3 April 2015 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Balance unutilised RM'000	Timeframe for utilisation
MPB Group's property development projects	38,000	(35,000)	-	3,000	12 months
General Working Capital	1,600	(1,742)	142	-	3 months
Defrayment of expenses in relation to the Proposals	400	(258)	(142)*	-	3 months
Total	40,000	(37,000)	-	3,000	

* The unutilised amount of RM142,000 designated for the defrayment of expenses in relation to the Proposals has been reallocated for general working capital requirements

The Audit Committee

The principal functions of this Committee are to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting as well as the development of internal controls.

Composition

Members of the Audit Committee during the financial year ended 31 December 2014 are as follows:

Members	Status
Ong Ah Leng (Chartered Accountant of the Malaysian Institute of Accoutants, Chartered Accountant of the Association of Chartered Certified Accountants, United Kingdom)	Chairman Independent Non-Executive Director
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director
Sazali bin Saad	Independent Non-Executive Director

Term of Reference

1. **PURPOSE**

   To provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

2. **MEMBERSHIP**

   - The Committee shall be appointed by the Board from amongst its Directors and shall comprise at least 3 Non-Executive Directors, with a majority of them being Independent Directors.

   - The members of the Committee should be financially literate and shall include at least 1 person:-

     a) Who is a member of the Malaysian Institute of Accountants: or

     b) Who must be at least 3 years' working experience and:
        (i) Have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
        (ii) Is a member of 1 of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

     c) Who must have at least 3 years' post qualification experience in accounting or finance and:
        (i) Has a degree/masters/doctorate in accounting or finance; or
        (ii) Is a member of any professional accountancy organization which has been admitted as a full member of the International Federation of Accountants; or

     d) Who must have 7 years' experience being a Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

3. AUTHORITY

The Committee is authorized by the Board to:-

- Investigate on any activity within its term of reference;
- Have adequate resources required to perform its duties;
- Have full and unrestricted access to any information, records and documents as deemed required to perform its duties;
- Obtain legal or other independent professional advices and appoint independent parties with related knowledge and expertise to assist the Committee, if necessary;
- Have direct communication channel with internal and external auditors;
- Convene meetings with internal and external auditors without the presence of other Directors and employee of the Company.

4. FREQUENCY OF MEETING

The Committee shall meet at least four (4) times a year, with authority to convene additional meetings as deemed necessary.

The Audit Committee held a total of five (5) meetings during the financial year. The meetings were appropriately structured through the use of agenda and meeting papers, which were distributed to members with sufficient notification.

Members	Status	No. of meetings attended	%
Ong Ah Leng (Chairman)	Independent Non-Executive Director	5/5	100
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Director	5/5	100
Sazali bin Saad	Independent Non-Executive Director	5/5	100

5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are to:

- Review all financial information for publication, including quarterly and annual financial statements prior to submission to the Board of Directors. The review shall focus on:

  (i) Changes in accounting policies and practices.

  (ii) Major judgmental areas.

  (iii) Significant audit adjustments from the external auditors.

  (iv) Compliance with accounting standards, Bursa Securities and other regulatory and legal requirements.

The Audit Committee

- With the External Auditors:

  (i) Review on the nature, scope and approach of the audit of the financial statements.

  (ii) Discuss with the external auditors on areas of concern arising from the audit of the financial statements.

  (iii) Assess the adequacy and effectiveness of the accounting procedures and the internal control systems of the Company by reviewing Management letters from external auditors.

  (iv) Consider the appointment of the external auditors, the terms of reference of their appointment and any questions on resignation and dismissal before recommendation to the Board.

  (v) To review the independence and objectivity of the external auditors and their services, including non-audit services.

  (vi) To review the provision of non-audit services by the external auditors for recommendation to the Board for decision.

- With the Internal Audit Departments:

  (i) The appraisal of the performance of the internal audit function including senior staff and any matter concerning their appointment and termination.

  (ii) Review the internal audit plan and processes, consider major findings of internal audit and recommend actions and steps to be taken by management in response to the findings.

  (iii) Review the relevance and adequacy of the scope, functions, competency and resources of internal audit and the necessary authority to carry out the function.

  (iv) Determine extent of cooperation and assistance given by the employees.

  (v) Report its activities, significant results and findings.

- Risk Management

  (i) To review on 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.

  (ii) To review on any conflict of interest situations and related party transactions in the company.

- Other Matters

  (i) Review related party transactions and conflict of interest situations that may arise within the Company.

  (ii) Undertake such other responsibilities as may be agreed to by the Committee and the Board.

  (iii) Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

  (iv) Discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of Management, where necessary.

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Audit Committee has carried out the following duties during the financial year under review in accordance with its terms of reference: -

- Reviewed and sought Management's explanations and recommended actions on the quarterly and annual financial results and performance of the Company and the Group prior to submission to the Board for consideration and approval.
- Reviewed and discussed with the external auditors the nature and scope of their audit before reporting the same to the Board.
- Reviewed and sought Management's explanation on the major issues as per the management letters from the external auditors.
- Reported to the Board on its activities and significant findings and results.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department that reports directly to the Audit Committee. IAD review the internal control processes in the key activities of the Group's businesses by adopting a risk based internal audit approach. The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls.

The activities of the Internal Audit during the financial year ended 31 December 2014 were as follows:

- Formulated the internal audit plan, strategy and scope of work.
- Evaluated and assessed the internal controls and efficiency of processes, and provided appropriate recommendations to Management to address the issues highlighted in the internal audit reports.
- Ensuring compliance with the approved Standard Operating Procedures.
- Sought Management's explanations and action plans on issues highlighted in the internal audit reports and conducted subsequent follow-up reviews.
- Compiled, reviewed and updated the yearly Corporate Governance Report and Statement of Internal Control of the Group.
- Conducted site visits to the project sites and provided appropriate recommendations.
- Reviewed the Audit Committee's Term of Reference to ensure consistency with the best practices as recommended in the Malaysia Code of Corporate Governance (MCGG) and Bursa Malaysia Listing Requirements.

The cost incurred for Internal Audit Department for the financial year ended 31 December 2014 was RM89,567.69.

Statement of Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("The Board") and management acknowledge the responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. As such, the Board and management are committed to develop and improve on the current systems of internal control taking into consideration operational efficiency.

The Group has established procedures of internal control that takes into account the guidelines to Directors as set out in the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers" for the year under review.

These procedures, which are subject to regular review by the Board, provide an on-going process for identifying, evaluating and managing significant risks faced by the Group that may affect the achievement of its business objectives.

BOARD'S RESPONSIBILITY

The Board recognises the importance of sound internal control and risk management practices for good corporate governance.

The Board acknowledges that it is responsible for the Group's system of internal control to safeguard shareholders' investments and the Group's assets and for the continuing review of its adequacy and integrity.

For the financial year under review, the Group had in place a system of internal control in accordance with Section 167A of the Companies Act, 1965 and had established an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group.

The system of internal control and the process of risk management are reviewed regularly by the Board with the assistance of the Audit Committee, Internal Audit Department and all relevant personnel of the Group through a combination of key processes.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed to mitigate risks but not eliminating the present and future risks. Furthermore, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

The Board recognizes that in order to achieve a sound system of internal control, a conducive control environment must be established. The Board is fully committed to the maintenance of such a control environment within the Group and in discharging their responsibilities, enhanced the following key system of internal control within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal controls comprise the following:

- The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and to consider the approved measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.

- Audit Committee comprises entirely of non-executive directors, and who hold regular meetings throughout the financial year. Audit Committee members are briefed and updated on the matters of corporate governance practice and legal and regulatory matters. The current composition of members, with at least one who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. They have full and unimpeded access to both the internal as well as external auditors during the financial year. They also meet with the external auditors without the presence of the Management at least twice a year.

- Internal Auditors continue to independently assure the Board, through the Audit Committee, that the internal control system functions as intended. Their work practice as governed by their audit plan is derived on a risk based approach and internal audit findings are highlighted to the Audit Committee. Their annual audit plans are presented and approved by the Audit Committee annually before the commencement of the following financial year and updates are given as and when there are any changes.

- Financial and Operational Information continues to be prepared and presented to the Board. A detailed budget is prepared and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then tracked and measured against the approved budget on quarterly basis. All major variances and critical operational issues are followed up with action thereon. On a quarterly basis, the results are reviewed by the Audit Committee and the Board to enable them to gauge the Group's overall performance compared to the approved budgets.

- The Limit of Authority determines the respective levels of authority which are delegated to staff of the respective levels to enable control of the Group's commitment of both capital and operational expenditure. The authority limits are subject to periodic review throughout the financial year as to their implementation and for the continuing suitability.

- Policies and procedures for key business processes are formalized and documented for each significant operating unit.

- Tender Committee functions to ensure transparency in the award of contracts.

- An ISO 9001 Quality Management System which has been in practice to manage and control the quality requirement for the Group's work done and services rendered.

ENTERPRISE RISK MANAGEMENT (ERM)

The Audit Committee and the Management have established ERM Framework to ensure critical risk are proactively identified, evaluated, communicated, monitored and managed across the Company.

The key aspects of the ERM Framework are:-

- Internal Audit Department and all Head of Departments are responsible to continuously ensure effective and efficient ERM throughout the Company;

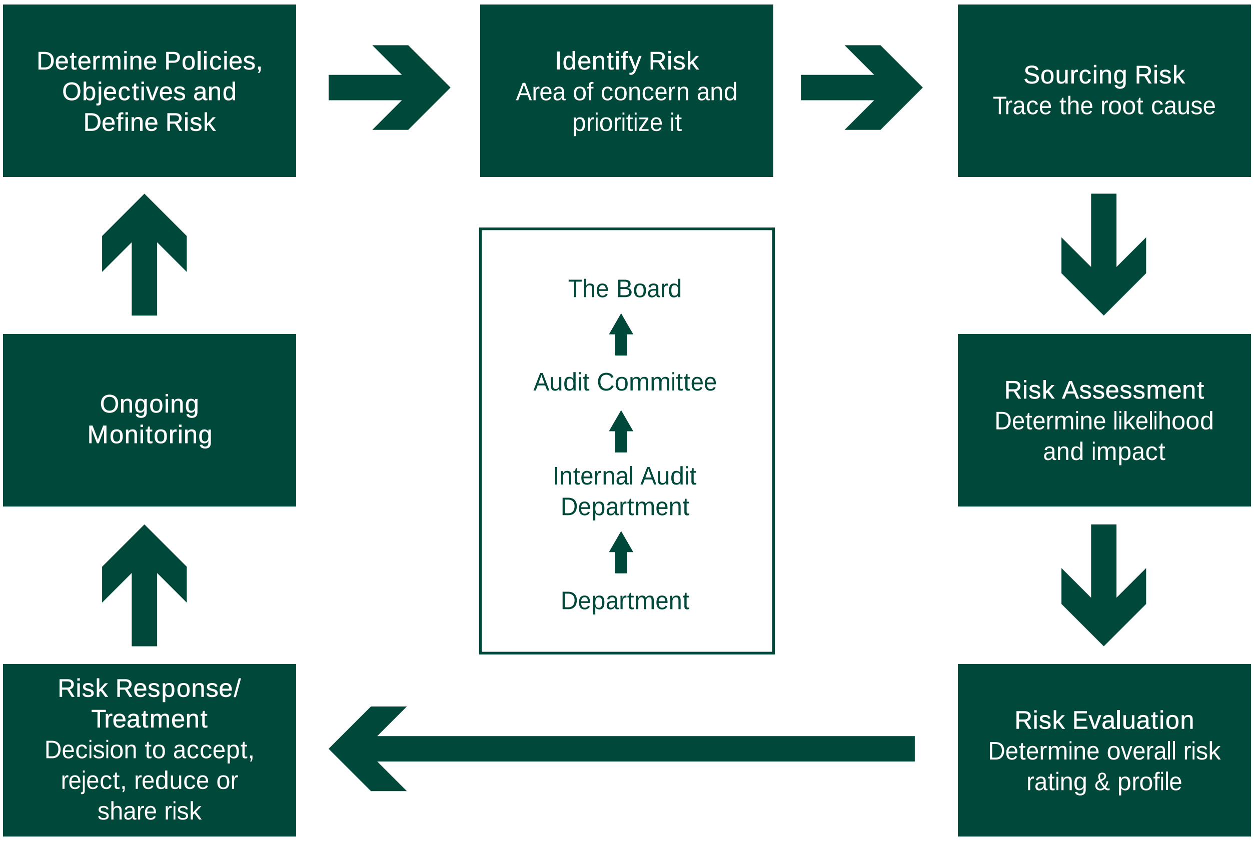
- ERM assessment reviews are performed annually to identify any potential risk, from the perspective of laws and regulations, corporate governance, operations, financial, customers, product and services, suppliers, human capital as well as the environment;
- The determination of risk likelihood and risk impact are based on the risk tolerance for each department;

- Key risks identified during the risk assessment together with the controls to manage it are summarized in the ERM Report. Risk response are to be discussed between Internal Audit and respective Head of Departments;

- ERM review must be monitored continuously to ensure the identified key risk are managed effectively;

- ERM Report is to be presented in the Audit Committee meeting. Upon receiving the ERM Report, Audit Committee shall review and monitor the effectiveness of Company's internal controls before onwards submission to The Board for endorsement.

Figure 1: ERM Framework



INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department (IAD) which reports independently to the Audit Committee. Its role is to provide the Board with the assurance it requires regarding the adequacy and integrity of internal control across the group.

IAD reviews the internal control processes in the key activities of the Group's business by adopting a risk based internal audit approach and reports directly to the Audit Committee. Reports on internal audit findings together with recommendations for Management responses are presented to the Audit Committee where it then reported to the Board of Directors by the Audit Committee on a quarterly basis.

IAD prepares an Annual Audit Plan and present it to the Audit Committee for their approval. The scope of work encompasses review of strategic plan, operational and financial activities within the group. The IAD has successfully completed the planned audits for the year and will closely monitor the implementation progress of its audit recommendation in order to ensure that all major risks and control concerns have been duly addressed by the Management. All internal audit reports together with the recommended action and their implementation status are presented to the Board and Audit Committee.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed the Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 December 2014. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

The system of internal control described in this Statement is considered by the Board to be adequate and risks are considered by the Board to be at an acceptable level within the context of the business environment throughout the Group's business. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and thus they can only provide reasonable assurance and not absolute assurance against material misstatement. Nevertheless, the systems of internal control that exist throughout the financial year under review provide a level of confidence on which the Board relies for assurance.

For the financial year under review, the Board is satisfied with the adequacy and integrity of the Group's system of internal control and that no material losses, contingencies or uncertainties have arisen from any inadequate or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

The Board has received assurance from the Group Managing Director ("GMD") and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspect based on the risk management and internal control system of the Company.

This Statement is made in accordance with the resolution of the Board dated 10 April 2015.

FINANCIAL STATEMENTS

Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal Activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies are stated in Note 4 to the financial statements.

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

Financial Results

	Group RM	Company RM
(Loss)/Profit for the financial year attributable to:		
- Owners of the Company	(13,653,786)	24,742,488
- Non-controlling interests	(1,361,081)	-
	(15,014,867)	24,742,488

Dividends

Since the end of the previous financial year, the Company paid a final single tier tax exempt dividend of 1.0 sen per ordinary share of RM0.25 each amounting to RM3,328,899 in respect of the financial year 2013 on 26 August 2014.

Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year, the Company issued 40,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each at an issue price of RM1.00 per RCPS in cash. The proceeds are expected to be utilised for the Group's property development projects and working capital purposes.

There were no issues of debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

Directors

The Directors who served since the date of the last report and at the date of this report are as follows:

Tan Sri Datuk Adzmi bin Abdul Wahab
Datuk Wira Rahadian Mahmud bin Mohammad Khalil
Ong Ah Leng
Sazali bin Saad
Ir. Tan Wei Dar (Appointed on 19 March 2015)
Choh Kim Chiew (Resigned on 13 June 2014)

Directors' Interests

According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares and options over shares in the Company are as follows:

	No. of ordinary shares of RM0.25 each			
	On 1.1.2014	Acquired	Disposed	On 31.12.2014
Magna Prima Berhad				
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	8,400,000	-	-	8,400,000
Ir. Tan Wei Dar	1,506,200	-	-	1,506,200

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares, options over shares and debentures 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 or become entitled to receive any benefit 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 except as disclosed in Note 31 to the financial statements.

Neither during nor at the end of the financial year, was the Company or any of its subsidiary companies a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate expect as disclosed in Note 4(b) to the financial statements.

Other Statutory Information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

Other Statutory Information (continued)

(b) 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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) that would render the values 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

(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.

(c) No contingent 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 affect the ability of the Group and of the Company to meet their obligations when they fall due.

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

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

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

(e) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

The auditors, Messrs. Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

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

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL **ONG AH LENG**

KUALA LUMPUR
10 April 2015

Statement by Directors

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

We, DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL and ONG AH LENG, being two of the Directors of MAGNA PRIMA BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2014 and of their financial performance and cash flows for the financial year then ended.

The information set out in page 101 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

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

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

ONG AH LENG

KUALA LUMPUR
10 April 2015

Statutory Declaration

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

I, ENG HUP TAT, being the Officer primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 42 to 101 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)
abovenamed ENG HUP TAT)
at)
on this date of 10 April 2015)

ENG HUP TAT

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the members of Magna Prima Berhad (Company No. 369519-P)(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the accompanying financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 42 to 101.

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 Malaysian Financial Reporting Standards, International 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 Company'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 Company'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 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International 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 on the following:

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia 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 Companies Act, 1965 in Malaysia.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements.

(c) We are satisfied that the financial statements 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 auditors' reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 101 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

Other Matters

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

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/16 (J/PH)
Chartered Accountant

KUALA LUMPUR
10 April 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-Current Assets					
Property, plant and equipment	3	1,330,533	1,440,958	261,909	367,411
Investment in subsidiary companies	4	-	-	157,810,309	157,670,309
Investment properties	5	55,122,534	48,043,500	-	-
Land held for property development	6	65,013,015	179,802,174	-	-
Goodwill on consolidation	7	-	3,269,146	-	-
Deferred tax assets	8	11,625,213	14,489,108	-	-
Trade receivables	9	2,469,002	5,062,300	-	-
		135,560,297	252,107,186	158,072,218	158,037,720
Current Assets					
Inventories	10	712,834,931	438,261,487	-	-
Amount owing by customers on contracts	11	2,056,597	2,355,695	-	-
Trade receivables	9	23,880,316	24,542,985	-	-
Other receivables	12	64,215,485	125,225,024	595,080	681,680
Amount owing by subsidiary companies	13	-	-	296,130,931	221,461,721
Tax recoverable		986,449	1,254,144	-	-
Cash held under Housing Development Accounts	14	3,262,810	3,049,596	-	-
Fixed deposits placed with licensed banks	15	27,506,240	27,187,733	23,031,112	28,437
Cash and bank balances		16,959,976	18,710,543	4,284,056	646,360
		851,702,804	640,587,207	324,041,179	222,818,198
Asset classified as held for sale	16	171,181,624	-	-	-
Total current assets		1,022,884,428	640,587,207	324,041,179	222,818,198
Current Liabilities					
Trade payables	17	92,957,468	98,639,363	-	-
Other payables	18	84,576,044	42,085,678	798,199	66,908
Deferred revenue	19	267,659,967	269,610,026	-	-
Amount owing to subsidiary companies	13	-	-	208,545,901	150,198,199
Borrowings	20	411,624,249	39,342,063	-	18,486,556
Redeemable Cumulative Preference Shares ("RCPS")	21	40,000,000	-	40,000,000	-
Current tax liabilities		15,945,849	20,644,332	1,229,409	1,967,769
		912,763,577	470,321,462	250,573,509	170,719,432
Net current assets		110,120,851	170,265,745	73,467,670	52,098,766
		245,681,148	422,372,931	231,539,888	210,136,486

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Financed By:					
Share capital	22	83,222,485	83,222,485	83,222,485	83,222,485
Reserves	23	58,908,694	77,653,437	148,283,002	126,869,413
Equity attributable to owners of the Company		142,131,179	160,875,922	231,505,487	210,091,898
Non-controlling interests		6,367,602	7,668,683	-	-
Total equity		148,498,781	168,544,605	231,505,487	210,091,898
Non-Current Liabilities					
Trade payables	17	5,444,113	6,848,633	-	-
Borrowings	20	91,703,853	246,935,105	-	-
Deferred tax liabilities	8	34,401	44,588	34,401	44,588
		97,182,367	253,828,326	34,401	44,588
		245,681,148	422,372,931	231,539,888	210,136,486

The accompanying notes form an integral part of the financial statements

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Revenue	24	142,552,810	135,901,701	27,009,264	32,845,000
Cost of sales	25	(104,591,937)	(98,338,642)	-	-
Gross profit		37,960,873	37,563,059	27,009,264	32,845,000
Other operating income		2,341,630	4,636,017	26,157	31,407,708
Marketing and promotion expenses		(4,174,457)	(1,922,712)	-	-
Administration expenses		(10,930,406)	(10,460,638)	(2,623,271)	(3,095,332)
Other operating expenses		(22,556,938)	(10,347,409)	(312,885)	(118,906)
Profit from operations	26	2,640,702	19,468,317	24,099,265	61,038,470
Finance costs	27	(9,663,928)	(207,707)	-	-
(Loss)/Profit before taxation		(7,023,226)	19,260,610	24,099,265	61,038,470
Taxation	28	(7,991,641)	(4,298,814)	643,223	(2,115,907)
(Loss)/Profit for the financial year		(15,014,867)	14,961,796	24,742,488	58,922,563
Other comprehensive expense:					
Item that may be reclassified subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(1,762,058)	(8,128,079)	-	-
Total comprehensive (expense)/ income for the financial year		(16,776,925)	6,833,717	24,742,488	58,922,563
(Loss)/Profit for the financial year attributable to:					
Owners of the Company		(13,653,786)	17,922,106	24,742,488	58,922,563
Non-controlling interests		(1,361,081)	(2,960,310)	-	-
		(15,014,867)	14,961,796	24,742,488	58,922,563
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(15,415,844)	9,794,027	24,742,488	58,922,563
Non-controlling interests		(1,361,081)	(2,960,310)	-	-
		(16,776,925)	6,833,717	24,742,488	58,922,563
(Loss)/Earnings per share attributable to owners of the Company:					
Basic and diluted (sen)	29	(4.10)	5.38		

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

		Attributable to Owners of the Company							
		Non-distributable				Distributable			
	Note	Share Capital RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM	Total Equity RM
At 1 January 2014		83,222,485	35,565,970	(8,418,001)	19,706,095	30,799,373	160,875,922	7,668,683	168,544,605
Loss for the financial year		-	-	-	-	(13,653,786)	(13,653,786)	(1,361,081)	(15,014,867)
Other comprehensive expense: Exchange differences arising from translation of foreign operations		-	-	(1,762,058)	-	-	(1,762,058)	-	(1,762,058)
Total comprehensive expense		-	-	(1,762,058)	-	(13,653,786)	(15,415,844)	(1,361,081)	(16,776,925)
Acquisition of a subsidiary company		-	-	-	-	-	-	60,000	60,000
Dividend paid	30	-	-	-	-	(3,328,899)	(3,328,899)	-	(3,328,899)
At 31 December 2014		83,222,485	35,565,970	(10,180,059)	19,706,095	13,816,688	142,131,179	6,367,602	148,498,781
At 1 January 2013		83,222,485	35,565,970	(289,922)	19,706,095	17,870,616	156,075,244	10,628,993	166,704,237
Profit for the financial year		-	-	-	-	17,922,106	17,922,106	(2,960,310)	14,961,796
Other comprehensive expense: Exchange differences arising from translation of foreign operations		-	-	(8,128,079)	-	-	(8,128,079)	-	(8,128,079)
Total comprehensive (expense)/ income		-	-	(8,128,079)	-	17,922,106	9,794,027	(2,960,310)	6,833,717
Dividend paid	30	-	-	-	-	(4,993,349)	(4,993,349)	-	(4,993,349)
At 31 December 2013		83,222,485	35,565,970	(8,418,001)	19,706,095	30,799,373	160,875,922	7,668,683	168,544,605

The accompanying notes form an integral part of the financial statements

Company Statement of Changes in Equity

For the financial year ended 31 December 2014

	Note	Non-distributable		Distributable	
		Share Capital RM	Share Premium RM	Retained Profits RM	Total Equity RM
At 1 January 2014		83,222,485	35,565,970	91,303,443	210,091,898
Profit/Total comprehensive income for the financial year		-	-	24,742,488	24,742,488
Dividend paid	30	-	-	(3,328,899)	(3,328,899)
At 31 December 2014		83,222,485	35,565,970	112,717,032	231,505,487
At 1 January 2013		83,222,485	35,565,970	37,374,229	156,162,684
Profit/Total comprehensive income for the financial year		-	-	58,922,563	58,922,563
Dividend paid	30	-	-	(4,993,349)	(4,993,349)
At 31 December 2013		83,222,485	35,565,970	91,303,443	210,091,898

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows

For the financial year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash flows from operating activities					
(Loss)/Profit before taxation		(7,023,226)	19,260,610	24,099,265	61,038,470
Adjustment for:					
Depreciation of property, plant and equipment	3	274,888	308,171	105,502	121,692
Depreciation of investment properties	5	80,634	80,634	-	-
Impairment loss of trade receivables	9	7,088,310	2,545,279	-	-
Loss on initial measurement of trade receivables		-	541,036	-	-
Provision for liquidated and ascertained damages		3,791,903	32,677	-	-
Overprovision for liquidated and ascertained damages		(422,001)	(498,078)	-	-
Impairment of goodwill on consolidation		3,269,146	-	-	-
Gain on disposal of property, plant and equipment		(83,000)	-	-	-
Unrealised foreign exchange loss		2,791,750	2,685,304	-	-
Finance cost		9,663,928	207,707	-	-
Finance income		(1,300,480)	(818,849)	(46,068)	(7,636)
Dividend income		-	-	(19,188,000)	(29,900,000)
Operating profit before working capital changes		18,131,852	24,344,491	4,970,699	31,252,526
(Increase)/Decrease in working capital:					
Inventories		(122,553,343)	(2,945,622)	-	-
Amount owing by/to customers on contracts		299,098	(1,762,531)	-	-
Trade receivables		(3,135,406)	28,707,718	-	-
Other receivables		(110,172,084)	(24,008,743)	86,600	591,811
Amount owing by/to subsidiary companies		-	-	2,866,492	(39,037,766)
Trade payables		(7,974,028)	(21,238,980)	-	-
Other payables		36,328,714	(2,327,596)	731,291	(33,651)
Deferred revenue		(1,950,059)	4,903,626	-	-
Cash (used in)/generated from operations		(191,025,256)	5,672,363	8,655,082	(7,227,080)
Taxation paid		(9,657,059)	(4,221,782)	(105,324)	(135,184)
Interest received		603,543	651,897	46,068	7,636
Interest paid		(31,898,317)	(11,853,662)	-	-
Net cash (used in)/generated from operating activities		(231,977,089)	(9,751,184)	8,595,826	(7,354,628)

Statements of Cash Flows

For the financial year ended 31 December 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash flows from investing activities					
Additions of land held for property development		(23,634,225)	(26,739,183)	-	-
Purchase of property, plant and equipment		(164,463)	(125,749)	-	-
Purchase of investment properties		(5,556,198)	(41,581,398)	-	-
Subscription of additional shares in existing subsidiary companies		-	-	(140,000)	(5,999,998)
Acquisition of a subsidiary, net of cash acquired		60,000	-	-	-
Net proceeds from disposal of property, plant and equipment		83,000	-	-	-
Net cash used in investing activities		(29,211,886)	(68,446,330)	(140,000)	(5,999,998)
Cash flows from financing activities					
Dividend paid	30	(3,328,899)	(4,993,349)	(3,328,899)	(4,993,349)
Repayment of finance lease liabilities		(34,471)	(73,889)	-	-
Repayment of borrowings		(39,643,632)	(29,907,799)	(18,486,556)	-
Fixed deposits pledged to licensed banks		22,684,168	(21,973,975)	-	-
Proceeds from issuance of RCPS		40,000,000	-	40,000,000	-
Drawdown from borrowings		254,659,297	145,737,764	-	18,550,850
Net cash generated from financing activities		274,336,463	88,788,752	18,184,545	13,557,501
Net increase in cash and cash equivalents		13,147,488	10,591,238	26,640,371	202,875
Cash and cash equivalents at beginning of the financial year		21,730,907	4,456,784	674,797	471,922
Effect of exchange rate changes		8,381,626	6,682,885	-	-
Cash and cash equivalents at end of the financial year		43,260,021	21,730,907	27,315,168	674,797
Cash and cash equivalents at end of the financial year comprises:					
Cash and bank balances		16,959,976	18,710,543	4,284,056	646,360
Cash held under Housing Development Accounts	14	3,262,810	3,049,596	-	-
Fixed deposits with licensed banks	15	27,506,240	27,187,733	23,031,112	28,437
Bank overdrafts	20	-	(63,792)	-	-
		47,729,026	48,884,080	27,315,168	674,797
Less: Fixed deposits pledged with licensed banks	15	(4,469,005)	(27,153,173)	-	-
		43,260,021	21,730,907	27,315,168	674,797

The accompanying notes form an integral part of the financial statements

1. Corporate Information

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies are set out in Note 4 to the financial statements.

The Company is a public limited liability company, incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Lot No. C-10, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan.

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors dated 10 April 2015.

2. Basis of Preparation and Significant Accounting Policies

(a) Basis of Preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

Amendments to accounting standards and interpretations that are effective for the Group and the Company's financial year beginning on or after 1 January 2014 are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 127, "Investment Entities"
- Amendments to MFRS 132, "Financial Instruments: Presentation"
- Amendments to MFRS 139, "Novation of Derivatives and Continuation of Hedge Accounting"
- IC Interpretation 21, "Levies"

The above amendments to accounting standards and interpretations effective during the financial year do not have any significant impact to the financial results and position of the Group and the Company.

Accounting standards and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 July 2014

<u>Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards</u>

The Amendment relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

2. Basis of Preparation and Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Annual periods beginning on/after 1 July 2014 (continued)

Amendment to MFRS 2 Share-based payment

The Amendment clarifies the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendment to MFRS 3 Business combination

The Amendment clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendment to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

Amendment to MFRS 8 Operating segments

The Amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. It also clarifies that reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

Amendment to MFRS 13 Fair value measurement

The Amendment relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when MFRS 13 was issued, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The Amendment also clarifies that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

Amendment to MFRS 116 Property, plant and equipment and MFRS 138 Intangible Assets

The Amendment clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

2. Basis of Preparation and Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Annual periods beginning on/after 1 July 2014 (continued)

Amendments to MFRS 119 Employee Benefits

These Amendments provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service. However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit.

Amendment to MFRS 124 Related Party Disclosures

The Amendment extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Amendment to MFRS 140 Investment Property

The Amendment clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

Annual periods beginning on/after 1 January 2016

Amendments to MFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

The Amendments introduce specific guidance in MFRS 5 for when an entity reclassifies an asset (or disposal group) from held-for-sale to held-for-distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

The Amendments provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7. The Amendments also clarify the applicability of Amendments to MFRS 7, Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

The Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the Amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not), as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Amendments to MFRS 11 Joint Arrangements

These Amendments clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses.

2. **Basis of Preparation and Significant Accounting Policies (continued)**

(a) Basis of Preparation (continued)

Annual periods beginning on/after 1 January 2016 (continued)

Amendments to MFRS 101 Presentation of Financial Statements

The Amendments aim to improve the effectiveness of disclosures and are designed to encourage companies to apply professional judgement in determining the information (including where and in what order) to be disclosed in the financial statements.

Amendments to MFRS 116 Property, plant and equipment

These Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not, as a matter of principle, reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

The Amendment clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. The Amendment also clarifies that the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

The Amendments allow a parent and investors to use the equity method in its separate financial statement to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 134 Interim Financial Reporting

The Amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' as used in MFRS 134. The Amendment requires such disclosures to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

Amendments to MFRS 138 Intangible assets

These Amendments to MFRS 138 introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. This presumption can be overcome only in the limited circumstances:

- in which the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Annual periods beginning on/after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

The Standard provides clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. Under MFRS 15, an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Extensive disclosures are required to provide greater insight into both revenue that has been recognised, and revenue that is expected to be recognised in the future from existing contracts.

2. Basis of Preparation and Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Annual periods beginning on/after 1 January 2018

MFRS 9 Financial Instruments

This Standard addresses the classification, measurement and recognition of financial assets and financial liabilities.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The Standard introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, thereby removing a source of complexity associated with previous accounting requirements. If a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the balance sheet, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the balance sheet.

The Standard introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, it requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model is forward-looking and it eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

In addition, the Standard introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. As a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The Group is in the process of assessing the impact of MFRS 9 and MFRS 15 in the year of initial application. Aside from the above mentioned, the adoption of the accounting standards and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and the Company.

Accounting standards and amendments to accounting standards that are not relevant and not yet effective for the Group and the Company are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 128, "Investment Entities: Applying the Consolidation Exception"
- MFRS 14, "Regulatory Deferral Accounts"
- Amendments to MFRS 116 and MFRS 141, "Agriculture: Bearer Plants"

(b) Functional and presentation currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

2. Basis of Preparation and Significant Accounting Policies (continued)

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Revenue recognition of construction contracts

The Group recognises revenue from construction activities and the related expenses in the profit or loss by using the percentage of completion method. The percentage of completion is determined by the proportion that contract costs incurred for work performed to-date compared to the estimated total contract costs.

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs as well as the recoverability of the construction contracts. Total contract revenue also includes an estimation of variation works those are recoverable from customers. In making the judgement, the Group evaluates by relying on past experience, industry practices and the work of specialists.

(ii) Depreciation of property, plant and equipment

The costs of property, plant and equipment are depreciated on a straight-line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of the property, plant and equipment as stated in Note 2(g). These are common life expectancies applied in the industries. 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.

(iii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Deferred tax asset

Deferred tax asset is recognised for unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits.

(v) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of the business.

2. Basis of Preparation and Significant Accounting Policies (continued)

(c) Significant accounting estimates and judgements (continued)

(vi) Provisions for liquidated and ascertained damages

As at the end of the reporting period, there were provisions for liquidated and ascertained damages ("LAD") recognised in respect of projects undertaken by certain subsidiaries based on expected LAD claims based on the terms of the applicable sales and purchase agreements. Significant judgement is required in determining the amount of provision for LAD to be made. The Group evaluates the amount of provision required based on past experience, industry norm and the results from continuous dialogues held with the affected purchasers who are seeking indulgence and extension of time to complete the affected projects and waive their LAD claim.

(vii) Impairment of non-financial assets

The Group assesses whether its non-financial assets, which include property, plant and equipment, land held for property development and investment properties have any indicators for impairment at the end of the reporting date. When such indicators exist, the non-financial assets are impaired by evaluating the extent to which the recoverable amount of these assets are less than their cost. Methods used to determine the recoverable amount includes evaluation of valuation reports and discounted cash flows. Significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's test for impairment of assets.

(viii) Borrowing costs

The Group has a policy to capitalise 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, as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Directors are satisfied that the capitalisation of borrowing costs on property development projects relate mainly to projects whose activities are currently in progress to prepare the project for its intended sale. All other borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

(ix) Inventories

The Group prepares estimates of budgeted costs and selling price for its property development projects based on the following key assumptions:

- the property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis; and
- the selling price of properties under development has been projected based on prevailing market values of the location and type of properties under development.

Any revision to estimates above that could affect the net realisable value of the properties under development are recognised in the year in which the estimate is revised and in any future years affected.

(x) Impairment of financial assets

The impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. This is determined based on the ageing profile, expected collection patterns of individual receivable balances, credit quality and credit losses incurred. Management carefully monitors the credit quality of receivable balances and makes estimates about the amount of credit losses that have been incurred at each financial statements reporting date. Any changes to the ageing profile, collection patterns, credit quality and credit losses can have an impact on the impairment recorded.

2. **Basis of Preparation and Significant Accounting Policies (continued)**

(c) Significant accounting estimates and judgements (continued)

(xi) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Basis of consolidation for subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

2. Basis of Preparation and Significant Accounting Policies (continued)

(e) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(f) Goodwill on consolidation

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(g) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

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.

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

2. Basis of Preparation and Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment.

Leasehold land is amortised on a straight line method over the period of the lease. All other property, plant and equipment are depreciated on a straight-line method at rates calculated to write off the cost of the assets to their residual values over their estimated useful lives as follows:

Leasehold land	99 years
Buildings	50 years
Plant and machinery	5 - 10 years
Furniture, fittings and equipment	5 - 13 years
Motor vehicles	5 years
Container store and cabin	5 - 10 years
Office renovation	10 years

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

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 2(j).

(h) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business. Investment properties include properties that are being constructed or developed for future use.

Investment property is measured initially at cost, including related transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset (see accounting policy Note 2(q) on capitalisation of borrowing costs).

After initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses. Investment properties under construction are not depreciated. Other investment property includes a leasehold land which is depreciated on a straight-line basis to allocate the cost to their residual values over their estimated useful life of 77 years.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

2. Basis of Preparation and Significant Accounting Policies (continued)

(i) Leases as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(j) Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. 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 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.

(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 bank overdrafts and pledged deposits.

2. Basis of Preparation and Significant Accounting Policies (continued)

(l) Construction contracts

Construction contracts are stated at cost plus the attributable profits less applicable progress billings and provision for foreseeable losses, if any. When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the proportion that contract cost incurred for the work performed to date as a percent of the estimated contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and 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.

Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(m) Land held for property development

Land held for property development consists of land held for future development activities where no significant development has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(j).

Land held for property development is reclassified as inventories – properties under development when the development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(n) Inventories

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

Developed properties held for sale

Developed properties which represent completed units held for sale are stated at the lower of cost and net realisable value. Cost consist of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

2. **Basis of Preparation and Significant Accounting Policies (continued)**

(n) Inventories (continued)

Finished goods

Inventories are valued at the lower of cost and net realisable value after adequate allowances has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using the weighted average cost method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity.

(o) Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

(p) Deferred revenue

Deferred revenue refers to progress billings net of discount attributable to the sale of properties under development for which the said properties under development have yet to be delivered.

(q) Borrowing costs

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.

(r) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. **Basis of Preparation and Significant Accounting Policies (continued)**

(s) Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit and loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely 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 through the translation reserve.

(t) Equity instruments

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. Basis of Preparation and Significant Accounting Policies (continued)

(u) Redeemable cumulative preference shares

Preferred shares, which are redeemable on a specific date or at the option of the holder which carry non-discretionary dividend obligations are classified as liabilities. The dividends on the preferred shares are recognised in profit or loss using the effective interest rate method as finance costs.

(v) Revenue recognition

Property development

Revenue from property development is measured at the fair value of the consideration receivable and is recognised, in the profit or loss when significant risks and rewards of ownership have been transferred to the buyers based on the following key considerations:

- the risks and rewards of the properties under development passes to the buyers on delivery in its entirety at a single time on vacant possession and not continuously as construction progresses;
- the Group entities maintain control over the properties under development during the construction period, i.e. the Group entities retain the obligation to construct the property in accordance with terms of the Sale and Purchase Agreement and correspondingly, construction risks is retained with the Group entities;
- the Sale and Purchase Agreement does not give the right to the buyers to take over the work in progress during construction;
- the buyers have limited ability to influence the design of the property; and
- title passes to buyers on vacant possession.

Construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total costs incurred to date over the estimated total project costs.

Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership have been transferred to the buyers.

Revenue from services rendered is recognised in profit or loss upon performance of services and is measured at the fair value of the consideration receivable.

Rental and interest income

Rental income and interest income are recognised on an accrual basis.

Dividend income

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

2. Basis of Preparation and Significant Accounting Policies (continued)

(w) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(x) Financial assets

(i) Classification

The Group classifies its financial assets based on the purpose for which the financial assets were acquired at initial recognition in the following categories:

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.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

2. Basis of Preparation and Significant Accounting Policies (continued)

(x) Financial assets (continued)

(i) Classification (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement

Gains and losses

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. Impairment losses and exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in profit or loss. Dividend income on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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.

2. Basis of Preparation and Significant Accounting Policies (continued)

(x) Financial assets (continued)

(iii) Subsequent measurement (continued)

Impairment of financial assets (continued)

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 other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a financial asset measured at amortised cost and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(iv) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

(y) Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as 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.

2. **Basis of Preparation and Significant Accounting Policies (continued)**

(z) Offsetting financial liabilities

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(aa) Employee benefits

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 if the Company 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.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

(ab) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

3. Property, plant and equipment

Group	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
2014								
Cost								
At 1.1.2014	29,799	668,331	938,272	1,493,199	1,445,474	26,050	614,222	5,215,347
Additions	-	-	4,600	153,263	-	6,600	-	164,463
Disposals	-	-	-	-	(532,901)	-	-	(532,901)
At 31.12.2014	29,799	668,331	942,872	1,646,462	912,573	32,650	614,222	4,846,909
Accumulated depreciation								
At 1.1.2014	5,872	73,492	851,349	1,112,105	1,315,843	10,492	405,236	3,774,389
Charge for the financial year	319	13,332	21,570	150,950	24,452	3,240	61,025	274,888
Disposals	-	-	-	-	(532,901)	-	-	(532,901)
At 31.12.2014	6,191	86,824	872,919	1,263,055	807,394	13,732	466,261	3,516,376
Carrying amount								
At 31.12.2014	23,608	581,507	69,953	383,407	105,179	18,918	147,961	1,330,533
2013								
Cost								
At 1.1.2013	29,799	668,331	935,372	1,370,350	1,445,474	26,050	614,222	5,089,598
Additions	-	-	2,900	122,849	-	-	-	125,749
At 31.12.2013	29,799	668,331	938,272	1,493,199	1,445,474	26,050	614,222	5,215,347
Accumulated depreciation								
At 1.1.2013	5,553	60,158	822,520	997,336	1,228,910	7,927	343,814	3,466,218
Charge for the financial year	319	13,334	28,829	114,769	86,933	2,565	61,422	308,171
At 31.12.2013	5,872	73,492	851,349	1,112,105	1,315,843	10,492	405,236	3,774,389
Carrying amount								
At 31.12.2013	23,927	594,839	86,923	381,094	129,631	15,558	208,986	1,440,958

Included in the property, plant and equipment of the Group are motor vehicles acquired under finance leases with carrying amount of RM105,179 (2013: RM129,631).

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM	Computers RM	Office renovation RM	Total RM
2014				
Cost				
At 1.1.2014/ 31.12.2014	377,618	322,298	614,222	1,314,138
Accumulated depreciation				
At 1.1.2014	245,841	296,049	404,837	946,727
Charge for the financial year	34,745	9,335	61,422	105,502
At 31.12.2014	280,586	305,384	466,259	1,052,229
Carrying amount				
At 31.12.2014	97,032	16,914	147,963	261,909
2013				
Cost				
At 1.1.2013/ 31.12.2013	377,618	322,298	614,222	1,314,138
Accumulated depreciation				
At 1.1.2013	209,149	272,471	343,415	825,035
Charge for the financial year	36,692	23,578	61,422	121,692
At 31.12.2013	245,841	296,049	404,837	946,727
Carrying amount				
At 31.12.2013	131,777	26,249	209,385	367,411

4. Investment in Subsidiary Companies

Company	In Malaysia RM	Outside Malaysia RM	Total RM
2014			
Unquoted shares, at cost			
At 1 January	58,209,909	99,460,400	157,670,309
Additions during the financial year	140,000	-	140,000
At 31 December	58,349,909	99,460,400	157,810,309
2013			
Unquoted shares, at cost			
At 1 January	52,209,911	99,460,400	151,670,311
Additions during the financial year	5,999,998	-	5,999,998
At 31 December	58,209,909	99,460,400	157,670,309

4. **Investment in Subsidiary Companies (continued)**

	Company 2014 RM	Company 2013 RM
Represented by:		
Ordinary shares	157,809,309	157,669,309
Redeemable preference shares	1,000	1,000
	157,810,309	157,670,309

(a) The subsidiary companies and shareholdings therein are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%) 2014	Effective ownership and voting interest (%) 2013	Principal activities
Direct holding:				
Dunia Epik Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Magna Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Kontrakmal 1 (M) Sdn. Bhd.	Malaysia	100	100	Dormant
Crossborder Team (M) Sdn. Bhd.	Malaysia	100	100	Property development
Everhall (M) Sdn. Bhd.	Malaysia	100	100	Property investment
33 Sentral Park Sdn. Bhd.	Malaysia	100	100	Property development
Twinicon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Winicon (M) Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Magna Mix Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in ready mixed concrete
Prima Awan (M) Sdn. Bhd.	Malaysia	100	100	Property management

4. **Investment in Subsidiary Companies (continued)**

(a) The subsidiary companies and shareholdings therein are as follows (continued):

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%) 2014	2013	Principal activities
Direct holding (continued):				
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna City Shah Alam Sdn. Bhd.	Malaysia	100	100	Dormant
Magna City Development Sdn. Bhd.	Malaysia	100	100	Property development
Permata Juang (M) Sdn. Bhd.	Malaysia	100	100	Property development
Monetary Icon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Magna Prima Australia Pty Ltd*	Australia	100	100	Property development
Pavilion Uptrend Sdn. Bhd.	Malaysia	70	-	Property development
Subsidiary of Dunia Epik Sdn. Bhd.				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Subsidiaries of Magna Prima Development Sdn. Bhd.				
Magna Park Sdn. Bhd.	Malaysia	91	91	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	70	70	Property development
Subsidiary of Magna Prima Construction Sdn. Bhd.				
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management
Subsidiaries of Magna Park Sdn. Bhd.				
Embassy Court Sdn. Bhd.	Malaysia	91	91	Property development
Amanabina Sdn. Bhd.	Malaysia	91	91	Property development and project management services

4. Investment in Subsidiary Companies (continued)

(a) The subsidiary companies and shareholdings therein are as follows (continued):

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%) 2014	2013	Principal activities
Subsidiaries of Winicon (M) Sdn. Bhd.				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	91	91	Property development and property investment

* Audited by another member firm of Morison International which is a separate and independent legal entity from Morison Anuarul Azizan Chew.

(b) During the financial year, the Company acquired 70% of the issued and paid up share capital in Pavilion Uptrend Sdn. Bhd. ("Pavilion Uptrend") comprising 140,000 ordinary shares of RM1.00 each fully paid up for total cash consideration of RM140,000. Datuk Wira Rahadian Mahmud Bin Mohammad Khalil, the Group Managing Director of the Company has acquired the remaining 30% of the issued and paid up share capital of Pavilion Uptrend. The acquisition above has no significant impact to the Group and the Company during the financial year.

(c) In the previous financial year, a subsidiary company, Everhall (M) Sdn Bhd had increased its issued and paid up share capital from 2 ordinary shares of RM1.00 each to 6,000,000 ordinary shares of RM1.00 by way of allotment and issuance of 5,999,998 new ordinary shares of RM 1.00 each which were fully subscribed by the Company.

(d) Non-controlling interests ("NCI") in subsidiaries

	Magna Park Sdn. Bhd. and its subsidiaries		Magna Ecocity Sdn. Bhd.	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-current assets	6,207	19,636	119,264,669	105,130,999
Current assets	42,099,504	54,078,672	25,523	7,967,329
Non-current liabilities	(1,000)	(1,000)	(40,768,649)	(70,551,289)
Current liabilities	(72,408,222)	(73,562,279)	(48,090,338)	(10,944,133)
Net assets	(30,303,511)	(19,464,971)	30,431,205	31,602,906
Carrying amount of NCI as at 31 December	(2,821,257)	(1,812,189)	9,129,362	9,480,872
Revenue	-	175,000	-	-
Loss/Total comprehensive expense during the financial year	(10,838,540)	(31,604,364)	(1,171,701)	(59,813)
Loss/Total comprehensive expense allocated to NCI during the financial year	(1,009,068)	(2,942,366)	(351,510)	(17,944)

4. **Investment in Subsidiary Companies (continued)**

(d) Non-controlling interests ("NCI") in subsidiaries (continued)

	Magna Park Sdn. Bhd. and its subsidiaries		Magna Ecocity Sdn. Bhd.	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Cash flows from operating activities	(226,405)	858,774	21,484	2,139
Net (decrease)/increase in cash and cash equivalents	(226,405)	858,774	21,484	2,139
Ownership interest and voting rights percentage held by NCI	9%	9%	30%	30%

5. **Investment Properties**

	Group		
	Investment properties under construction RM	**Leasehold Land RM**	**Total RM**
2014			
Cost			
At 1 January	41,915,334	6,208,800	48,124,134
Additions	7,159,668	-	7,159,668
At 31 December	49,075,002	6,208,800	55,283,802
Accumulated depreciation			
At 1 January	-	80,634	80,634
Charge for the financial year	-	80,634	80,634
At 31 December	-	161,268	161,268
Carrying amount	49,075,002	6,047,532	55,122,534
Fair value	*	7,400,000	

5. **Investment Properties (continued)**

	Group		
	Investment properties under construction RM	Leasehold Land RM	Total RM
2013			
Cost			
At 1 January	-	-	-
Additions	41,915,334	-	41,915,334
Transfers from non-current assets held for sale	-	5,187,540	5,187,540
Transfers from other receivables	-	1,021,260	1,021,260
At 31 December	41,915,334	6,208,800	48,124,134
Accumulated depreciation			
At 1 January	-	-	-
Charge for the financial year	-	80,634	80,634
At 31 December	-	80,634	80,634
Carrying amount	41,915,334	6,128,166	48,043,500
Fair value	*	7,400,000	

* Investment properties under construction includes the construction of a shopping mall and a supermarket located in Jalan Kuching, targeted for completion by quarter 2, 2016. The fair value of these properties cannot be measured reliably due the lack of comparable property transactions or information on the comparable properties' occupancy rate and rental yields within the vicinity. Therefore, the fair value for investment properties under construction is not presented.

Investment properties under construction with a carrying amount of RM49,075,002 (2013: RM41,915,334) have been pledged to secure banking facilities granted to the Group.

Included in investment properties under construction of the Group is capitalised borrowing costs of RM2,075,003 (2013: RM471,533) incurred during the financial year.

6. **Land Held For Property Development**

	Group			
	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
2014				
At 1 January 2014	48,479,360	123,027,100	8,295,714	179,802,174
Additions	-	-	28,827,634	28,827,634
Transfers to inventories	-	(123,027,100)	(20,589,693)	(143,616,793)
At 31 December 2014	48,479,360	-	16,533,655	65,013,015

6. Land Held For Property Development (continued)

	Group			
	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
2013				
At 1 January 2013	48,479,360	100,000,000	5,604,891	154,084,251
Additions	-	23,027,100	2,690,823	25,717,923
At 31 December 2013	48,479,360	123,027,100	8,295,714	179,802,174

Land held for property development with a carrying amount of RM65,013,015 (2013: RM179,802,174) have been pledged to secure banking facilities granted to the Group.

7. Goodwill on Consolidation

	Group	
	2014 RM	2013 RM
At 1 January	3,269,146	3,269,146
Less: Impairment loss	(3,269,146)	-
At 31 December	-	3,269,146

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the property development division as an independent CGU.

8. Deferred taxation

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets	11,625,213	14,489,108	-	-
Deferred tax liabilities	(34,401)	(44,588)	(34,401)	(44,588)
	11,590,812	14,444,520	(34,401)	(44,588)
At 1 January	14,444,520	6,463,312	(44,588)	(31,634)
Recognised in profit or loss:				
- property, plant and equipment	31,985	(47,248)	10,187	-
- deferred revenue	(2,450,472)	7,039,897	-	-
- unutilised tax losses	3,076	(1,151,953)	-	(12,954)
- provisions and others	(349,959)	2,228,256	-	-
	(2,765,370)	8,068,952	10,187	(12,954)
Exchange differences	(88,338)	(87,744)	-	-
At 31 December	11,590,812	14,444,520	(34,401)	(44,588)

8. Deferred taxation (continued)

The components of deferred tax assets and liabilities of the Group and the Company during the financial year prior to offsetting are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Deferred tax assets:				
- deferred revenue	8,240,097	10,690,569	-	-
- unutilised tax losses	1,637,670	1,677,061	-	-
- provisions and others	1,772,896	2,168,726	-	-
	11,650,663	14,536,356	-	-
Offsetting	(25,450)	(47,248)	-	-
Net deferred tax assets	11,625,213	14,489,108	-	-
Deferred tax liabilities:				
- property, plant and equipment	59,851	91,836	34,401	44,588
Offsetting	(25,450)	(47,248)	-	-
Net deferred tax liabilities	34,401	44,588	34,401	44,588

Deferred tax assets have not been recognised for the following items:

	2014 RM	2013 RM
Deductible temporary differences	29,315,228	5,548,037
Unutilised tax losses	43,943,694	21,640,319
	73,258,922	27,188,356
Deferred tax assets not recognised at 25%	18,314,731	6,797,089

9. Trade Receivables

	Group	
	2014 RM	2013 RM
Trade receivables	31,404,864	19,353,967
Accrued billings from completed projects	58,840	3,431,344
Retention sum	4,130,985	9,395,727
	35,594,689	32,181,038
Less: Impairment loss	(9,245,371)	(2,575,753)
	26,349,318	29,605,285
Analysed as:		
Non-current assets	2,469,002	5,062,300
Current assets	23,880,316	24,542,985
	26,349,318	29,605,285

9. Trade Receivables (continued)

The ageing analysis of trade receivables are as follows:

	Group 2014 RM	Group 2013 RM
Neither past due or impaired	6,453,125	15,465,740
1 - 90 days past due but not impaired	3,367,874	-
91 - 180 days past due but not impaired	12,397,334	-
181 days - 365 days past due but not impaired	-	-
More than 365 days past due but not impaired	4,130,985	6,923,099
	19,896,193	6,923,099
Individually impaired	9,245,371	9,792,199
	35,594,689	32,181,038

The Group's normal trade credit terms range from 30 to 120 days (2013: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group's trade receivables of RM9,245,371 (2013: RM9,792,199) were individually impaired. The individually impaired receivables mainly relate to customers from trading activities which are facing difficulties in cash flows. As at 31 December 2014, the impairment loss for these receivables is RM9,245,371 (2013: RM2,575,753).

The Group's trade receivables of RM19,896,193 (2013: RM6,923,099) that are past due at the reporting date but not impaired. These balances consist of amount owing by the end buyers who have obtained end financing to fund their purchases of the Group's properties or represent refundable stakeholders sum arising from the sales of properties which are held in trust by the end buyers' solicitors. These balance also include other independent customers for whom there is no recent history of default.

Movements on the provision for impairment of trade receivables are as follows:

	Group 2014 RM	Group 2013 RM
At 1 January	2,575,753	5,253,232
Provision made during the financial year	7,088,310	2,545,279
Written off	(418,692)	(5,222,758)
At 31 December	9,245,371	2,575,753

10. Inventories

	Group 2014 RM	Group 2013 RM
Developed properties held for sale	3,497,174	3,497,174
Properties under development	709,226,660	434,570,167
	712,723,834	438,067,341
Finished goods	111,097	194,146
	712,834,931	438,261,487

10. Inventories

The movements of developed properties held for sale are as follows:

	Group 2014 RM	Group 2013 RM
At 1 January	3,497,174	10,079,550
Transfer from completed development	-	4,352,598
Sales of properties	-	(10,934,974)
At 31 December	3,497,174	3,497,174

The movements of properties under development are as follows:

	Group 2014 RM	Group 2013 RM
Freehold land, at cost	183,212,960	188,724,857
Leasehold land, at cost	1,360,782	1,811,104
Planning, survey and strata titles fees	114,503	153,777
Development and construction cost	249,881,922	244,721,294
At 1 January	434,570,167	435,411,032
Transfers from land held for property development (Note 6):		
- Leasehold land at cost	123,027,100	-
- Development expenditure	20,589,693	-
	143,616,793	-
Cost incurred during the financial year:		
- Acquisition of land	-	18,550,850
- Authority contributions	5,989,609	3,213,482
- Professional fees	2,154,613	4,445,466
- Building and construction	183,512,372	79,110,734
- Sales and marketing	350,000	-
- Finance costs	18,458,655	5,824,418
- Project management fee	5,269,931	826,186
	215,735,180	111,971,136
Cost recognised as an expense during the financial year	(74,640,132)	(82,049,532)
Transfers to developed properties held for sale	-	(4,352,598)
Reclassified to other receivables	-	(11,686,651)
Translation differences	(10,055,348)	(14,723,220)
At 31 December	709,226,660	434,570,167

Cost incurred during the financial year is derived after charging:

	Group 2014 RM	Group 2013 RM
Rental of equipment	11,104	-
Rental of vehicle, plant & machinery	2,053,468	94,491

Properties under development included above with a carrying amount of RM540,803,119 (2013: RM227,711,101) have been pledged to secure banking facilities granted to the Group.

11. Amount Owing by Customers on Contracts

	Group	
	2014 RM	2013 RM
Contract costs	229,037,342	360,010,482
Attributable profits	55,480,236	48,984,484
	284,517,578	408,994,966
Progress billings including retention sum	(282,460,981)	(406,639,271)
	2,056,597	2,355,695
Represented by:		
Amount owing by customer on contracts	2,056,597	2,355,695

12. Other Receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	4,161,637	9,594,407	2,150,767	2,150,767
Deposits	49,593,651	36,070,278	125,580	272,180
Prepayments	12,201,464	81,301,606	60,000	-
	65,956,752	126,966,291	2,336,347	2,422,947
Less: Impairment loss	(1,741,267)	(1,741,267)	(1,741,267)	(1,741,267)
	64,215,485	125,225,024	595,080	681,680

Movements on the provision for impairment of other receivables are as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
At 1 January/ 31 December	1,741,267	1,741,267	1,741,267	1,741,267

Included in prepayments are part-payments and other costs incurred in relation to the acquisition of land amounting to RM11,853,202 (2013: RM81,012,767).

13. Amount Owing by/(to) Subsidiary Companies

These represent unsecured, interest-free advances and are repayable on demand.

14. Cash Held Under Housing Development Accounts

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act 1966. The effective interest rate on the above ranges from 1.90% to 2.15% (2013: 1.99% to 2.15%).

15. Fixed Deposits Placed with Licensed Banks

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed deposits pledged with licensed banks	4,469,005	27,153,173	-	-
Other short term deposits	23,037,235	34,560	23,031,112	28,437
	27,506,240	27,187,733	23,031,112	28,437

Fixed deposits pledged to licensed banks are secured for bank guarantee and bank overdrafts facilities granted to the Group as disclosed in Note 20 to the financial statements.

The effective interest rates and maturities of deposits range from 1.8% to 3.3% (2013: 1.8% to 3%) per annum and 1 to 365 days (2013: 1 to 365 days) respectively.

16. Asset classified as held for sale

	Group	
	2014 RM	2013 RM
Freehold land:		
At 1 January	-	-
Additions	171,181,624	-
At 31 December	171,181,624	-

The above represents a freehold land being classified as held for sale following the commitment of management's plan to sell the freehold land. Efforts to sell the land have commenced and a sale is expected to be completed within the next 12 months.

17. Trade Payables

	Group	
	2014 RM	2013 RM
Trade payables	87,738,140	92,957,922
Retention sum payables	10,663,441	12,530,074
	98,401,581	105,487,996
Analysed as:		
Current liabilities	92,957,468	98,639,363
Non-current liabilities	5,444,113	6,848,633
	98,401,581	105,487,996

The Group's normal trade credit terms range from 30 to 120 days (2013: 30 to 120 days).

Included in trade payables is an amount of RM46,489,138 (2013: RM18,718,966) recognised in relation to the Group's pending material litigation as disclosed in Note 39 to the financial statements.

18. Other Payables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other payables	52,470,233	11,684,474	3,993	34,908
Provision for liquidated and ascertained damages	3,586,913	1,502,903	-	-
Refundable deposits	2,109,994	6,907,976	-	-
Accruals	26,408,904	21,990,325	794,206	32,000
	84,576,044	42,085,678	798,199	66,908

Included in accruals is an amount of RM11,013,942 (2013: Nil) recognised in relation to the Group's pending material litigation as disclosed in Note 39 to the financial statements.

The movement in the Group's provisions for liquidated and ascertained damages are as follows:

	Group	
	2014 RM	2013 RM
At 1 January	1,502,903	2,178,082
Provisions for liquidated and ascertained damages	3,791,903	32,677
Payments made	(1,285,892)	(209,778)
Overprovision of liquidated and ascertained damages	(422,001)	(498,078)
At 31 December	3,586,913	1,502,903

Provision for liquidated and ascertained damages is recognised in respect of late delivery of projects undertaken by certain subsidiaries. The provision has been recognised for the expected liquidated and ascertained damages claims based on the applicable terms and conditions stated in the sale and purchase agreements.

19. Deferred Revenue

	Group	
	2014 RM	2013 RM
Progress billing to-date	267,659,967	269,610,026

Deferred revenue relates to progress billing net of discounts for which the final goods have yet to be delivered.

20. Borrowings

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Current				
Secured:				
Bridging loan	119,151,662	18,486,556	-	18,486,556
Term loans	292,436,180	14,750,000	-	-
Bank overdrafts	-	63,792	-	-
Banker acceptances	14	1,013,000	-	-
Mezzanine loan	-	4,991,281	-	-
Finance lease liabilities	36,393	37,434	-	-
	411,624,249	39,342,063	-	18,486,556
Non-current				
Secured:				
Term loans	91,638,947	246,833,805	-	-
Finance lease liabilities	64,906	101,300	-	-
	91,703,853	246,935,105	-	-
	503,328,102	286,277,168	-	18,486,556

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Secured:				
Bridging loan	119,151,662	18,486,556	-	18,486,556
Term loans	384,075,127	261,583,805	-	-
Bank overdrafts	-	63,792	-	-
Banker acceptances	14	1,013,000	-	-
Mezzanine loan	-	4,991,281	-	-
Finance lease liabilities	101,299	138,734	-	-
	503,328,102	286,277,168	-	18,486,556

The above credit facilities obtained are secured on the following:

(a) Assignment of surplus fund in the Housing Development Account of certain subsidiary companies;
(b) Assignment of Project Account for development of certain subsidiary companies;
(c) Trade financing general agreement;
(d) Letter of negative pledge;
(e) Blanket counter indemnity;
(f) Fixed charge and Private Caveat on investment properties under development and certain parcels of the projects' development freehold and leasehold land as stated in Note 5, Note 6 and Note 10 to the financial statements;
(g) A registered Debenture covering a first fixed and floating charge for RM222,990,000 (2013: RM222,990,000) on all current and future assets of certain subsidiary companies;
(h) Fixed deposits pledge of certain subsidiary companies of the Group; and
(i) Corporate guarantee for the subsidiary companies' borrowings by the Company.

The Group's term loans are repayable by monthly, quarterly or semi-annual instalments over 1 to 17 years (2013: 1 to 17 years).

21. Redeemable Cumulative Preference Shares

	Group/Company			
	2014		2013	
	Number of shares	Amount RM	Number of shares	Amount RM
Authorised				
Redeemable cumulative preference shares of RM0.01 each:				
At 1 January	-	-	-	-
Created during the financial year	40,000,000	400,000	-	-
At 31 December	40,000,000	400,000	-	-
Issued and fully paid				
Redeemable cumulative preference shares of RM0.01 each:				
At 1 January	-	-	-	-
Issued during the final year	40,000,000	400,000	-	-
At 31 December	40,000,000	400,000	-	-

The redeemable cumulative preference shares are represented by:

	Group/Company	
	2014 RM	2013 RM
Nominal value	400,000	-
Share premium	39,600,000	-
	40,000,000	-

Details of the Redeemable Cumulative Preference Shares ("RCPS") are as follows:

(i) At an Extraordinary General Meeting ("EGM") held on 3 December 2014, the shareholders of the Company approved a resolution for the issuance of 40,000,000 new RCPS of RM0.01 each to Lembaga Tabung Angkatan Tentera ("LTAT") at an issue price RM1.00 per RCPS.

(ii) The maturity date of the RCPS shall be date occurring on the day immediately precedes the expiry of the 1 year of the date of issuance of the RCPS or if such date is not a day on which the stack market of the Exchange is open for trading in securities ("Market Day"), the next Market Day following such date ("Maturity Date").

(iii) The RCPS holder will not be entitled to participate in profits other than a right to receive a fixed preferential dividend at the rate of 16% per annum, calculated based on the total subscription price paid on each RCPS by the RCPS holder, to be paid in cash upon redemption of the RCPS.

(iv) On the Maturity Date, the RCPS holder will have the right to require the Company to redeem the outstanding RCPS based on its issue price and at the option of the RCPS holder, be paid:
(a) In cash;
(b) In-kind settlement of unsold units of a subsidiary company's properties in Australia; and/or
(c) Through issuance of new ordinary shares in the Company.

(v) The RCPS shall rank pari passu among themselves but in priority to all other classes of preference shares and/or ordinary shares in the Company in the event of any liquidation, dissolution or winding up of the Company, or upon a reduction of capital or other return of capital (other than a conversion, purchase or redemption of any RCPS or any share of any other class of redeemable shares).

22. Share Capital

	Group/Company			
	2014		2013	
	Number of shares	Amount RM	Number of shares	Amount RM
Authorised				
Ordinary shares of RM0.25 each:				
At 1 January	400,000,000	100,000,000	400,000,000	100,000,000
Created during the financial year	100,000,000	25,000,000	-	-
At 31 December	500,000,000	125,000,000	400,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.25 each:				
At 1 January/31 December	332,889,940	83,222,485	332,889,940	83,222,485

23. Reserves

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Non-distributable:				
Share premium	35,565,970	35,565,970	35,565,970	35,565,970
Foreign currency translation reserve	(10,180,059)	(8,418,001)	-	-
Capital reserve	19,706,095	19,706,095	-	-
Distributable:				
Retained profits	13,816,688	30,799,373	112,717,032	91,303,443
	58,908,694	77,653,437	148,283,002	126,869,413

(i) Share Premium

The share premium is not distributable by way of cash dividends but may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(ii) 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.

(iii) Capital Reserve

Capital reserve consist of a transfer from retained profits arising from bonus issue of shares in a subsidiary company and effect arising from deemed disposal of stakeholding in a subsidiary company. The capital reserve will be eliminated upon the disposal of the subsidiary company.

24. Revenue

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Sale of development properties	132,942,871	125,411,838	-	-
Construction contracts:				
- current year	-	13,404	-	-
- under/(over) recognised in prior year	4,834,826	(98,316)	-	-
Property management fee	666,396	849,948	-	-
Management fees	-	-	7,821,264	2,945,000
Dividend income	-	-	19,188,000	29,900,000
Trading and other income	4,108,717	9,724,827	-	-
	142,552,810	135,901,701	27,009,264	32,845,000

25. Cost of Sales

	Group 2014 RM	Group 2013 RM
Property development costs:		
- current year	74,640,132	92,984,506
- over recognised in prior year	(5,092,085)	(3,909,068)
Cost of inventories sold	3,650,851	9,235,105
Others	31,393,039	28,099
	104,591,937	98,338,642

Included in others are claim amounts recognised in relation to the Group's pending material litigation amounting to RM31,393,039 (2013: Nil) as disclosed in Note 39 to the financial statements.

26. (Loss)/Profit from operations

(Loss)/Profit from operations is derived after charging/(crediting):

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Auditors' remuneration:				
- current year	240,782	223,771	30,000	28,000
- under provision in prior year	20,423	13,885	2,000	4,000
Impairment loss of trade receivables	7,088,310	2,545,279	-	-
Depreciation on:				
- property, plant and equipment	274,888	308,171	105,502	121,692
- investment properties	80,634	80,634	-	-
Gain on disposal of property, plant and equipment	(83,000)	-	-	-
Impairment of goodwill on consolidation	3,269,146	-	-	-
Rental of:				
- equipment	53,317	450,000	8,326	10,716
- vehicle, plant & machinery	1,286,383	1,384,004	-	-
- premises	506,525	560,686	54,835	71,360
- land	99,000	177,625	-	-
Loss on initial measurement of trade receivables	-	541,036	-	-
Provision for liquidated and ascertained damages:				
- current year	3,791,903	32,677	-	-
- overprovision in prior year	(422,001)	(498,078)	-	-
Unrealised foreign exchange loss	2,791,750	2,685,304	-	-

26. (Loss)/Profit from operations (continued)

(Loss)/Profit from operations is derived after charging/(crediting)(continued):

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Finance income:				
- Interest income	(603,543)	(651,897)	(46,068)	(7,636)
- Unwinding of discount on trade receivables	(696,937)	(166,952)	-	-
Rental income	(262,350)	(485,014)	-	-

27. Finance Costs

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Interest expense on:				
Bridging loan and term loans	8,726,210	-	-	-
Unwinding of discount on trade payables	887,613	138,967	-	-
Finance lease liabilities	3,991	6,390	-	-
Bank overdrafts	2,607	2,583	-	-
Banker acceptances	41,892	57,472	-	-
Others	1,615	2,295	-	-
	9,663,928	207,707	-	-

28. Taxation

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Current taxation:				
- Current year	1,211,649	10,928,117	-	2,102,953
- Under/(Over) provision in prior year	4,014,622	1,439,649	(633,036)	-
	5,226,271	12,367,766	(633,036)	2,102,953
Deferred taxation (Note 8):				
- Origination and reversal of temporary differences	2,708,478	(7,074,325)	(10,830)	12,954
- Under/(Over) provision in prior year	56,892	(994,627)	643	-
	2,765,370	(8,068,952)	(10,187)	12,954
	7,991,641	4,298,814	(643,223)	2,115,907

28. Taxation (continued)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the prevailing tax rates in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2014 RM	**2013 RM**	**2014 RM**	**2013 RM**
Profit before taxation	(7,023,226)	19,260,610	24,099,265	61,038,470
Taxation at statutory tax rate of 25% (2013: 25%)	(1,755,807)	4,815,153	6,024,816	15,259,618
Effect of different tax rates in other countries	(304,732)	(195,064)	-	-
Income not subject to tax	-	-	(4,797,000)	(7,475,000)
Non-deductible expenses	3,161,848	1,680,678	204,199	78,069
Change in unrecognised deferred tax assets	2,818,818	(2,446,975)	-	-
Group relief	-	-	(1,442,845)	(5,746,780)
Under/(Over) provision of current taxation in prior year	4,014,622	1,439,649	(633,036)	-
(Over)/Under provision of deferred taxation in prior year	56,892	(994,627)	643	-
Taxation for the financial year	7,991,641	4,298,814	(643,223)	2,115,907

29. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated (loss)/profit after taxation attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014 RM	**2013 RM**
(Loss)/Profit for the financial year attributable to Owners of the Company	(13,653,786)	17,922,106
Weighted average number of ordinary shares issued	332,889,940	332,889,940
Basic earnings per share (sen)	(4.10)	5.38

(b) Fully diluted earnings per share

There are no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at the end of the reporting period.

30. Dividends

	Group/Company 2014 RM	Group/Company 2013 RM
Final dividend paid in respect of financial year ended 31 December 2013:		
1.0 sen per share single tier exempt dividend	3,328,899	-
Final dividend paid in respect of financial year ended 31 December 2012:		
1.5 sen per share single tier exempt dividend	-	4,993,349
	3,328,899	4,993,349

31. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group/Company 2014 RM	Group/Company 2013 RM
Company's Directors:		
Salaries and other emoluments	651,569	990,980
EPF	92,608	113,476
Socso	981	1,609
Bonus	49,000	213,000
Fees and meeting allowances	215,000	191,000
Estimated money value of benefits-in-kind	83,116	65,525
	1,092,274	1,575,590

32. Staff Information

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Staff costs (excluding Directors) comprise:				
charged to profit or loss	4,719,298	5,210,831	700,375	905,392
capitalised under Inventories				
- Properties under development	2,662,256	2,548,025	-	-
	7,381,554	7,758,856	700,375	905,392

Included in staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM745,978 and RM74,209 and (2013: RM649,263 and RM94,329) respectively.

33. Related Party Disclosures

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Company, other than key management personnel compensation, are as follows:

	Company	
	2014 RM	2013 RM
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	350,000	350,000
Dunia Epik Sdn. Bhd.	150,000	150,000
Embassy Court Sdn. Bhd.	500	500
Magna Prima Construction Sdn. Bhd.	350,000	350,000
MPrima (Shah Alam) Sdn. Bhd.	4,676,264	150,000
Monetary Icon (M) Sdn. Bhd.	150,000	150,000
Magna Shah Alam Sdn. Bhd.	150,000	150,000
Magna Mix Sdn. Bhd.	150,000	150,000
Pembinaan Contamaju-Infocast Sdn. Bhd.	40,000	40,000
Crossborder Team (M) Sdn. Bhd.	150,000	150,000
Ibsul Development (Sel) Sdn. Bhd.	150,000	150,000
Permata Juang (M) Sdn. Bhd.	150,000	150,000
Magna City Development Sdn. Bhd.	150,000	150,000
Magna Prima Development Sdn. Bhd.	350,000	350,000
Amanabina Sdn. Bhd.	500	500
Magna Ecocity Sdn. Bhd.	350,000	500
Magna City Shah Alam Sdn. Bhd.	500	500
Winicon (M) Sdn. Bhd.	500	500
Twinicon (M) Sdn. Bhd.	500	500
33 Sentral Park Sdn. Bhd.	150,000	150,000
Everhall (M) Sdn. Bhd.	500	500
Magna Park (Mentakab) Sdn. Bhd.	500	500
Kontrakmal 1 (M) Sdn. Bhd.	500	500
Prima Awan (M) Sdn. Bhd.	500	500
Magna Prima Australia Pty Ltd	350,000	350,000
Pavilion Uptrend Sdn. Bhd.	500	-
	7,821,264	2,945,000

Key management personnel are 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. Significant related party transactions with key management personnel is disclosed in Note 4(b) and Note 31.

34. Financial guarantees

	Company 2014 RM	2013 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:		
- Secured on assets of subsidiary companies	532,200,304	517,920,600
Guarantees given to trade payables for credit facilities of subsidiary companies		
- Unsecured	24,015,000	25,300,000
Limit of guarantees	556,215,304	543,220,600
Amount utilised by subsidiary companies	505,494,285	288,107,185

35. Segmental Reporting

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Properties	: Property development
Construction and Engineering	: Civil engineering and building construction
Manufacturing and Trading	: Manufacturing and trading in ready-mixed concrete
Others	: Investment holding and Property Management Services

Other non-reportable segments comprise operations to subsidiary companies which are dormant.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

35. Segmental Reporting (continued)

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Board of Directors.

2014	Properties RM	Construction and Engineering RM	Manufacturing and Trading RM	Others RM	Non-reportable Segments RM	Inter-segment eliminations RM	Total RM
Revenue							
External revenue	132,942,871	4,834,826	4,108,717	666,396	-	-	142,552,810
Inter-segment revenue	-	44,921,321	4,157,488	27,273,526	-	(76,352,335)	-
Total revenue	132,942,871	49,756,147	8,266,205	27,939,922	-	(76,352,335)	142,552,810
Results							
Finance income	1,233,627	18,696	-	48,157	-	-	1,300,480
Finance cost	(8,725,799)	(887,612)	(46,114)	(4,403)	-	-	(9,663,928)
Depreciation	(18,527)	(23,375)	(50,940)	(182,046)	(80,634)	-	(355,522)
Impairment of trade receivables	-	-	(7,088,310)	-	-	-	(7,088,310)
Taxation	(7,683,763)	(907,101)	-	599,223	-	-	(7,991,641)
Segment profit/(loss)	501,450	(43,803,288)	(7,336,063)	22,831,751	(143,965)	12,935,248	(15,014,867)
Assets							
Segment assets	1,283,660,939	77,394,946	4,243,252	515,099,860	73,964,587	(795,918,859)	1,158,444,725
Liabilities							
Segment liabilities	1,167,858,925	108,230,858	11,461,703	275,538,082	67,691,956	(620,835,580)	1,009,945,944
2013							
Revenue							
External revenue	125,411,838	(84,912)	9,724,827	849,948	-	-	135,901,701
Inter-segment revenue	-	26,433,299	2,392,667	33,117,087	-	(61,943,053)	-
Total revenue	125,411,838	26,348,387	12,117,494	33,967,035	-	(61,943,053)	135,901,701
Results							
Finance income	730,528	32,765	46,512	9,044	-	-	818,849
Finance cost	(421)	(139,291)	(62,350)	(5,645)	-	-	(207,707)
Depreciation	(31,724)	(33,748)	(75,891)	(166,808)	(80,634)	-	(388,805)
Impairment of trade Receivables	-	(901,192)	(1,644,087)	-	-	-	(2,545,279)
Taxation	637,715	(2,695,654)	(162,650)	(2,078,225)	-	-	(4,298,814)
Segment (loss)/profit	(30,334,491)	1,022,009	(2,473,191)	58,629,764	(140,120)	(11,742,175)	14,961,796
Assets							
Segment assets	973,931,182	153,058,884	11,543,095	422,026,036	60,301,726	(728,166,530)	892,694,393
Liabilities							
Segment liabilities	(845,688,559)	(132,083,508)	(11,425,483)	(201,967,110)	(54,085,131)	521,100,003	(724,149,788)

35. Segmental Reporting (continued)

Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amount of non-current assets does not include financial instruments and deferred tax assets.

	Malaysia RM	Australia RM	Total RM
2014			
Revenue	142,552,810	-	142,552,810
Loss before tax	(928,566)	(6,094,660)	(7,023,226)
Non-current assets	422,625,734	3,380,856	426,006,590
2013			
Revenue	135,901,701	-	135,901,701
Profit/(Loss) before tax	23,161,908	(3,901,298)	19,260,610
Non-current assets	232,555,778	-	232,555,778

36. Commitments

	Group	
	2014 RM	2013 RM
Approved and contracted for:		
Contractual obligation for development project	-	118,521,104

37. Financial Instruments

The table below provides an analysis of financial instruments and their categories:

	2014		2013	
	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
Group				
Financial assets				
Trade receivables	26,349,318	26,349,318	29,605,285	29,605,285
Other receivables	52,014,021	52,014,021	43,923,418	43,923,418
Amount owing by customers on contracts	2,056,597	2,056,597	2,355,695	2,355,695
Cash and cash equivalents (excluding bank overdrafts)	47,729,026	47,729,026	48,947,872	48,947,872
	128,148,962	128,148,962	124,832,270	124,832,270

37. Financial Instruments (continued)

The table below provides an analysis of financial instruments and their categories (continued):

	2014		2013	
	Loans and receivables/ other financial liabilities RM	Total RM	Loans and receivables/ other financial liabilities RM	Total RM
Group				
Financial liabilities				
Trade payables	98,401,581	98,401,581	105,487,996	105,487,996
Other payables	54,580,227	54,580,227	17,949,597	17,949,597
Redeemable Cumulative Preference Shares	40,000,000	40,000,000	-	-
Borrowings	503,328,102	503,328,102	286,277,168	286,277,168
	696,309,910	696,309,910	409,714,761	409,714,761
Company				
Financial assets				
Other receivables	535,080	535,080	681,680	681,680
Amount owing by subsidiary companies	296,130,931	296,130,931	221,461,721	221,461,721
Cash and cash equivalents	27,315,168	27,315,168	674,797	674,797
	323,981,179	323,981,179	222,818,198	222,818,198
Financial liabilities				
Other payables	3,993	3,993	34,908	34,908
Amount owing to subsidiary companies	208,545,901	208,545,901	150,198,199	150,198,199
Redeemable Cumulative Preference Shares	40,000,000	40,000,000	-	-
Borrowings	-	-	18,486,556	18,486,556
	248,549,894	248,549,894	168,719,663	168,719,663

Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity and market risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing. At reporting date, there were no significant concentrations of credit risk.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statement of financial position.

37. Financial Instruments (continued)

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 trade and other payables redeemable cumulative preference shares and borrowings.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	1 to 2 years RM	2 to 5 years RM	More than 5 years RM
2014							
Group							
Trade payables	98,401,581	7.14	99,078,881	92,957,468	6,121,413	-	-
Other payables	54,580,227	-	54,580,227	54,580,227	-	-	-
Redeemable cumulative preference shares	40,000,000	16.00	46,400,000	46,400,000	-	-	-
Bridging loan	119,151,663	5.75 to 6.05	122,045,797	122,045,797	-	-	-
Term loans	384,075,126	6.96 to 7.35	418,616,515	302,238,764	50,810,263	29,490,430	36,077,058
Banker acceptances	14	-	14	14	-	-	-
Finance lease liabilities	101,299	2.43 to 4	107,061	39,566	38,340	29,155	-
	696,309,910		740,828,495	618,261,836	56,970,016	29,519,585	36,077,058
Company							
Other payables	3,993	-	3,993	3,993	-	-	-
Amount owing to subsidiary companies	208,545,901	-	208,545,901	208,545,901	-	-	-
Redeemable cumulative preference shares	40,000,000	16.00	46,400,000	46,400,000	-	-	-
	248,549,894		254,949,894	254,949,894	-	-	-
2013							
Group							
Trade payables	105,487,996	-	106,065,479	98,639,363	7,426,116	-	-
Other payables	42,085,678	-	42,085,678	42,085,678	-	-	-
Bridging loan	18,486,556	7.00	19,418,928	19,418,928	-	-	-
Term loans	261,583,805	7.10 to 7.60	309,041,016	42,153,207	164,785,231	71,900,031	30,202,547
Bank overdrafts	63,792	7.80	63,792	63,792	-	-	-
Banker acceptances	1,013,000	4.50 to 5.50	1,024,755	1,024,755	-	-	-
Mezzanine loan	4,991,281	25.00	5,823,161	5,823,161	-	-	-
Finance lease liabilities	138,734	2.43 to 4.00	151,716	43,473	40,488	67,755	-
	433,850,842		483,674,525	209,252,357	172,251,835	71,967,786	30,202,547
Company							
Other payables	66,908	-	798,199	798,199	-	-	-
Amount owing to subsidiary companies	150,198,199	-	150,198,199	150,198,199	-	-	-
Bridging loan	18,486,556	7.00	19,418,928	19,418,928	-	-	-
	168,751,663		170,415,326	170,415,326	-	-	-

37. Financial Instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value interest rate risk that may affect the Group's financial position and cash flows. The Group is not significantly affected by foreign exchange rate and price risks.

(a) Foreign exchange risk

The Group is exposed to foreign currency risk on advances that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group's exposure primarily arises from Ringgit Malaysia and is not material as the Group's functional currency is denominated in Ringgit Malaysia. Hence, sensitivity analysis is not presented.

(b) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings and deposits. The Group does not hedge the interest rate risk.

Exposure to interest rate risk

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Fixed rate instruments				
Financial assets	30,769,050	30,237,329	-	28,437
Financial liabilities	(40,101,299)	(5,130,015)	(40,000,000)	-
	(9,332,249)	25,107,314	(40,000,000)	28,437
Floating rate instruments				
Financial liabilities	(503,226,803)	(281,147,153)	-	(18,486,556)

Since the Group and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group and the Company's profit or loss.

As at 31 December 2014, if interest rates of floating rate instruments had been lower by 25 basis points ("bp") with all other variables held constant, this will result in post-tax increases of RM913,811 (2013: RM527,151) in profit or loss.

37. Financial Instruments (continued)

Fair value information

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

The carrying amount of long-term borrowings carried on the statement of financial position reasonably approximates fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- 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: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair values of financial instrument not carried at fair value, together with their carrying amounts in the statement of financial position:

2014	Level 2 RM	Total fair value RM	Carrying amount RM
Financial assets			
Trade receivables	2,476,636	2,476,636	2,469,002
Financial liabilities			
Trade payables	5,448,599	5,448,599	5,444,113
2013			
Financial assets			
Trade receivables	5,100,147	5,100,147	5,062,300
Financial liabilities			
Trade payables	6,889,561	6,889,561	6,848,633

The fair value of the non-current trade receivables and trade payables is calculated based on the present value of future principal and interest cash flows, discounted at the market's base lending rate of 6.85% (2013: 6.60%) at the end of the reporting period.

38. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	2014 RM	2013 RM
Total interest bearing borrowings, including redeemable cumulative preference shares	543,328,102	286,277,168
Less: Cash and cash equivalents	(47,729,026)	(48,947,872)
Net borrowings	495,599,076	237,329,296
Equity attributable to owners of the Company	142,131,179	160,875,922
Gearing ratio	3.49	1.47

There were no changes to the Group's approach to capital management during the financial year.

39. Material Litigation

(i) Magna Prima Berhad & 2 Others v Top Green Entity Sdn. Bhd. & 14 Others

A police report was lodged on 23 October 2000 stating that a sum of RM22,100,000 was withdrawn from the bank accounts of two subsidiary companies on 16 October 2000 as follows:

Subsidiary Companies	RM
Magna Prima Construction Sdn. Bhd. ("MPC")	16,684,300
Dunia Epik Sdn. Bhd. ("DE")	5,415,700
	22,100,000

The withdrawal of the above sum of RM22,100,000 was made by a former Director of Magna Prima Berhad ("MPB"), and the above subsidiary companies in collaboration with various other Parties.

MPB, MPC and DE (collectively known as "Plaintiffs"), instituted a Civil Suit in the High Court of Kuala Lumpur against Top Green Entity Sdn. Bhd. ("Top Green") and fourteen other individuals, for the recovery of the sum of RM22,100,000.

In 2005, the Plaintiffs have successfully recovered the sum of RM359,458 and 69,000 shares of the Company which was previously held by Top Green.

A Settlement Agreement (SA) dated 10 September 2008 had been signed between the Plaintiffs and Tang Chee Meng ("4th Defendant"). As at 13 May 2009, 953,000 shares belonging to the 4th Defendant has been transferred to the Plaintiffs. Accordingly, the Notice of Discontinuance was filed for the suit against the 4th Defendant on 16 June 2009.

39. Material Litigation (continued)

(i) Magna Prima Berhad & 2 Others v Top Green Entity Sdn. Bhd. & 14 Others (continued)

On 24 March 2010, Goh Hock Choy ("5th Defendant") filed an application to strike out the Plaintiffs' Writ and Statement of Claim ("Striking Out Application").

On 5 July 2013, the Court has duly awarded the damages in the sum of RM20,789,144 ("Damages") to be paid by Tan Chow Poo ("12th Defendant") to MPC and DE together with interests and costs.

On 10 October 2013, the Letter of Demand was duly served on the 12th Defendant demanding for the sum of RM42,553,500 calculated as at 8 October 2013. As to date, no response have been received after serving the Letter of Demand. MPB had instructed its solicitor to file a proof of debts form in an attempt to recover the judgement debts.

The above amount of RM22,100,000 has been fully written off as the prospect of recovery of the said sum cannot be ascertained.

(ii) Bauer (M) Sdn. Bhd. vs Embassy Court Sdn. Bhd. & Magna Prima Berhad

On 4 March 2011, Bauer (M) Sdn. Bhd. ("Bauer") filed an action against Embassy Court Sdn. Bhd. ("Embassy"), a subsidiary of the Group, and Magna Prima Berhad ("MPB") at the High Court of Kuala Lumpur ("High Court"). The two main claims by Bauer were for:

a) Specific performance against Embassy to produce the Corporate Guarantee issued by MPB; and

b) MPB to indemnify and/or to pay Bauer RM18,718,966 together with the interest of 4% per annum from the decision date of 27 February 2014, in the event Embassy fails to pay the sum awarded by the Arbitrator.

The full trial was concluded on 22 February 2013 and decision was delivered on 27 February 2014 in favour of Bauer to require Embassy to obtain a corporate guarantee from MPB. MPB and Embassy had on 10 March 2014 and 26 March 2014 respectively filed an appeal against the High Court's decision dated 27 February 2014.

On 12 March 2014, MPB filed Notice of Stay Pending Appeal against the High Court's decision until full and final disposal of MPB's appeal.

On 18 March 2014, MPB applied for a Court injunction to restrain Bauer from presenting or filing a winding up petition pursuant to Section 218 of Companies Act, 1965 in Malaysia against MPB.

On 3 April 2014, the Court of Appeal granted a Stay in favour of MPB against the judgement of the High Court until final disposal of MPB's appeal. On 5 May 2014, the Court Of Appeal has allowed MPB's injunction to restrain Bauer from enforcing any judgement against MPB until determination of final appeal.

The Court Of Appeal has fixed Case Management on 24 April 2015 before a special panel.

As at 31 December 2014, the Group has fully recognised the claim amount and interest up to the end of the reporting period as disclosed in Note 17 and 18 to the financial statements.

(iii) Bina BMK Sdn. Bhd. vs Magna Prima Construction Sdn. Bhd.

On 11 June 2008, Bina BMK Sdn. Bhd. ("BMK"), a subcontractor for the Plaza Prima Kepong project brought an arbitration matter for a claim amounting to RM34,520,882 for issues such as, among others, wrongful determination of contract sum, claim for the balance sum due for works done, claim for the materials left on site and damages against the Company's subsidiary, Magna Prima Construction Sdn. Bhd. ("MPC"). MPC denied the above and has brought about a counter claim against BMK for RM7,104,058. On 5 May 2009, the documents were filed and exchanged by both Parties and the mutual exchange of revised witness statements was conducted.

39. Material Litigation (continued)

(iii) Bina BMK Sdn. Bhd. vs Magna Prima Construction Sdn. Bhd. (continued)

On 8 May 2014, MPC received the Final Award save as to cost and the Arbitrator has awarded the sum of RM21,819,350 in favour of BMK. Subsequently, Bina BMK's solicitor wrote to Arbitrator on 4 June 2014 over their dissatisfaction against the decision of the Arbitrator's Final Award and highlighted computation errors in the calculations and the Arbitrator's Assessment on Bina BMK's entitlement.

On 27 June 2014, the Arbitrator awarded the Amended Final Award sum in favor of Bina BMK sum amounting to RM33,972,772 with an interest of 8% per annum until the date of actual realisation of the full payment. Subsequently, MPC filed an Originating Summon vide Kuala Lumpur High Court ("High Court") on 5 August 2014 against Bina BMK in respect of the decision of the Learned Arbitrator.

On 13 January 2015, the High Court delivered the decision that the finding of the Arbitrator to be set aside which resulted in Bina BMK being wrongfully entitled to the sum of RM6,202,600 and allowed cost of RM15,000 in favour of MPC. Meanwhile the Court allowed Bina BMK's Application for recognition and enforcement of Award for the sum of RM27,770,172 pursuant to Section 38.

MPC has instructed solicitor to file in a Notice of Appeal against the High Court's decision dated 13 January 2015 and accordingly a Notice of Appeal has been filed by MPC's solicitor on 12 February 2015.

As at 31 December 2014, the Group has fully recognised the claim amount and interest up to the end of reporting financial period as disclosed in Note 17 and 18 to the financial statements.

(iv) N.V Bina Sdn. Bhd. vs Magna Park Sdn. Bhd.

N.V Bina Sdn. Bhd. ("NV Bina") has filed a claim against Magna Park Sdn. Bhd. ("Magna Park"), a subsidiary of the Group for the following:

i) Outstanding sum of RM6,041,935;
ii) Interest at the rate of 4% per annum calculated from 5 June 2008 until full settlement;
iii) Costs; and
iv) Other reliefs.

The above Writ and Statement of Claim were served by N.V Bina's solicitor on 14 March 2013 and Notice of Appearance has been filed on 26 March 2013.

On 5 December 2014, the High Court of Kuala Lumpur ("High Court") has delivered the Judgement allowing N.V Bina's claim against Magna Park that the sum of RM6,041,935 together with the Judgement interest at a rate of 4% per annum from 5 June 2008 to be paid by Magna Park. On 8 December 2014, Magna Park instructed its solicitor to appeal against the decision of the High Court dated 5 December 2014.

On 18 December 2014, N.V Bina's solicitor has served a winding up notice pursuant to Section 218 of the Companies Act, 1965 in Malaysia against Magna Park.

On 6 January 2015, Magna Park has instructed its solicitor to file in an application to restrain N.V Bina in their presentation of Winding Up Petition by way of Originating Summons.

On 24 January 2015 the High Court granted an injunction to restrain N.V Bina from serving a petition to wind up and the hearing of the Appeal is now fixed on 21 May 2015.

As at 31 December 2014, the Group has fully recognised the claim amount and interest up to the end of reporting financial period as disclosed in Note 17 and 18 to the financial statements.

39. Material Litigation (continued)

(v) Embassy Court Sdn. Bhd. vs Yip Kum Fook & 2 Others

An Originating Summon was filed by Embassy Court Sdn. Bhd. ("Embassy") against Messrs. Yip Kum Fook & Associates ("the Defendant") on 30 August 2012 at the High Court of Kuala Lumpur ("High Court"). In this matter, Embassy claims for the sum of RM4,157,426 held as Stakeholder Sum by the Defendant for a project known as "The Avare" to be released back to Embassy.

On 16 October 2013, this matter has been dismissed with cost of RM4,000 to be paid to the Defendant and another RM4,000 to be paid to the Interveners (Purchasers) respectively.

On 30 December 2013, Embassy has instructed its solicitors to lodge an Appeal on this matter in relation to the High Court's decision and the Court of Appeal has fixed this matter for Hearing of the Appeal on 8 April 2014, whereby the Court of Appeal has directed the Parties to change the mode of proceedings from Originating Summons to Writ Summons.

On 8 April 2014, the appeal was withdrawn by Embassy with the liberty to file a fresh upon changing the mode of proceeding. Furthermore, Defendant has agreed to release the pending stakeholder sum to Embassy.

REALISED AND UNREALISED PROFITS/LOSSES (SUPPLEMENTARY INFORMATION)

The breakdown of the retained earnings of the Group and of the Company as at the end of the reporting period into realised and unrealised amounts is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Total retained earnings:				
- Realised	20,593,419	63,544,004	112,751,433	91,348,031
- Unrealised	2,840,032	10,356,458	(34,401)	(44,588)
	23,433,451	73,900,462	112,717,032	91,303,443
Less: Consolidation adjustments	(9,616,763)	(43,101,089)	-	-
	13,816,688	30,799,373	112,717,032	91,303,443

The determination of realised and unrealised profits or losses is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

Properties held by the Group

as at 31 December 2014

Registered Owner	Location	Description and Existing Use	Tenure	Land/ Built-up Area (Sq.ft.)	Age of Property/ Building	Net book Value RM
Dunia Epik Sdn Bhd	H.S. (D) 6614 PT 4211 Mukim Mentakab, Daerah Temerloh	Semi - Detached House	Leasehold (Expiring on 2088)	3,249	23 years	91,551.76
Magna Ecocity Sdn Bhd	H.S.(D) 16667, Lot PT12, Seksyen 15, Bandar Shah Alam, District of Petaling, Selangor.	Development Land	Leasehold (Expiring on 27.09.2083)	871,200	-	119,264,669.05
33 Sentral Park Sdn Bhd	H.S (D) 16678 PT320, Mukim Kuala Lumpur, Daerah Petaling Negeri Selangor. H.S (D) 16679 PT321, Mukim Kuala Lumpur, Daerah Petaling Negeri Selangor.	Development Land	Freehold	302,996	-	65,013,014.83
Twinicon (M) Sdn Bhd	Lot 124 - 128 GRN Nos. 4628 - 4632 Section 44 Town and District of KL, Negeri Wilayah Persekutuan	Development Land	Freehold	113,963	-	171,181,624.19
Magna Park (Mentakab) Sdn Bhd	H.S.(D) 10059 - 10060, 10065 - 10066, 10094 - 10099, 10112 - 10113, 10115 - 10147, 10149 - 10154, Mukim Mentakab, Daerah Temerloh, Pahang.	Investment property	Leasehold (Expiring on 13.06.2090)	481,620.40	-	6,047,531.72

Authorised Share Capital	:	RM125,400,000 divided into 500,000,000 Ordinary Shares of RM0.25 each and 40,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each.
Paid-up Share Capital	:	RM83,622,485 comprising 332,889,940 Ordinary Shares of RM0.25 each and 40,000,000 RCPS of RM0.01 each.
Voting Rights	:	One (1) for each ordinary shares held One (1) for each RCPS held exercisable only at meetings where terms are met.

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
1 to 99	6	0.36	78	0
100 to 1,000	62	3.69	41,234	0.01
1,001 to 10,000	943	56.13	5,233,684	1.57
10,001 to 100,000	518	30.83	17,266,376	5.19
100,001 to 16,644,496 *	148	8.81	190,160,744	57.12
16,644,497 And Above **	3	0.18	120,187,824	36.10
TOTAL	1,680	100.00	332,889,940	100.00

* Less than 5% of issued holdings
** 5% and above of issued holdings

THIRTY (30) LARGEST SHAREHOLDERS AS AT 7 APRIL 2015

No.	Names	Shareholdings	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FANTASTIC REALTY SDN BHD	68,561,824	20.60
2	MUAFAKAT KEKAL SDN BHD	33,000,000	9.91
3	CHUN YEE YING	18,626,000	5.60
4	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOP FRESH FOODS (M) SDN BHD	15,070,000	4.53
5	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR (M10)	10,762,400	3.23
6	LEE EQUITY HOLDINGS SDN. BHD.	9,511,600	2.86
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	8,400,000	2.52
8	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA SEONG HEN (MGN-CSH0008M)	8,235,000	2.47
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP FATT THAI (E-KPG)	8,115,000	2.44
10	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE LEONG	7,485,900	2.25
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KONG MENG (E-KPG)	7,084,300	2.13

Analysis of Shareholdings

as at 7 April 2015

No.	Names	Shareholdings	%
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EQUITY HOLDINGS SDN BHD	5,950,000	1.79
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK SEW HONG (E-KPG)	5,946,600	1.79
14	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENRY WAN	5,255,000	1.58
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOK SIEW HWA (E-KPG)	5,236,100	1.57
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR JOAN YONG MUN CHING (SMART)	5,000,000	1.50
17	CHUN MEI NGOR	5,000,000	1.50
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	4,720,000	1.42
19	LEE KUNG MENG	3,907,000	1.17
20	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHUN MEI NGOR (SMART)	3,818,400	1.15
21	LEE KUNG WAH	3,572,200	1.07
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR	3,372,500	1.01
23	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KIM LENG	3,310,000	0.99
24	LEOW YA SENG	3,188,000	0.96
25	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	3,045,900	0.91
26	LEE KUNG WAH	3,000,000	0.90
27	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	2,912,000	0.87
28	LEE CHOON HOOI	2,719,200	0.82
29	PLY CENTURY SDN BHD	2,400,000	0.72
30	SELVARAJ A/L Y SUBRAMANIAM	1,817,500	0.55

DIRECTORS' SHAREHOLDINGS AS AT 7 APRIL 2015

Names	Direct	%	Indirect	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	*8,400,000	2.52	-	-
Ir. Tan Wei Dar	*1,506,200	0.45	-	-
Ong Ah Leng	-	-	-	-
Sazali bin Saad	-	-	-	-

* Includes shares held through nominee companies

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 7 APRIL 2015

		No. of shares held			
No.	Names	Direct	%	Indirect	%
1	Muafakat Kekal Sdn Bhd	33,000,000	9.91	-	-
2	Fantastic Realty Sdn Bhd	68,561,824	20.60	-	-
3	Chun Mei Ngor	22,953,300	6.90	-	-
4	Chun Yee Ying	18,626,000	5.60	-	-
5	Dato' Haji Abdul Hanif bin Abdullah	-	-	33,000,000*	9.91
6	Lee Hing Lee	-	-	83,631,824#	25.12
7	Lee Siong Hai	210,600	0.06	68,561,824^	20.60

* Deemed interested by virtue of his substantial shareholding in Muafakat Kekal Sdn Bhd pursuant to Section 6A(4) of the Act.

\# Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to Section 6A(4) of the Act.

^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to Section 6A(4) of the Act.

ANALYSIS OF RCPS AS AT 7 APRIL 2015

All the 40 million RCPS of RM0.01 each issued by the Company are held by Lembaga Tabung Angkatan Tentera.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting ("AGM") of Magna Prima Berhad ("Magna Prima") will be held at Ideal Convention Centre, Jalan PS 8/3, Taman Prima Selayang, 68100 Selangor Darul Ehsan on Wednesday, 20 May 2015 at 10.00 a.m. for the following purposes:

As Ordinary Business:

1. To receive the audited financial statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.

2. To re-elect En. Sazali Bin Saad who shall retire in accordance with Article 100 of the Company's Articles of Association. **Resolution 1**

3. To re-elect Ir. Tan Wei Dar who shall retire in accordance with Article 105 of the Company's Articles of Association. **Resolution 2**

4. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2014. **Resolution 3**

5. To re-appoint Messrs Morison Anuarul Azizan Chew (AF 001977) as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Board of Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS:

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

6. Reappointment of YBhg. Tan Sri Datuk Adzmi bin Abdul Wahab as Independent Non-Executive Director, Chairman of the Company pursuant to Section 129(6) of the Companies Act, 1965 **Resolution 5**

   "THAT YBhg Tan Sri Datuk Adzmi bin Abdul Wahab, aged 72 years be and is hereby reappointed as Independent Non-Executive Director, Chairman of the Company and to hold office until the conclusion of the next Annual General Meeting pursuant to Section 129(6) of the Companies Act, 1965."

7. Retention of Independent Non-Executive Directors

   "THAT approval be and is hereby given to the following Directors who would have served as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by end of 2015, to continue to act as an Independent Non-Executive Director of the Company."

   - YBhg Tan Sri Datuk Adzmi bin Abdul Wahab **Resolution 6**
   - Mr. Ong Ah Leng **Resolution 7**
   - En. Sazali bin Saad **Resolution 8**

8. Proposed renewal of the authority for Directors to issue shares **Resolution 9**

   "THAT pursuant to Section 132D of the Act, and subject always to the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised to issue shares in the Company, at any time, until the conclusion of the next AGM of the Company, to such person or persons whomsoever, upon such terms and conditions as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being."

9. Proposed renewal of authority to purchase own shares ("Proposed Renewal of Share Buy-Back")

Resolution 10

"THAT subject to the provisions under the Act, the Memorandum and Articles of Association of Magna Prima, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.25 each in the Company 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 of the Company may deem fit and expedient in the interest of the Company provided that the aggregate number of ordinary shares purchased and/or held pursuant to this resolution shall not exceed 10% of the total issued and paid-up share capital of the Company at any time and an amount not exceeding the total retained profits and/or share premium account based on the audited financial statements for the financial year ended 31 December 2014 allocated by the Company for the Proposed Renewal of Share Buy-Back;

THAT the ordinary shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and either subsequently to be cancelled, distributed as dividends or re-sold on Bursa Securities;

THAT the authority conferred by the resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next AGM of Magna Prima in 2016 at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
(iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first,

AND THAT the Directors of the Company be and are hereby authorised to take all such steps in order to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, modifications, changes, variations and/or amendments or as a consequence of any such requirement by the relevant authorities or as may be deemed necessary and/or expedient in the best interests of the Company."

By order of the Board

YUEN YOKE PING (MAICSA 7014044)
Company Secretary
Petaling Jaya
Date: 28 April 2015

Notes:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-10, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
6. Depositors who appear in the Record of Depositors as at 13 May 2015 shall be regarded as member of the Company entitled to attend the Twentieth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Explanatory Notes on Special Business:

(i) Resolution No. 6, 7 and 8

YBhg Tan Sri Datuk Adzmi bin Abdul Wahab, Mr. Ong Ah Leng and En. Sazali bin Saad would have served the Board as Independent Non-Executive Director of the Company for a cumulative term of nine (9) years by end of 2015. The Board has recommended the three (3) Non–Executive Directors to continue to act as Independent Non-Executive Director based on the following justifications:

(a) They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirement of Bursa Securities, and thus, they are able to provide check and balance and bring an element of objectivity to the Board;

(b) They have vast experience in a diverse range of businesses and therefore would be able to provide constructive opinion, exercise independent judgement and have the ability to act in the best interest of the Company;

(c) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making;

(d) They have continued to exercise independence and due care during their tenure as an Independent Non-Executive Director of the Company and carried out their professional duties in the best interest of the Company and shareholders; and

(e) They have shown great integrity of independence and had not entered into any related party transaction with the Company.

(ii) Resolution 9

The Ordinary Resolution 9, if passed, will give the Directors of the Company, from the date of the above General Meeting, authority to issue and allot ordinary shares from the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in General Meeting expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

The general mandate sought for issue of securities is a renewal of the mandate that was approved by the shareholders on 5 June 2014. The Company has not issued any new share pursuant to Section 132D of the Act which was approved at the Nineteenth AGM held on 5 June 2014 and which will lapse at the conclusion of the forthcoming Twentieth AGM. The renewal of the general mandate, if granted, is to provide flexibility to the Company to issue new securities without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(iii) Resolution 10

The Ordinary Resolution 10, if passed, will empower the Directors to purchase Magna Prima shares through Bursa Securities of up to 10% of the total issued and paid-up share capital of the Company. The details on Ordinary Resolution 10 on the Proposed Renewal of Share Buy-Back is contained in the Share Buy-Back Statement as set out in this Annual Report.

- **PROPOSED RENEWAL OF AUTHORITY FOR MAGNA PRIMA TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED RENEWAL OF SHARE BUY-BACK")**

1. INTRODUCTION

On 5 June 2014, the Company had obtained approval from the shareholders of the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. The said authority will lapse at the conclusion of this forthcoming Annual General Meeting ("AGM").

It is the intention of the Company to renew the authority to purchase its own shares by way of an ordinary resolution.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Share Buy-Back and to accordingly seek your approval for the ordinary resolution pertaining to the same to give effect to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM. The Notice of the AGM together with the Proxy Form is set out in this Annual Report.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Board proposes to seek shareholders' approval for a renewal of the authority to purchase and/or hold in aggregate of up to 10% of the issued and paid-up share capital of the Company at any point of time through Bursa Securities.

Based on the issued and paid-up share capital of Magna Prima as at 7 April 2015 of RM83,622,485 comprising 332,889,940 Magna Prima shares of RM0.25 each and 40,000,000 Redeemable Convertible Preference Shares of RM0.01 each ("RCPS"), a total of 33,288,994 Magna Prima shares may be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, assuming no options are granted and exercised under the Company's existing Employees Share Option Scheme (ESOS) and the RCPS are not converted.

Such authority, if so approved, would be effective upon the passing of this ordinary resolution until:-

(i) the conclusion of the next AGM of Magna Prima in 2016 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or

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

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The purchase of shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbrokers to be appointed by the Board.

The Board proposes to allocate funds up to an amount of the retained profits and/or share premium account of the Company for the purchase of its own shares subject to the compliance with Section 67A of the Companies Act, 1965 ("Act") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the latest audited financial statements of Magna Prima as at 31 December 2014, the retained profits amounted to approximately RM13,816,688 and the share premium account amounted to approximately RM35,565,970.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

The Proposed Renewal of Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned period using the internal funds of the Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of internally generated funds, the actual number of shares to be purchased and other relevant factors. The actual number of shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits, the share premium account and the financial resources available to the Group.

If the Company purchases its own shares using external borrowings, the Board will ensure that the Group has sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of the Group.

Magna Prima may only purchase its own shares at a price which is not more than 15% above the weighted average market price of the Magna Prima shares for the 5 market days immediately prior to the date of the purchase.

The Company may only resell the purchased shares held as treasury shares at a price, which is:-

(a) not less than the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale; or

(b) a discounted price of not more than 5% to the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale, provided that the resale takes place no earlier than 30 days from the date of the purchase; and the resale price is not less than the cost of purchase of the shares being resold.

The Company shall, upon each purchase or re-sale of shares, make the necessary announcements to Bursa Securities.

The purchased Magna Prima shares held as treasury shares may be dealt with by the Board, in the following manner:-

(i) to cancel the purchased shares;

(ii) to retain the purchased shares as treasury shares for distribution as share dividends to the shareholders and/or resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

(iii) a combination of (i) and (ii) above.

The decision whether to retain the purchased shares as treasury shares, to cancel the purchased shares, distribute the treasury shares as share dividends or to resell the treasury shares on Bursa Securities will be made by the Board at the appropriate time. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or the share premium account of the Company.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any distribution and otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase and resale of the shares and whether the purchased shares will be cancelled or retain as treasury shares or a combination of both.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.

As at 7 April 2015, the public shareholding spread of the Company based on the issued and paid-up share capital of 332,889,940 Magna Prima Shares was 53.96%. The Board will endeavour to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

The Company did not purchase any Magna Prima shares during the financial year ended 31 December 2014.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

In addition to the advantages as set out in Section 4 below, the Proposed Renewal of Share Buy-Back, if implemented, will provide the Group with an additional option to utilise its surplus financial resources more efficiently by purchasing Magna Prima shares from the open market to help stabilise the supply and demand for Magna Prima shares traded on the Main Market of Bursa Securities, and thereby support its fundamental value.

The purchased shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the Company's total issued and paid-up share capital. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of Magna Prima.

4. ADVANTAGES AND DISADVANTAGES

The potential advantages of the Proposed Renewal of Share Buy-Back, if implemented, are as follows:-

(i) allows the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;

(ii) the earnings per share of the Magna Prima shares and the return on equity, assuming all other things being equal, would be enhanced resulting from the smaller issued and paid-up share capital of the Company. This is expected to have a positive impact on the market price of Magna Prima shares which will benefit the shareholders of Magna Prima;

(iii) to stabilise a downward trend of the market price of the Company's shares;

(iv) allows the Company the flexibility in achieving the desired capital structure, in terms of its debt and equity composition and the size of its equity;

(v) treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board is confident of Magna Prima's future prospects and performance in the long term; and

(vi) If the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back, if implemented, are as follows:-

(i) it will reduce the financial resources of the Company which may otherwise be retained and used for the businesses of the Group. Nevertheless, the Board will be mindful of the interests of the Group and its shareholders in undertaking the Proposed Renewal of Share Buy-Back; and

(ii) as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings and the share premium account, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

5. **FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK**

The effects of the Proposed Renewal of Share Buy-Back on the share capital, shareholding structure, net assets, earnings and working capital of the Company are set out below based on the following scenarios:-

Minimum scenario : Assuming that no options are granted under the Company's ESOS

Maximum scenario : Assuming that all the options are granted and exercised under the Company's ESOS

5.1 Share Capital

The proforma effects of the Proposed Renewal of Share Buy-Back on the issued and paid-up share capital of the Company are set out below:-

	Minimum scenario		Maximum scenario	
	No. of shares '000	RM '000	No. of shares '000	RM '000
Issued and paid-up share capital*	332,890	83,622	332,890	83,622
To be issued pursuant to:				
- Assuming full exercise under the Company's ESOS	-	-	49,933	12,483
Enlarged share capital	**332,890**	**83,622**	**382,823**	**95,705**
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(33,289)	(8,362)	(38,282)	(9,571)
Upon completion of the Proposed Renewal of Share Buy-Back	**299,601**	**75,260**	**344,541**	**86,134**

Notes:-
* As at 7 April 2015

5.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the substantial shareholdings of the Company are set out below based on the Register of Substantial Shareholders as at 7 April 2015:-

(i) Minimum Scenario

	As at 7 April 2015				After the Proposed Renewal of Share Buy-Back^			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	9.91	-	-	33,000	11.01	-	-
Fantastic Realty Sdn Bhd	68,562	20.60	-	-	68,562	22.88	-	-
Chun Mei Ngor	22,953	6.89	-	-	22,953	7.66	-	-
Chun Yee Ying	18,626	5.60	-	-	18,626	6.22	-	-
Lee Hing Lee	-	-	#83,632	25.12	-	-	#83,632	27.91
Dato' Haji Abdul Hanif bin Abdullah	-	-	*33,000	9.91	-	-	*33,000	11.01
Lee Siong Hai	211	0.06	^^68,562	21.0	211	0.07	^^68,562	22.88

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to Section 6A (4) of the Companies Act, 1965

* Deemed interested by virtue of his substantial shareholding in Muafakat Kekal Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965.

(ii) Maximum Scenario

Substantial shareholders	Assuming full exercise of the ESOS options#				After the Proposed Renewal of Share Buy-Back^			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Muafakat Kekal Sdn Bhd	33,000	8.62	-	-	33,000	9.58	-	-
Fantastic Realty Sdn Bhd	68,562	17.91	-	-	68,562	19.90	-	-
Chun Mei Ngor	22,953	5.99	-	-	22,953	6.66	-	-
Chun Yee Ying	18,626	4.86	-	21.0	18,626	5.41	-	-
Lee Hing Lee	-	-	#83,632	21.85	-	-	#83,632	24.27
Dato' Haji Abdul Hanif bin Abdullah	-	-	*33,000	9.58	-	-	*33,000	9.58
Lee Siong Hai	211	0.05	68,562	17.91	211	0.06	68,562	19.90

Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd and Top Fresh Foods (M) Sdn Bhd pursuant to Section 6A (4) of the Companies Act, 1965

* Deemed interested by virtue of his substantial shareholding in Muafakat Kekal Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to Section 6A(4) of the Companies Act, 1965

Notes:-
Assuming 49.933 million options were granted and exercised under the Company's ESOS
^ Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the issued and paid-up share capital, the purchased shares are acquired from public shareholders and the purchased shares are held as treasury shares or cancelled

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.2 Substantial Shareholders' and Directors' Shareholdings (Cont'd)

	As at 7 April 2015				Scenario 1				Scenario 2			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Directors*	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	8,400	2.52	-	-	8,400	2.80	-	-	8,400	2.80	-	-
Ir. Tan Wei Dar	1,506	0.45	-	-	1,506	0.50	-	-	1,506	0.50	-	-
Ong Ah Leng	-	-	-	-	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

* Based on the Register of Directors as at 7 April 2015.

Scenario 1 : Assuming that no options are granted under the Company's ESOS and after the Proposed Renewal of Share Buy-Back

Scenario 2 : Assuming that all exercised under the Company's ESOS and after the Proposed Renewal of Share Buy-Back. The final allocation of ESOS options to the Directors of the Company has not been finalised and as such, for illustrative purposes, the effects under Scenario 2 excludes allocation of ESOS options to Directors

5.3 Net Assets

The consolidated net assets of the Company may increase or decrease depending on the number of shares purchased under the Proposed Renewal of Share Buy-Back, the purchase prices of the shares, the effective cost of funding and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back will reduce the consolidated net assets per share when the purchase price exceeds the consolidated net assets per share of the Company at the time of purchase. On the contrary, the consolidated net assets per share will increase when the purchase price is less than the consolidated net assets per share of the Company at the time of purchase.

If the shares purchased under the Proposed Renewal of Share Buy-Back are held as treasury shares and subsequently resold on Bursa Securities, the consolidated net assets per share would increase if the Group realise a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the consolidated net assets by the cost of the treasury shares redistributed.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONT'D)

5.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back on the consolidated earnings per share of the Company will depend on the purchase prices paid for the shares, the effective funding cost to the Group to finance the purchase of the shares or any loss in interest income to the Group if internally generated funds are utilised to finance the purchase of the shares.

Assuming that any shares so purchased are retained as treasury shares as per Section 67A of the Act and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Working capital

The implementation of the Proposed Renewal of Share Buy-Back is likely to reduce the working capital of the Group, the quantum being dependent on the number of the purchased shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

For the purchased shares retained as treasury shares as per Section 67A of the Act, upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

6. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval being obtained from the shareholders of Magna Prima.

7. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("CODE")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period. However, an exemption from undertaking a mandatory offer when the company purchases its own voting shares may be granted by the Securities Commission under Practice Note 9 of the Code.

The Board takes cognisance of the requirements of the Code and will be mindful of the requirements when making any purchases of shares pursuant to the Proposed Renewal of Share Buy-Back.

8. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolution in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.

9. SHARE PRICES

The monthly highest and lowest prices per share of Magna Prima shares traded on Bursa Securities for the past twelve (12) months are as follows:-

	Highest (RM)	Lowest (RM)
2014		
April	0.97	0.96
May	0.93	0.92
June	1.29	1.19
July	1.12	1.10
August	1.00	1.00
September	1.00	0.98
October	0.97	0.95
November	0.90	0.90
December	0.84	0.81
2015		
January	0.95	0.93
February	0.95	0.91
March	0.89	0.87

(Source: Bursa Malaysia)

10. DISCLAIMER STATEMENT

Bursa Securities has not perused this Statement prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

MAGNA PRIMA BERHAD
(369519-P)
(Incorporated in Malaysia)

Proxy Form

I/We, ____ of

____

being a member / members of MAGNA PRIMA BERHAD hereby appoint ______________________

____

of ____
or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of Magna Prima Berhad will be held at Ideal Convention Centre, Jalan PS 8/3, Taman Prima Selayang, 68100 Selangor Darul Ehsan on Wednesday, 20 May 2015 at 10.00 a.m. and at any adjournment thereof.

	Resolution	For	Against
To re-elect En. Sazali bin Saad who shall retire in accordance with Article 100 of the Company's Articles of Association	1		
To re-elect Ir. Tan Wei Dar who shall retire in accordance with Article 105 of the Company's Articles of Association	2		
To approve the payment of Directors' fees in respect of the financial year ended 31 December 2014	3		
To re-appoint Messrs Morison Anuarul Azizan Chew as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Board of Directors to fix their remuneration	4		
As SPECIAL BUSINESS:- To consider and, if thought fit, pass the following ordinary resolutions:			
Reappointment of YBhg Tan Sri Datuk Adzmi bin Abdul Wahab, aged 72 years, as Independent Non-Executive Director, Chairman of the Company pursuant to Section 129(6) of the Companies Act 1965	5		
Proposal for the following to continue as Independent Non-Executive Director of the Company:-			
- YBhg Tan Sri Datuk Adzmi bin Abdul Wahab	6		
- Mr. Ong Ah Leng	7		
- En. Sazali bin Saad	8		
Proposed renewal of the authority for Directors to issue shares	9		
Proposed Renewal of Share Buy-Back	10		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.

No. of Shares

....
Signature / Common Seal Date

Notes:

1. A member of the Company who is entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf.
2. A proxy need not be a member of the Company.
3. Where the member of the Company appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. If the proxy is executed by a corporation, the Form of Proxy must be under its common seal or the hand of an officer or attorney duly authorised.
5. The instrument appointing the proxy must be deposited at the Registered Office of the Company at Lot No. C-10, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara, 47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned Meeting.
6. Depositors who appear in the Record of Depositors as at 13 May 2015 shall be regarded as member of the Company entitled to attend the Twentieth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Fold here to seal

STAMP

THE COMPANY SECRETARY

MAGNA PRIMA BERHAD (369519-P)

Lot No. C-10, Block C,
Jalan Persiaran Surian,
Palm Spring @ Damansara,
47810 Kota Damansara, Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

Tel : +603 7805 5505
Fax : +603 7803 0156
Email : enquiry@magnaprima.com.my

www.magnaprima.com.my

Fold here to seal

MAGNA PRIMA BERHAD
(369519-P)

Lot No. C-10, Block C, Jalan Persiaran Surian, Palm Spring @ Damansara,
47810 Kota Damansara, Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel : +603 7805 5505
Fax : +603 7803 0156
Email : enquiry@magnaprima.com.my

www.magnaprima.com.my